

VILLAGE OF WAYNESBURG  
STARK COUNTY

AUDITED FINANCIAL STATEMENTS AND  
AUDITORS' REPORT

FOR THE YEARS ENDED  
DECEMBER 31, 2002 AND 2003





**Auditor of State  
Betty Montgomery**

Village Council  
Village of Waynesburg  
141 East Lisbon St.  
Waynesburg, Ohio 44688

We have reviewed the Independent Auditor's Report of the Village of Waynesburg, Stark County, prepared by Nagel, Weigand & Company, LLC, for the audit period January 1, 2002 to December 31, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

August 17, 2004

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VILLAGE OF WAYNESBURG  
STARK COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Auditors' Report	1
Combined Statement Of Cash Receipts, Disbursements And Changes In Fund Cash Balances - All Governmental Fund Types For The Year Ended December 31, 2003	2
Combined Statement Of Cash Receipts, Disbursements And Changes In Fund Cash Balances - All Proprietary Fund Types And Similar Fiduciary Funds For The Year Ended December 31, 2003	3
Combined Statement Of Cash Receipts, Disbursements And Changes In Fund Cash Balances - All Governmental Fund Types For The Year Ended December 31, 2002	4
Combined Statement Of Cash Receipts, Disbursements And Changes In Fund Cash Balances - All Governmental Fund Types For The Year Ended December 31, 2002	5
Notes To Financial Statements	6
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	17
Schedule of Findings	19
General Comments	20

# Nagel, Weigand & Company, LLC

## INDEPENDENT AUDITORS' REPORT

Members of Council  
Village of Waynesburg  
Waynesburg, Ohio

We have audited the accompanying financial statements of the Village of Waynesburg, as of and for the years ended December 31, 2003 and 2002, as listed in the table of contents. These financial statements are the responsibility of the Village of Waynesburg'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 cash balances of the Village, as of December 31, 2003 and 2002, 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 a report dated June 25, 2004 on our consideration of the Village of Waynesburg'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 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.

June 25, 2004

*Nagel, Weigand & Company, LLC*

VILLAGE OF WAYNESBURG  
STARK COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES, ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003

	GOVERNMENTAL FUND TYPES			TOTALS
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	(MEMO- RANDOM ONLY)
<b>REVENUE RECEIPTS:</b>				
Local Taxes	\$ 35,229	\$ 97,514	\$ 13,970	\$ 146,713
Intergovernmental Revenues	57,833	238,585	-	296,418
Interest	6,239	-	-	6,239
Charges for Services	-	39,508	-	39,508
Fines, Licenses, Permits	514	-	-	514
Miscellaneous	36,339	13,100	-	49,439
Total Revenue Receipts	136,154	388,707	13,970	538,831
<b>EXPENDITURES:</b>				
Security of Persons and Property	28,282	83,098	-	111,380
Transportation	-	13,902	-	13,902
General Government	78,942	70,865	-	149,807
Capital Outlay	-	291,130	-	291,130
Debt Service:				
Principal Payments		6,806	7,930	14,736
Interest Payments	-	948	6,040	6,988
Total Expenditures	107,224	466,749	13,970	587,943
Revenues Over (Under) Expenditures	28,930	(78,042)	-	(49,112)
Fund Balance - January 1, 2003	78,565	331,105	-	409,670
Fund Balance - December 31, 2003	\$ 107,495	\$ 253,063	\$ -	\$ 360,558

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

VILLAGE OF WAYNESBURG  
STARK COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY  
FUND TYPES AND SIMILAR FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>PROPRIETARY</u> <u>FUND</u>		<u>FIDUCIARY</u> <u>FUND</u>		<u>TOTALS</u> <u>(MEMO-</u> <u>RANDUM</u> <u>ONLY)</u>
	<u>ENTERPRISE</u>		<u>AGENCY</u>		
<b>OPERATING REVENUES:</b>					
Charges for Services	\$ 181,978		\$ -		\$ 181,978
Fines and Forfeitures	-		38,257		38,257
Miscellaneous	50		-		50
	<hr/>				
Total Operating Revenues	182,028		38,257		220,285
	<hr/>				
<b>OPERATING EXPENSES:</b>					
Personal Services	22,657		-		22,657
Transportation	2,014		-		2,014
Contractual Services	32,670		-		32,670
Materials and Supplies	17,908		-		17,908
General Government	-		38,997		38,997
Capital Outlay	11,660		-		11,660
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Total Operating Expenses	86,909		38,997		125,906
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Operating Income (Loss)	95,119		(740)		94,379
	<hr/>				
<b>NONOPERATING EXPENSES</b>					
Debt Service:					
Principal Payments	40,517		-		40,517
Interest Payments	24,068		-		24,068
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Total Nonoperating Expenses	64,585		-		64,585
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Net Income (Loss)	30,534		(740)		29,794
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Fund Cash Balance - January 1, 2003	169,096		3,560		172,656
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Fund Cash Balance - December 31, 2003	\$ 199,630		\$ 2,820		\$ 202,450
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The notes to the financial statements are an integral part of this statement.

