



**Auditor of State
Betty Montgomery**

VILLAGE OF WAYNE
WOOD COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Wayne, Wood County, (the Village) as of and for the years ended December 31, 2002 and 2001. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 audits provide 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 of the Village as of December 31, 2002 and 2001, 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 November 5, 2003 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Village of Wayne
Wood County
Independent Accountants' Report
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This report is intended solely for the information and use of management and 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

November 5, 2003

**VILLAGE OF WAYNE
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$20,112	\$52,436		\$72,548
Special Assessments	13,896			13,896
Intergovernmental Receipts	28,024	41,225		69,249
Charges for Services	1,210	34,827		36,037
Fines, Licenses, and Permits	13,626			13,626
Earnings on Investments	4,666	909	\$740	6,315
Miscellaneous	3,450	778		4,228
	<u>84,984</u>	<u>130,175</u>	<u>740</u>	<u>215,899</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	9,301	74,205		83,506
Public Health Services	444			444
Leisure Time Activities	2,007			2,007
Community Environment	2,160			2,160
Basic Utility Services	907			907
Transportation		35,225		35,225
General Government	38,037			38,037
Debt Service:				
Principal Payments		22,000		22,000
Interest Payments		2,613		2,613
Capital Outlay	10,380	19,367		29,747
	<u>63,236</u>	<u>153,410</u>		<u>216,646</u>
Total Receipts Over/(Under) Disbursements	<u>21,748</u>	<u>(23,235)</u>	<u>740</u>	<u>(747)</u>
Other Financing Receipts and (Disbursements):				
Transfers-In		9,000		9,000
Transfers-Out	(109,000)			(109,000)
Total Other Financing Receipts/(Disbursements)	<u>(109,000)</u>	<u>9,000</u>		<u>(100,000)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(87,252)	(14,235)	740	(100,747)
Fund Cash Balances, January 1	<u>223,204</u>	<u>179,584</u>	<u>49,278</u>	<u>452,066</u>
Fund Cash Balances, December 31	<u>\$135,952</u>	<u>\$165,349</u>	<u>\$50,018</u>	<u>\$351,319</u>

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

**VILLAGE OF WAYNE
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$239,870		\$239,870
Miscellaneous	670		670
Total Operating Cash Receipts	<u>240,540</u>		<u>240,540</u>
Operating Cash Disbursements:			
Personal Services	44,160		44,160
Fringe Benefits	11,951		11,951
Contractual Services	61,601		61,601
Supplies and Materials	27,509		27,509
Capital Outlay	34,944		34,944
Total Operating Cash Disbursements	<u>180,165</u>		<u>180,165</u>
Operating Income	<u>60,375</u>		<u>60,375</u>
Non-Operating Cash Receipts:			
Other Non-Operating Receipts		\$14,911	14,911
Non-Operating Cash Disbursements:			
Debt Service	77,370		77,370
Other Non-Operating Cash Disbursements		15,252	15,252
Total Non-Operating Cash Disbursements	<u>77,370</u>	<u>15,252</u>	<u>92,622</u>
Excess of Receipts (Under) Disbursements Before Interfund Transfers and Advances	(16,995)	(341)	(17,336)
Transfers-In	<u>100,000</u>		<u>100,000</u>
Net Receipts Over/(Under) Disbursements	83,005	(341)	82,664
Fund Cash Balances, January 1	<u>328,093</u>	<u>1,416</u>	<u>329,509</u>
Fund Cash Balances, December 31	<u>\$411,098</u>	<u>\$1,075</u>	<u>\$412,173</u>

