



**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2002-2001



**Auditor of State
Betty Montgomery**

VILLAGE OF WAYNESVILLE
WARREN COUNTY

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Auditor of State Betty Montgomery

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, 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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, 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 May 20, 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 audit.

This report is intended solely for the information and use of the management, Village Council and other officials authorized to receive this report under Section 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

May 20, 2003

**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, 2002**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:					
Property Tax and Other Local Taxes	\$94,643	\$248,135	\$0	\$0	\$342,778
Special Assessments	0	0	4,742	0	4,742
Intergovernmental Receipts	68,221	259,052	0	0	327,273
Charges for Services	389	0	0	0	389
Fines, Licenses, and Permits	74,691	0	0	0	74,691
Earnings on Investments	39,589	1,010	0	0	40,599
Miscellaneous	81,871	28,770	0	0	110,641
Total Cash Receipts	359,404	536,967	4,742	0	901,113
Cash Disbursements:					
Current:					
Security of Persons and Property	25,201	265,625	0	0	290,826
Public Health Services	828	0	0	0	828
Leisure Time Activities		12,786	0	0	12,786
Community Environment	16,930	0	0	0	16,930
Transportation	9,588	131,650	0	0	141,238
General Government	285,874	24,622	0	0	310,496
Debt Service:					
Principal Payments	0	0	1,599	426,500	428,099
Interest Payments	0	0	805	12,795	13,600
Capital Outlay	13,374	96,663	0	351,455	461,492
Total Cash Disbursements	351,795	531,346	2,404	790,750	1,676,295
Total Receipts Over/(Under) Disbursements	7,609	5,621	2,338	(790,750)	(775,182)
Other Financing Receipts and (Disbursements):					
Sale of Bonds and Notes	0	0	0	1,648,500	1,648,500
Advances-In	29,733	27,000	0	0	56,733
Advances-Out	(27,000)	(29,733)	0	0	(56,733)
Total Other Financing Receipts/(Disbursements)	2,733	(2,733)	0	1,648,500	1,648,500
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	10,342	2,888	2,338	857,750	873,318
Fund Cash Balances, January 1	112,530	85,676	(6,242)	57,891	249,855
Fund Cash Balances, December 31	\$122,872	\$88,564	(\$3,904)	\$915,641	\$1,123,173
Reserves for Encumbrances, December 31	\$4,333	\$1,401	\$0	\$0	\$5,734