VILLAGE OF WAYNESBURG  
STARK COUNTY

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

	GOVERNMENTAL FUND TYPES			TOTALS
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	(MEMO- RANDUM ONLY)
<b>REVENUE RECEIPTS:</b>				
Local Taxes	\$ 33,057	\$ 82,729	\$ 13,970	\$ 129,756
Intergovernmental Revenues	35,935	39,364	-	75,299
Interest	10,710	-	-	10,710
Charges for Services	-	49,361	-	49,361
Fines, Licenses, Permits	531	696	-	1,227
Miscellaneous	36,830	13,759	-	50,589
Total Revenue Receipts	117,063	185,909	13,970	316,942
<b>EXPENDITURES:</b>				
Security of Persons and Property	35,851	71,866	-	107,717
Transportation	-	8,669	-	8,669
General Government	108,322	75,875	-	184,197
Capital Outlay	-	54,010	-	54,010
Debt Service:				
Principal Payments	-	6,541	7,533	14,074
Interest Payments	-	1,213	6,437	7,650
Total Expenditures	144,173	218,174	13,970	376,317
Revenues Over (Under) Expenditures	(27,110)	(32,265)	-	(59,375)
Fund Balance - January 1, 2002	105,675	363,370	-	469,045
Fund Balance - December 31, 2002	\$ 78,565	\$ 331,105	\$ -	\$ 409,670

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

VILLAGE OF WAYNESBURG  
STARK COUNTY

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

	<u>PROPRIETARY</u>		<u>FIDUCIARY</u>	<u>TOTALS</u> <u>(MEMO-</u> <u>RANDUM</u> <u>ONLY)</u>
	<u>FUND</u>		<u>FUND</u>	
	<u>ENTERPRISE</u>	<u>AGENCY</u>		
<b>OPERATING REVENUES:</b>				
Charges for Services	\$ 185,585	\$ -	\$ -	\$ 185,585
Fines and Forfeitures	-	26,845	-	26,845
Miscellaneous	2,499	-	-	2,499
Total Operating Revenues	<u>188,084</u>	<u>26,845</u>		<u>214,929</u>
<b>OPERATING EXPENSES:</b>				
Personal Services	23,764	-	-	23,764
Transportation	1,177	-	-	1,177
Contractual Services	46,231	-	-	46,231
Materials and Supplies	12,192	-	-	12,192
General Government	-	24,665	-	24,665
Capital Outlay	3,395	-	-	3,395
Total Operating Expenses	<u>86,759</u>	<u>24,665</u>		<u>111,424</u>
Operating Income (Loss)	101,325	2,180		103,505
<b>NONOPERATING EXPENSES</b>				
Debt Service				
Principal Payments	37,897	-	-	37,897
Interest Payments	28,887	-	-	28,887
Total Nonoperating Expenses	<u>66,784</u>	<u>-</u>		<u>66,784</u>
Net Income (Loss)	34,541	2,180		36,721
Fund Cash Balance - January 1, 2002	<u>134,555</u>	<u>1,380</u>		<u>135,935</u>
Fund Cash Balance - December 31, 2002	<u>\$ 169,096</u>	<u>\$ 3,560</u>	<u>\$ -</u>	<u>\$ 172,656</u>

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

VILLAGE OF WAYNESBURG  
STARK COUNTY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Village of Waynesburg, Stark County, (the Village) is a body politic and corporate established for the purpose of exercising 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. In addition, the Village's water utilities are directed by a publicly-elected three-member Board of Public Affairs. The Village provides water utilities, park operations, cemetery operations, and police services. Fire protection services are provided to Village residents by the Village's Volunteer Fire Department.

Management believes the financial statements included in this report represent all of the funds of the Village over which the Village has the ability to exercise direct operating control.