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

**VILLAGE OF WAYNE
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$20,114	\$52,694		\$72,808
Special Assessments	14,100			14,100
Intergovernmental Receipts	35,396	37,075		72,471
Charges for Services		50,987		50,987
Fines, Licenses, and Permits	18,095			18,095
Earnings on Investments	7,576	1,029	\$1,789	10,394
Miscellaneous	6,898	10,717		17,615
	<u>102,179</u>	<u>152,502</u>	<u>1,789</u>	<u>256,470</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	10,453	75,343		85,796
Public Health Services	371			371
Leisure Time Activities	1,630			1,630
Community Environment	5,320			5,320
Basic Utility Services	1,836			1,836
Transportation		42,824		42,824
General Government	40,457			40,457
Debt Service:				
Principal Payments		1,900		1,900
Interest Payments		45		45
Capital Outlay	1,305	55,099	6,850	63,254
	<u>61,372</u>	<u>175,211</u>	<u>6,850</u>	<u>243,433</u>
Total Receipts Over/(Under) Disbursements	<u>40,807</u>	<u>(22,709)</u>	<u>(5,061)</u>	<u>13,037</u>
Other Financing Receipts and (Disbursements):				
Sale of Bonds or Notes		80,000		80,000
Transfers-In		15,000		15,000
Transfers-Out	(15,000)			(15,000)
	<u>(15,000)</u>	<u>95,000</u>		<u>80,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	25,807	72,291	(5,061)	93,037
Fund Cash Balances, January 1	197,397	107,293	54,339	359,029
Fund Cash Balances, December 31	<u>\$223,204</u>	<u>\$179,584</u>	<u>\$49,278</u>	<u>\$452,066</u>

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

**VILLAGE OF WAYNE
WOOD COUNTY**

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$218,090		\$218,090
Miscellaneous	240		240
Total Operating Cash Receipts	<u>218,330</u>		<u>218,330</u>
Operating Cash Disbursements:			
Personal Services	47,697		47,697
Contractual Services	50,092		50,092
Supplies and Materials	29,669		29,669
Total Operating Cash Disbursements	<u>127,458</u>		<u>127,458</u>
Operating Income	<u>90,872</u>		<u>90,872</u>
Non-Operating Cash Receipts:			
Other Non-Operating Receipts		\$22,301	22,301
Non-Operating Cash Disbursements:			
Debt Service	78,036		78,036
Other Non-Operating Cash Disbursements		20,885	20,885
Total Non-Operating Cash Disbursements	<u>78,036</u>	<u>20,885</u>	<u>98,921</u>
Net Receipts Over Disbursements	12,836	1,416	14,252
Fund Cash Balances, January 1	<u>315,257</u>		<u>315,257</u>
Fund Cash Balances, December 31	<u><u>\$328,093</u></u>	<u><u>\$1,416</u></u>	<u><u>\$329,509</u></u>

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

**VILLAGE OF WAYNE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Wayne, Wood 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 water and sewer utilities, park operations, and police services. The Village appropriates general fund money to support a volunteer fire department.

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

Certificates of deposit are valued at cost

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:

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:

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

**VILLAGE OF WAYNE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

Fire Protection Fund - This fund receives proceeds of a fire levy and contracts with other entities for operation of the Village fire department.

Police Protection Fund – This fund receives proceeds of a police levy for operation of the Village police department.

3. 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.

4. Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

Park Fund – This expendable trust fund receives interest from bank accounts. Expenditures are restricted to capital outlay items for the village park.

Mayor's Court Fund – This agency fund receives and disburses money from cases heard.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures may not exceed appropriations at the fund or function 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. 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.

**VILLAGE OF WAYNE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. The Village did not use the encumbrance method of accounting for the fiscal years ended December 31, 2002 and 2001.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

2. EQUITY IN POOLED CASH

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

	2002	2001
Demand deposits	\$613,492	\$631,575
Certificates of deposit	150,000	150,000
Total deposits	\$763,492	\$781,575

Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$90,316	\$84,984	(\$5,332)
Special Revenue	212,975	139,175	(73,800)
Enterprise	285,000	340,540	55,540
Fiduciary	1,700	740	(960)
Total	\$589,991	\$565,439	(\$24,552)

**VILLAGE OF WAYNE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$224,690	\$172,236	\$52,454
Special Revenue	176,084	153,410	22,674
Enterprise	398,000	257,535	140,465
Fiduciary	10,000	10,000	10,000
Total	<u>\$808,774</u>	<u>\$583,181</u>	<u>\$225,593</u>

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$133,104	\$102,179	(\$30,925)
Special Revenue	304,204	247,502	(56,702)
Enterprise	170,000	218,330	48,330
Fiduciary	1,900	1,789	(111)
Total	<u>\$609,208</u>	<u>\$569,800</u>	<u>(\$39,408)</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$119,340	\$76,372	\$42,968
Special Revenue	205,081	175,211	29,870
Enterprise	250,200	205,494	44,706
Fiduciary	16,000	6,850	9,150
Total	<u>\$590,621</u>	<u>\$463,927</u>	<u>\$126,694</u>

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 payments, 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.

