



**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF WAYNESVILLE
WARREN COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

Village of Waynesville
Warren County
136 N. State Route 42
P.O. Box 657
Waynesville, Ohio 45068

To the Village Council:

We have audited the accompanying financial statements of the Village of Waynesville, Warren County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999. 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2001, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should not be read in conjunction with this report in considering the results of our audits.

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

Jim Petro
Auditor of State

April 23, 2001

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VILLAGE OF WAYNESVILLE
WARREN COUNTY

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

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$78,729	\$254,982	\$0	\$0	\$333,711
Special Assessments	0	291	6,873	0	7,164
Intergovernmental Receipts	100,875	371,755	0	252,772	725,402
Charges for Services	1,464	0	0	0	1,464
Fines, Licenses, and Permits	79,675	0	0	0	79,675
Earnings on Investments	63,676	0	0	0	63,676
Miscellaneous	53,585	11,243	0	0	64,828
Total Cash Receipts	378,004	638,271	6,873	252,772	1,275,920
Cash Disbursements:					
Current:					
Security of Persons and Property	28,223	254,715	0	0	282,938
Public Health Services	715	0	0	0	715
Leisure Time Activities	0	48,834	0	0	48,834
Community Environment	39,651	0	0	0	39,651
Transportation	8,875	103,291	0	0	112,166
General Government	208,821	0	0	0	208,821
Debt Service:					
Principal Payments	0	0	1,423	679,272	680,695
Interest Payments	0	0	981	18,595	19,576
Capital Outlay	38,875	117,296	0	19,504	175,675
Total Disbursements	325,160	524,136	2,404	717,371	1,569,071
Total Receipts Over/(Under) Disbursements	52,844	114,135	4,469	(464,599)	(293,151)
Other Financing Receipts/(Disbursements):					
Sale of Bonds or Notes	0	0	0	426,500	426,500
Total Other Financing Receipts/(Disbursements)	0	0	0	426,500	426,500
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	52,844	114,135	4,469	(38,099)	133,349
Fund Cash Balances, January 1 (As Restated, See Note 9)	77,829	24,089	(12,158)	118,245	208,005
Fund Cash Balances, December 31	\$130,673	\$138,224	(\$7,689)	\$80,146	\$341,354
Reserves for Encumbrances, December 31	\$1,633	\$5,933	\$0	\$0	\$7,566

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

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

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

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$921,242	\$0	\$921,242
Miscellaneous	27,312	0	27,312
	<u>948,554</u>	<u>0</u>	<u>948,554</u>
Total Operating Cash Receipts			
Operating Cash Disbursements:			
Personal Services	317,604	0	317,604
Contractual Services	269,881	0	269,881
Supplies and Materials	84,023	0	84,023
Capital Outlay	2,608,228	0	2,608,228
	<u>3,279,736</u>	<u>0</u>	<u>3,279,736</u>
Total Operating Cash Disbursements			
Operating Income/(Loss)	<u>(2,331,182)</u>	<u>0</u>	<u>(2,331,182)</u>
Non-Operating Cash Receipts:			
Proceeds from Notes and Bonds	2,451,135	0	2,451,135
Other Non-Operating Receipts	19,139	90,564	109,703
	<u>2,470,274</u>	<u>90,564</u>	<u>2,560,838</u>
Total Non-Operating Cash Receipts			
Non-Operating Cash Disbursements:			
Debt Service	31,373	0	31,373
Other Non-Operating Cash Disbursements	0	92,095	92,095
	<u>31,373</u>	<u>92,095</u>	<u>123,468</u>
Total Non-Operating Cash Disbursements			
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	107,719	(1,531)	106,188
Fund Cash Balances, January 1	747,470	8,121	755,591
Fund Cash Balances, December 31	<u>\$855,189</u>	<u>\$6,590</u>	<u>\$861,779</u>
Reserve for Encumbrances, December 31	<u>\$11,269</u>	<u>\$0</u>	<u>\$11,269</u>