The Village is associated with certain organizations which are defined as Jointly Governed Organizations under Governmental Accounting Standards Board (GASB) Statement No. 14, *Reporting Entity*. These organizations include:

- Stark Council of Governments
- Stark County Regional Planning Commission
- Stark Quad Ambulance District

B. BASIS OF ACCOUNTING

The Village of Waynesburg prepares its financial statements on a basis of accounting prescribed or permitted by the Ohio Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Consequently certain revenues and the related assets are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when the obligation is incurred. A general fixed asset group and long-term debt group of accounts are not recorded on the financial statements by the Village under the basis of accounting used. This method of accounting is utilized in reporting to the State of Ohio but is not in accordance with generally accepted accounting principles. By virtue of Ohio law, the Village is required to maintain the encumbrance method of accounting and to make appropriations for budgetary funds.

VILLAGE OF WAYNESBURG  
STARK COUNTY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. CASH AND INVESTMENTS

The Village invested in a repurchase agreement (overnight sweep) during 2003 and 2002. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are recorded as receipts. Gains or losses at the time of sale are not recorded as receipts or disbursements, respectively.

D. FUND ACCOUNTING

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

General Fund

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

Special Revenue Funds

To account for the proceeds of specific revenue sources (other than from trusts or for capital projects) that are legally restricted to expenditures for specified purposes. The Village had the following significant Special Revenue Funds:

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

*Road and Bridge Fund* – This fund receives levy monies to maintain Village roads and bridges.

*Cemetery Fund* – This fund receives monies from the sale of cemetery lots and charges for burials which are used to maintain the cemetery.

*Fire Levy Fund* – This fund receives levy monies to operate and maintain the Village Volunteer Fire Department.

VILLAGE OF WAYNESBURG  
STARK COUNTY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS (Continued)

Special Revenue Funds (Continued)

*Police Levy Fund* – This fund receives levy monies to operate and maintain the Village Police Department.

Debt Service Fund

This fund is used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following Debt Service Fund:

*Fire Truck Bond Retirement Fund* – This fund receives levy monies to retire the debt associated with the purchase of the Village's fire truck.

PROPRIETARY FUNDS

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 Enterprise Funds:

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

*Water Debt Fund* – This fund receives a portion of the Village's water surcharge from residents to retire debt associated with the water plant expansion, upgrading of Village water meters, and the purchase of a new water truck.

*Water Improvement Fund* – This fund receives a portion of the Village's water surcharge from residents to cover the cost of improving the Village's water plant.

VILLAGE OF WAYNESBURG  
STARK COUNTY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. FUND ACCOUNTING (Continued)

FIDUCIARY FUNDS

Agency

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

*Mayor's Court Fund* – This fund receives fines and forfeitures from the Mayor's Court to be distributed to the Village, State of Ohio, and other local governments.

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 and 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. 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.

VILLAGE OF WAYNESBURG  
STARK COUNTY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. BUDGETARY PROCESS (Continued)

3. Encumbrances

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

A summary of 2003 and 2002 budgetary activity appears in Note 4.

F. PROPERTY, PLANT, AND EQUIPMENT

Fixed assets acquired or constructed for general governmental services are recorded as expenditures. Depreciation is not recorded for these fixed assets.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investment 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>2003</u>	<u>2002</u>
Demand Deposits	\$ 56,892	\$ 44,353
Repurchase Agreements	<u>506,116</u>	<u>537,973</u>
Total Deposits and Investments	<u>\$563,008</u>	<u>\$582,326</u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**Investments:** 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.

VILLAGE OF WAYNESBURG  
STARK COUNTY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2003 and 2002, was as follows:

**2003 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 142,777	\$ 136,154	\$ (6,623)
Special Revenue	382,176	388,707	6,531
Debt Service	13,970	13,970	-
Enterprise	188,083	182,028	(6,055)
Agency	-	38,257	38,257
Total	<u>\$ 727,006</u>	<u>\$ 759,116</u>	<u>\$ 32,110</u>

**2003 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 199,000	\$ 107,224	\$ 91,776
Special Revenue	349,770	466,749	(116,979)
Debt Service	13,970	13,970	-
Enterprise	177,325	151,494	25,831
Agency	-	38,997	(38,997)
Total	<u>\$ 740,065</u>	<u>\$ 778,434</u>	<u>\$ (38,369)</u>

**2002 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 159,069	\$ 117,063	\$ (42,006)
Special Revenue	224,089	185,909	(38,180)
Debt Service	-	13,970	13,970
Enterprise	226,212	188,084	(38,128)
Agency	22,000	26,845	4,845
Total	<u>\$ 631,370</u>	<u>\$ 531,871</u>	<u>\$ (99,499)</u>

VILLAGE OF WAYNESBURG  
STARK COUNTY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

3. BUDGETARY ACTIVITY (Continued)

<b>2002 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 215,700	\$ 144,173	\$ 71,527
Special Revenue	297,590	218,174	79,416
Debt Service	-	13,970	(13,970)
Enterprise	192,250	153,543	38,707
Agency	5,000	24,665	(19,665)
Total	<u>\$ 710,540</u>	<u>\$ 554,525</u>	<u>\$ 156,015</u>

4. PROPERTY TAX

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

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.