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, 2002**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$1,094,053	\$0	\$1,094,053
Miscellaneous	2,916	0	2,916
Total Operating Cash Receipts	<u>1,096,969</u>	<u>0</u>	<u>1,096,969</u>
Operating Cash Disbursements:			
Personal Services	343,396	0	343,396
Fringe Benefits	3,542	0	3,542
Contractual Services	294,803	0	294,803
Supplies and Materials	68,302	0	68,302
Capital Outlay	153,948	0	153,948
Total Operating Cash Disbursements	<u>863,991</u>	<u>0</u>	<u>863,991</u>
Operating Income	<u>232,978</u>	<u>0</u>	<u>232,978</u>
Non-Operating Cash Receipts:			
Proceeds of loan	50,759	0	50,759
Other Non-Operating Receipts	5,614	71,649	77,263
Total Non-Operating Cash Receipts	<u>56,373</u>	<u>71,649</u>	<u>128,022</u>
Non-Operating Cash Disbursements:			
Debt Service	349,489	0	349,489
Other Non-Operating Cash Disbursements	0	72,827	72,827
Total Non-Operating Cash Disbursements	<u>349,489</u>	<u>72,827</u>	<u>422,316</u>
Net Receipts Under Disbursements	(60,138)	(1,178)	(61,316)
Fund Cash Balances, January 1	<u>799,771</u>	<u>5,290</u>	<u>805,061</u>
Fund Cash Balances, December 31	<u>\$739,633</u>	<u>\$4,112</u>	<u>\$743,745</u>
Reserve for Encumbrances, December 31	<u>\$9,629</u>	<u>\$0</u>	<u>\$9,629</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, 2001**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:					
Property Tax and Other Local Taxes	\$107,608	\$269,538	\$0	\$0	\$377,146
Special Assessments	0	0	3,851	0	3,851
Intergovernmental Receipts	66,837	225,339	0	0	292,176
Charges for Services	737	0	0	0	737
Fines, Licenses, and Permits	88,383	0	0	0	88,383
Earnings on Investments	60,451	1,849	0	0	62,300
Miscellaneous	77,800	63,413	0	0	141,213
	<u>401,816</u>	<u>560,139</u>	<u>3,851</u>	<u>0</u>	<u>965,806</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	23,970	273,314	0	0	297,284
Public Health Services	837	0	0	0	837
Leisure Time Activities	0	14,470	0	0	14,470
Community Environment	68,758	0	0	0	68,758
Transportation	8,393	100,530	0	0	108,923
General Government	239,336	38,990	0	0	278,326
Debt Service:					
Principal Payments	0	0	1,508	426,500	428,008
Interest Payments	0	0	896	20,258	21,154
Capital Outlay	78,663	183,667	0	1,998	264,328
	<u>419,957</u>	<u>610,971</u>	<u>2,404</u>	<u>448,756</u>	<u>1,482,088</u>
Total Receipts Over/(Under) Disbursements	<u>(18,141)</u>	<u>(50,832)</u>	<u>1,447</u>	<u>(448,756)</u>	<u>(516,282)</u>
Other Financing Receipts:					
Sale of Notes	<u>0</u>	<u>0</u>	<u>0</u>	<u>426,500</u>	<u>426,500</u>
Total Other Financing Receipts	<u>0</u>	<u>0</u>	<u>0</u>	<u>426,500</u>	<u>426,500</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(18,141)	(50,832)	1,447	(22,256)	(89,782)
Fund Cash Balances, January 1 (Restated)	<u>130,671</u>	<u>136,508</u>	<u>(7,689)</u>	<u>80,147</u>	<u>339,637</u>
Fund Cash Balances, December 31	<u>\$112,530</u>	<u>\$85,676</u>	<u>(\$6,242)</u>	<u>\$57,891</u>	<u>\$249,855</u>
Reserves for Encumbrances, December 31	<u><u>\$12,588</u></u>	<u><u>\$798</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$13,386</u></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, 2001**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$1,029,879	\$0	\$1,029,879
Miscellaneous	45	0	45
	<u>1,029,924</u>	<u>0</u>	<u>1,029,924</u>
Total Operating Cash Receipts			
Operating Cash Disbursements:			
Personal Services	328,321	0	328,321
Contractual Services	302,740	0	302,740
Supplies and Materials	65,599	0	65,599
Capital Outlay	77,967	0	77,967
	<u>774,627</u>	<u>0</u>	<u>774,627</u>
Total Operating Cash Disbursements			
Operating Income	<u>255,297</u>	<u>0</u>	<u>255,297</u>
Non-Operating Cash Receipts:			
Other Non-Operating Receipts	36,756	93,641	130,397
	<u>36,756</u>	<u>93,641</u>	<u>130,397</u>
Total Non-Operating Cash Receipts			
Non-Operating Cash Disbursements:			
Debt Service	347,472	0	347,472
Other Non-Operating Cash Disbursements	0	94,941	94,941
	<u>347,472</u>	<u>94,941</u>	<u>442,413</u>
Total Non-Operating Cash Disbursements			
Net Receipts Under Disbursements	(55,419)	(1,300)	(56,719)
Fund Cash Balances, January 1	<u>855,190</u>	<u>6,590</u>	<u>861,780</u>
Fund Cash Balances, December 31	<u>\$799,771</u>	<u>\$5,290</u>	<u>\$805,061</u>
Reserve for Encumbrances, December 31	<u>\$56,269</u>	<u>\$0</u>	<u>\$56,269</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, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Waynesville, Warren County, Ohio (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'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

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

Certificates of deposit, repurchase agreements, money market accounts and U.S. Treasury Notes are valued at current market value. The investment in STAR Ohio is recorded at share values reported by the State Treasurer.

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, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Debt Service Fund

This fund is 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 or trust funds). The Village had the following significant capital project funds:

Capital Project Fund

This fund is used to construct a new municipal building.

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.

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.

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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. However, there were no material unrecorded encumbrances at 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.

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

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

	2002	2001
Demand deposits	\$41,159	\$63,518
Certificates of deposit	765,625	436,803
Total deposits	806,784	500,321
Repurchase agreement	964,949	105,203
U. S. Treasury Notes	92,572	401,059
Money Market Mutual Fund	498	1,258
STAR Ohio	2,115	47,075
Total investments	1,060,134	554,595
Total deposits and investments	\$1,866,918	\$1,054,916

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: U.S. Treasury Notes 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.

The Village's financial institution transfers securities to the Village's agent to collateralize repurchase agreements. The securities are not in the Village's name.