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

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$80,472	\$205,547	\$0	\$286,019
Special Assessments	0	1,477	4,653	6,130
Intergovernmental Receipts	131,669	217,109	180,828	529,606
Charges for Services	686	0	0	686
Fines, Licenses, and Permits	85,633	0	0	85,633
Earnings on Investments	50,897	0	0	50,897
Miscellaneous	20,660	10,585	0	31,245
	<u>370,017</u>	<u>434,718</u>	<u>185,481</u>	<u>990,216</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	31,047	204,285	0	235,332
Public Health Services	3,068	0	0	3,068
Leisure Time Activities	0	79,401	0	79,401
Community Environment	8,446	0	0	8,446
Transportation	7,051	80,949	0	88,000
General Government	246,683	0	0	246,683
Debt Service:				
Principal Payments	24,854	20,736	453,405	498,995
Interest Payments	1,019	851	19,511	21,381
Capital Outlay	63,450	195,621	618,697	877,768
	<u>385,618</u>	<u>581,843</u>	<u>1,091,613</u>	<u>2,059,074</u>
Total Receipts Over/(Under) Disbursements	<u>(15,601)</u>	<u>(147,125)</u>	<u>(906,132)</u>	<u>(1,068,858)</u>
Other Financing Receipts/(Disbursements):				
Sale of Bonds or Notes	0	0	426,500	426,500
Sale of Fixed Assets	0	1,391	161,475	162,866
	<u>0</u>	<u>1,391</u>	<u>587,975</u>	<u>589,366</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(15,601)	(145,734)	(318,157)	(479,492)
Fund Cash Balances, January 1	<u>93,430</u>	<u>169,823</u>	<u>424,244</u>	<u>687,497</u>
Fund Cash Balances, December 31	<u>\$77,829</u>	<u>\$24,089</u>	<u>\$106,087</u>	<u>\$208,005</u>
Reserves for Encumbrances, December 31	<u>\$10,316</u>	<u>\$25,771</u>	<u>\$14,630</u>	<u>\$50,717</u>

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

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$941,246	\$0	\$941,246
Miscellaneous	727	0	727
	<u>941,973</u>	<u>0</u>	<u>941,973</u>
Operating Cash Disbursements:			
Personal Services	287,017	0	287,017
Travel Transportation	2,362	0	2,362
Contractual Services	207,890	0	207,890
Supplies and Materials	63,918	0	63,918
Capital Outlay	1,683,893	0	1,683,893
	<u>2,245,080</u>	<u>0</u>	<u>2,245,080</u>
Operating Income/(Loss)	<u>(1,303,107)</u>	<u>0</u>	<u>(1,303,107)</u>
Non-Operating Cash Receipts:			
Proceeds from Notes and Bonds	1,477,844	0	1,477,844
Other Non-Operating Receipts	13,097	98,641	111,738
	<u>1,490,941</u>	<u>98,641</u>	<u>1,589,582</u>
Non-Operating Cash Disbursements:			
Debt Service	51,065	0	51,065
Other Non-Operating Cash Disbursements	0	96,016	96,016
	<u>51,065</u>	<u>96,016</u>	<u>147,081</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	136,769	2,625	139,394
Fund Cash Balances, January 1	610,701	5,496	616,197
Fund Cash Balances, December 31	<u>\$747,470</u>	<u>\$8,121</u>	<u>\$755,591</u>
Reserve for Encumbrances, December 31	<u>\$22,361</u>	<u>\$0</u>	<u>\$22,361</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, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Waynesville, Warren County (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), and police services.

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

B. Basis of Accounting

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

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

C. Cash and Investments

Certificates of deposit, repurchase agreements, money market accounts and U.S. Treasury Notes are valued at current market value. The investment in STAROhio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Fund

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

Police Levy Fund -This fund receives special levy tax money for police protection.