**VILLAGE OF WAYNE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

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, 2002 was as follows:

	Principal	Interest Rate
General Obligation Notes	\$58,000	5.75%
Mortgage Revenue Bonds	1,243,000	5.125%
Total	\$1,301,000	

The Mortgage Revenue Bonds were issued to retire a federal loan received in 1996 for the installation of a sanitary sewer system within the Village. Proceeds from sanitary sewer charges are used to retire the bonds. The bonds will be repaid in annual installments in amounts designated in the terms of the bond agreement, including interest over 40 years.

The General Obligation Note was issued to finance the purchase of equipment for the Village Fire Department. The note is a direct obligation of the Village for which its full faith, credit and resources are pledged and is payable in semi-annual installments of \$11,000, plus interest.

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

Year ending December 31:	General Obligation Notes	Mortgage Revenue Bonds
2003	\$25,056	\$78,704
2004	23,785	77,935
2005	14,498	77,166
2006		78,398
2007		77,526
2008-2012		389,230
2013-2017		390,581
2018-2022		389,630
2023-2027		389,172
2028-2032		389,390
2033-2036		312,234
Total	\$63,339	\$2,649,966

6. RETIREMENT SYSTEMS

The Village's law enforcement officers, firefighters, and other full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**VILLAGE OF WAYNE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

Contribution rates are also prescribed by the Ohio Revised Code. Members of OPERS contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries for 2002 and 2001. The Village has paid all contributions required through December 31, 2002.

7. RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Ohio Government Risk Management Plan (the Plan), an unincorporated non-profit association with approximately 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to § 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages. Effective September 1, 2002, the Plan retains 5 percent of the premium and losses on the first \$500,000 casualty treaty (up to \$25,000 of a loss) and 5 percent of the first \$1,000,000 property treaty (up to \$50,000 of a loss). The Plan also participates in a loss corridor in its first \$500,000 casualty reinsurance. The corridor includes losses paid between 55 percent and 65 percent of premiums earned under this treaty. (Reinsurance coverage would resume after a paid loss ratio of 65 percent is exceeded.) The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.



**Auditor of State
Betty Montgomery**

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

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Wayne, Wood County, (the Village) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated November 5, 2003. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2002-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated November 5, 2003.

Internal Control over Financial Reporting

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. A reportable condition involves matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2002-002.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also 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 November 5, 2003.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

November 5, 2003

VILLAGE OF WAYNE
WOOD COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001

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

FINDING NUMBER 2002-001

Noncompliance Citation

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

This section also provides two “exceptions” to the above requirements:

- A. Then and Now Certificate – if no certificate is furnished as required, upon receipt of the fiscal officer’s certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Village’s Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than \$1,000 (\$3,000 effective April 7, 2003), the fiscal officer may authorize it to be paid without the affirmation of the Village Council, if such expenditure is otherwise valid.

The Village did not certify the availability of funds pursuant to Ohio Revised Code Section 5705.41 (D), for any expenditures prior to the commitment being made. We recommend, where possible, the Village certify the availability of funds prior to expenditures being made. Where prior certification is not feasible, we encourage the Village to utilize then and now certificates or blanket certificates.

FINDING NUMBER 2002-002

Reportable Condition

Developing and Implementing an Effective Monitoring Control System

Council Members were not given monthly financial reports to monitor the financial transactions of the Village.

Monitoring controls comprise regular management and supervisory activities established to oversee whether management’s objectives are being achieved, covering operational and legal compliance, as well as financial control objectives. Effective monitoring controls should identify unexpected results or exceptions (including significant compliance exceptions), investigate underlying causes, and take corrective action.

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(Continued)

Monitoring controls may be in the nature of ongoing activities or periodic separate evaluation by either management or an internal audit function. They can relate to a specific transaction cycle or can be in a more overview nature.

Monitoring controls should assist management in making informed decisions on operational and fiscal matters for the Village, which can include:

- Regular review and approval of bank reconciliations, as submitted by the Clerk/Treasurer;
- Review of key performance indicators;
- Review of revenues/expenditures with independently accumulated information (budgets, past performance, etc.), as submitted by the Clerk/Treasurer;
- Monthly review and approval of the Village's expenditures, as disbursed by the Clerk/Treasurer;
- Monitoring that grant monies are used in accordance with grant requirements; and
- Ensuring an adequate segregation of duties exist.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

VILLAGE OF WAYNE

WOOD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 9, 2003**