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	\$313,500	\$389,137	\$75,637
Special Revenue	1,445,200	563,967	(881,233)
Debt Service	15,000	4,742	(10,258)
Capital Projects	1,000,000	1,648,500	648,500
Enterprise	950,000	1,153,342	203,342
Total	\$3,723,700	\$3,759,688	\$35,988

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$375,843	\$383,128	(\$7,285)
Special Revenue	1,016,363	562,480	453,883
Debt Service	16,480	2,404	14,076
Capital Projects	1,747,185	790,750	956,435
Enterprise	1,591,264	1,223,109	368,155
Total	\$4,747,135	\$2,961,871	\$1,785,264

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$397,824	\$401,816	\$3,992
Special Revenue	817,797	560,139	(257,658)
Debt Service	2,338	3,851	1,513
Capital Projects	426,500	426,500	0
Enterprise	883,075	1,066,680	183,605
Total	\$2,527,534	\$2,458,986	(\$68,548)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$461,718	\$432,545	\$29,173
Special Revenue	769,400	611,769	157,631
Debt Service	31,547	2,404	29,143
Capital Projects	500,000	448,756	51,244
Enterprise	1,377,528	1,178,368	199,160
Total	\$3,140,193	\$2,673,842	\$466,351

Appropriations exceeded estimated resources in the Sidewalk Special Assessment Fund for the year ended December 31, 2001 and in the Ohio Public Works Commission, Capital Projects, Environmental Finance Loan (DEFA), and the Ohio Water Development Authority Funds for the year ended December 31, 2002.

The Village did not certify the availability of funds for certain expenditures.

At December 31, 2002 and 2001, the Sidewalk Special Assessment fund had a cash deficit balance.

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

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

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:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA Loan (651/648)	\$32,588	4.56%
OPWC WWTP Improvements	\$368,560	0.00%
OWDA Loan WWTP 2566	\$3,550,432	2.50%
OWDA Loan Water Tower	\$446,846	6.41%
Land Acquisition Bond Anticipation Notes	398,500	3.00%
Special Assessment Bonds	11,823	6.00%
Government Center Bonds	1,250,000	5.75%
Total	<u>\$6,058,749</u>	

The Ohio Water Development Authority (OWDA) loan (651/648) was issued in 1984 relating 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 OPWC (Ohio Public Works Commission) WWTP Improvements loan was issued in 1988 in the amount of \$433,600 for wastewater treatment plant improvements. The loan is repaid in semiannual installments of \$10,840 over 20 years.

The OWDA WWTP 2566 was issued from 2000 through 2002 to finance wastewater treatment plant improvements. The loan is repaid in semiannual installments of \$123,175, including interest, over 20 years. The loan is collateralized by the Village's agreement to maintain revenues to cover debt service requirements.

The OWDA Water Tower Loan was issued in 2001 to build a new water tower. The loan is to be repaid in annual installment of \$38,372, including interest, over 25 years.

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

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

5. DEBT (Continued)

The Land Acquisition Bond Anticipation Note relates to the purchase of land for various municipal purposes. This note matures December 20, 2003.

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.

The Government Center Bonds were issued to pay for construction of the Village Government Center. These bonds were issued in 2002 in the amount of \$1,250,000.

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

Year ending December 31:	OWDA Loan (651/648)	OPWC WWTP Improvements	OWDA Loan WWTP 2566	OWDA Loan Water Tower
	2003	\$36,499	\$21,680	\$246,349
2004	0	21,680	246,349	37,654
2005	0	21,680	246,349	37,654
2006	0	21,680	246,349	37,654
2007	0	21,680	246,349	37,654
2008 – 2012	0	108,400	1,231,745	188,270
2013 – 2017	0	108,400	1,231,745	188,270
2018 – 2022	0	43,360	739,047	188,270
2023 – 2027	0	0	0	112,962
Total	<u>\$36,499</u>	<u>\$368,560</u>	<u>\$4,434,282</u>	<u>\$866,042</u>

Year ending December 31:	Land Acquisition Bond Anticipation Notes	Special Assessment Bonds	Government Center Bonds
	2003	\$410,455	\$2,404
2004	0	2,404	73,789
2005	0	2,404	74,645
2006	0	2,404	75,415
2007	0	2,404	77,099
2008 – 2012	0	2,404	409,466
2013 – 2017	0	0	449,119
2018 – 2022	0	0	493,909
2023 – 2027	0	0	538,521
2028 – 2032	0	0	510,085
Total	<u>\$410,455</u>	<u>\$14,424</u>	<u>\$2,773,924</u>

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

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

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement 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 2002 and 2001, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for the years ended December 31, 2002 and 2001. The Village has paid all contributions required through December 31, 2002.