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Debt Service Fund

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service fund:

Sidewalk Assessment Fund - This fund receives monies and makes payments related to the sidewalk assessment notes.

4. Capital Project Funds

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

Capital Project Fund- This fund is used for the government center project.

Issue II Fund - This fund receives money from the Ohio Public Works Commission for a storm sewer replacement project.

5. Enterprise Funds

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

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

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

OWDA Fund - This fund receives loan proceeds from the Ohio Water Development Authority to finance improvements to the wastewater treatment plant and construct a water tower.

DEFA Loan Fund - This fund receives money from the Department of Environmental Finance for improvements to the wastewater treatment plant.

6. Fiduciary Funds (Agency Funds)

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

Mayor's Court - Accounts for activity in the Mayor's Court bank account.

E. Budgetary Process

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

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(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 Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ 99,909	\$ 57,807
Certificates of deposit	390,000	390,000
Total deposits	489,909	447,807
Repurchase Agreement	198,510	64,966
Government Securities	391,720	159,773
Money Market Mutual Fund	0	1,639
STAROhio	122,994	289,411
Total investments	713,224	515,789
Total deposits and investments	\$ 1,203,133	\$ 963,596

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by the financial institution's public entity deposit pool, or (3) insured by the Securities Investor Protection Corporation.

Investments: Government Securities are held in book-entry form by the Federal Reserve, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities. Investments in STAR Ohio and Money Market Mutual Funds are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999, follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 286,782	\$ 378,004	\$ 91,222
Special Revenue	964,900	638,271	(326,629)
Debt Service	0	6,873	6,873
Capital Projects	838,000	679,272	(158,728)
Enterprise	3,357,000	3,418,828	61,828
Total	\$ 5,446,682	\$ 5,121,248	\$ (325,434)

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 332,556	\$ 326,793	\$ 5,763
Special Revenue	872,867	530,069	342,798
Debt Service	30,000	2,404	27,596
Capital Projects	929,630	717,371	212,259
Enterprise	3,732,567	3,322,378	410,189
Total	<u>\$ 5,897,620</u>	<u>\$ 4,899,015</u>	<u>\$ 998,605</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 341,989	\$ 370,017	\$ 28,028
Special Revenue	2,036,325	436,109	(1,600,216)
Capital Projects	692,303	773,456	81,153
Enterprise	796,250	2,432,914	1,636,664
Total	<u>\$ 3,866,867</u>	<u>\$ 4,012,496</u>	<u>\$ 145,629</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 417,823	\$ 395,934	\$ 21,889
Special Revenue	649,844	607,614	42,230
Capital Projects	1,088,600	1,106,243	(17,643)
Enterprise	3,101,799	2,318,506	783,293
Total	<u>\$ 5,258,066</u>	<u>\$ 4,428,297</u>	<u>\$ 829,769</u>

Contrary to Ohio Law, appropriations exceeded total estimated revenues in the following funds in following amounts:

1999 - OPWC Fund (\$252,772), Environmental Finance Loan Fund (\$2,000,000)
2000 - OKI Transportation Fund (\$75,000), OPWC Fund (\$75,000), OWDA Fund (\$500,000)

Contrary to Ohio Law, expenditures exceeded appropriations in the following fund by the following amount:

1999 - Capital Improvement Fund (\$285,859)

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

4. PROPERTY TAX

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

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.

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$ 95,381	12%
Land Acquisition Bond Anticipation Notes	426,500	5%
Special Assessment Bonds	14,930	6%
Total	\$ 536,811	

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency. The loans are being repaid in semiannual installments of \$20,533, including interest, over 20 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Land Acquisition Bond Anticipation Note relates to the purchase of land for various municipal purposes. This note matures December 20, 2001.

The Special Assessment Bonds relate to special assessment sidewalk improvements. These bonds were issued in 1998 and will be repaid in semiannual installments.