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

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. PRIOR PERIOD ADJUSTMENT

The police department had a bank account that had not been recorded on the Village's books. The Village has included the activity in the financial statements for 2001 and 2002. This change places the account on the books at January 1, 2001 in the Police Fund. The account was closed on March 19, 2003.

	Police Levy Fund (B20)	Total Special Revenue
Ending Balance at December 31, 2000	\$68,244	\$138,222
Change	<u>(1,714)</u>	<u>(1,714)</u>
Restated Beginning Balance at January 1, 2001	<u>\$66,530</u>	<u>\$136,508</u>



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' 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, 2002 and 2001, and have issued our report thereon dated May 20, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 several instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2002-001 through 2002-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated May 20, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, 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 certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve 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 assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings as items 2002-001 and 2002-004.

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. We do not believe the reportable conditions described above are material weaknesses.

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 May 20, 2003.

This report is intended solely for the information and use of the 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

May 20, 2003

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2002-001

Noncompliance Citation/Reportable Condition

Ohio Rev. Code, Section 5705.41 (D), states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same... has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be 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 appropriated and free of any previous encumbrances, the Village 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.
- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Village of Council, if such expenditure is otherwise valid.

The Village did not properly certify the availability of funds for 30% of expenditures tested. Purchase orders were not always signed by the clerk, nor did they include amounts encumbered or account codes.

This Section also states that the fiscal officer may prepare so-called "blanket" certificates not exceeding \$5,000 against any specific line item account over a period not exceeding 3 months or running beyond the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation. 30% of the Village's blanket purchase orders tested exceeded the 3 month period.

FINDING NUMBER 2002-002

Noncompliance Citation

Ohio Rev. Code, Section 5705.10, requires that money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund. In 2001, the Sidewalk Assessment Fund-H02 had a negative fund balance of \$6,242. In 2002, the Sidewalk Assessment Fund-H02 had a negative fund balance of \$3,905. We recommend that the Finance Director monitor the balances monthly and make adjustments as needed.

FINDING NUMBER 2002-003

Noncompliance Citation

Ohio Rev. Code, Section, 5705.39, requires 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 officiate estimate. During the year end testing, appropriations exceeded estimated resources in the following funds and amounts:

**FINDING NUMBER 2002-003
 (Continued)**

2001			
<u>Fund</u>	<u>Appropriations</u>	<u>Estimated Resources</u>	<u>Variance</u>
Sidewalk Assessment (H02)	\$31,547	\$3,885	(\$27,662)
2002			
<u>Fund</u>	<u>Appropriations</u>	<u>Estimated Resources</u>	<u>Variance</u>
Ohio Public Works Commission (B60)	\$475,000	\$350,000	(\$125,000)
Capital Projects (D03)	1,747,185	1,057,891	(689,294)
Environmental Finance Loan DEFA (B65)	101,158	(50,579)	(151,738)
Ohio Water Development Authority (B90)	180,368	30,369	(150,000)

FINDING NUMBER 2002-004

Reportable Condition

Ohio Rev. Code, Section 733.28, requires the Clerk to exhibit accurate statements of all moneys received and expended.

The Village Police Department had a separate bank account and the activity was not reflected in the Village's financial records or statements. Such activity should be included within the Police Fund in order to conform with the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting.

With the knowledge of Village officials, the Police Department collected monies for contracts and other monies and deposited these funds into the bank accounts noted above. They also expended funds utilizing the above accounts without the use of purchase orders or appropriations.

The activity for this account has been reflected on the financial statements. The Village officials retroactively approved the expenditures made from this account. The Police Department account was closed in March 2003 and the remaining bank account balance was reflected as a receipt on the Village's books during 2003.

We recommend that the Village implement a policy to ensure that all Village financial activity is accurately presented in the Village's financial statements and monitored by Council for reasonableness.

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-30483-001	Revised Code Section 5705.39 for appropriations exceeding estimated resources	No	Repeat as Finding 2002-30483-003
2000-30483-002	Revised Code Section 5705.41(B) for expenditure exceeding appropriations	No	Repeat as management letter comment.



**Auditor of State
Betty Montgomery**

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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
JUNE 26, 2003**