The Land Acquisition and Special Assessment Bonds have the full faith, credit and revenue irrevocably pledged for the prompt payment of principal and interest.

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. DEBT (Continued)

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

Year ending December 31:	OWDA Loan	Land Acquisition Bond Anticipation Notes	Special Assessment Bonds
2001	\$ 41,065	\$ 446,759	\$ 2,404
2002	43,262	0	2,404
2003	36,499	0	2,404
2004	0	0	2,404
2005	0	0	2,404
Subsequent	0	0	7,213
Total	\$ 120,826	\$ 446,759	\$ 19,233

6. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% in 1999 and 10.84% in 2000 of participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Village is a member of the Ohio Government Risk Management Plan. The Plan assumes the risk of loss up to the limits of the Village's Policy. The Plan may assess supplemental premiums. The following risks are covered by the Plan:

- General liability and casualty
- Public official's liability
- Vehicle

The Village also provides health insurance coverage to full-time employees through a private carrier.

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

8. CONTINGENT LIABILITIES

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

9. FUND CLASSIFICATION CHANGE

During 1999, the special assessment capital projects were completed, and the financial activity was accounted for in the Capital Project fund type. In 2000, the activity became entirely debt servicing and was reported in a Debt Service Fund. Government Accounting and Financial Reporting Standards Certification, Section S40.115 states: "Transactions of the construction phase of the project should be reported in a Capital Projects Fund or other appropriate fund. Transactions of the debt service phase should be reported in a Debt Service Fund." Therefore, the fund had to be reclassified to a Debt Service type from the Capital Projects fund type as of January 1, 2000.

<u>Fund</u>	<u>Balance at December 31, 1999</u>	<u>Change in Amount</u>	<u>New Balance at January 1, 2000</u>
Debt Service	\$0	(12,158)	(12,158)
Capital Projects	106,087	12,158	118,245

The Debt Service Fund had a deficit fund balance of \$7,689 at December 31, 2000.



**STATE OF OHIO
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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Village of Waynesville
Warren County
136 N. State Route 42
P.O. Box 657
Waynesville, Ohio 45068

To the Village Council:

We have audited the accompanying financial statements of the Village of Waynesville, Warren County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated April 23, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and are described in the accompanying schedule of findings as items 2000-30483-001 and 2000-30483-002.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated April 23, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated April 23, 2001.

Village of Waynesville
Warren County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
Page 2

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

Jim Petro
Auditor of State

April 23, 2001

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

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

FINDING NUMBER 2000-30483-001

Noncompliance Citation - Appropriations Exceeding Estimated Resources

Ohio Rev. Code, Section 5705.39, states that the total appropriations from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate of amended official estimate. During end of year testing, appropriations exceeded estimated resources in the following funds and the amounts:

<u>1999</u>			
<u>Fund</u>	<u>Appropriations</u>	<u>Estimated Resources</u>	<u>Variance</u>
Ohio Public Works Commission (B60)	\$ 433,600	\$180,828	(\$252,772)
Dept Environmental Finance Loan (B65)	2,000,000	0	(2,000,000)

<u>2000</u>			
<u>Fund</u>	<u>Appropriations</u>	<u>Estimated Resources</u>	<u>Variance</u>
OKI Transportation (B98)	\$ 75,000	\$ 0	(\$75,000)
Ohio Public Works Commission (B60)	165,000	240,000	(75,000)
Ohio Water Development Authority (B90)	500,000	0	(500,000)

FINDING NUMBER 2000-30483-002

Noncompliance Citation - Expenditures Exceeding Appropriations

Ohio Rev. Code, Section, 5705.41(B), states that no subdivision or taxing unit is to expend money unless it has been appropriated. During year end testing in 1999, the Capital Improvement Fund (D03) had expenditures exceeding appropriations in the following amount:

<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
\$625,000	\$910,859	(\$285,859)



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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
MAY 29, 2001**