VILLAGE OF WAYNESBURG  
STARK COUNTY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

5. DEBT OBLIGATIONS

Debt outstanding at December 31, 2003 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
1987 OWDA Loan No. 1960	\$ 56,076	9.48%
1987 OWDA Loan No. 1961	122,895	8.48%
1989 OWDA Loan No. 1962	92,408	8.07%
1998 Consumers Nat'l. Bank Pumper Truck Loan	111,510	5.00%
2000 Consumers Nat'l. Bank Water Truck Loan	4,032	5.25%
2001 Bank of Magnolia Water Tank Loan	<u>14,520</u>	4.50%
Total	<u>\$401,441</u>	

The Ohio Water Development Authority (OWDA) loans relate to a water plant expansion project that was mandated by the Ohio Environmental Protection Agency. The loans will be repaid in semiannual installments as follows: \$5,397, including interest, over 24 years for loan no. 1960; \$11,416, including interest, over 24 years for loan no. 1961; and \$8,450, including interest, over 22 years for loan no. 1962. The loan is collateralized by water surcharge receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Consumers National Bank pumper truck loan was obtained for the purchase of a pumper truck for the Village's Volunteer Fire Department. The loan will be repaid in annual installments of \$13,970, including interest, over nine years with a payment of \$79,388, including interest, in the tenth year. The loan is collateralized by the goods or property being purchased.

The Consumers National Bank water truck loan was obtained for the purchase of a truck for the Village's Water Department. The loan will be repaid in annual installments of \$2,190, including interest, over five years. The loan is collateralized by the goods or property being purchased.

The Bank of Magnolia water tank loan was obtained for the purchase of a new water tank for the Village's water truck. The loan will be repaid in annual installments of \$7,754, including interest, over five years. The loan is collateralized by the Village's water truck.

VILLAGE OF WAYNESBURG  
STARK COUNTY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

5. DEBT OBLIGATIONS (Continued)

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

Year ending December 31:	OWDA Loan No. 1960	OWDA Loan No. 1961	OWDA Loan No. 1962
2004	\$ 10,794	\$ 22,832	\$ 16,900
2005	10,794	22,832	16,900
2006	10,794	22,832	16,900
2007	10,794	22,832	16,900
2008	10,794	22,832	16,900
Subsequent	32,382	68,496	50,700
Total	<u>\$ 86,352</u>	<u>\$ 182,656</u>	<u>\$ 135,200</u>

Year ending December 31:	Consumers Pumper Truck Loan	Consumers Water Truck Loan	Bank of Magnolia Water Truck Loan
2004	\$ 13,970	\$ 2,190	\$ 7,754
2005	13,970	2,190	7,754
2006	13,970	-	-
2007	13,970	-	-
2008	79,682	-	-
Subsequent	-	-	-
Total	<u>\$ 135,562</u>	<u>\$ 4,380</u>	<u>\$ 15,508</u>

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Fund (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS 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.

VILLAGE OF WAYNESBURG  
STARK COUNTY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

6. RETIREMENT SYSTEMS (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. OPERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Village has paid all contributions required through December 31, 2003.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Commercial Auto Coverage
- Commercial Inland Marine
- General Liability
- Commercial Property Coverage
- Public Officials Liability
- Police Professional Liability

**Health and Life Insurance**

The Village's Police Chief and Street Director receive health and life insurance coverage through the Ohio Farm Bureau Association Alliance at the Nationwide Life Insurance Company.

8. STARK COUNTY REGIONAL PLANNING COMMISSION

The Village participates in the Stark County Regional Planning Commission (Commission) which is a statutorily created political subdivision of the State. The Commission is jointly governed among Stark County, and other cities, villages, and townships. The principle aim of the Commission is to provide comprehensive planning, both long and short-term, dealing with the economic and physical environment of Stark County. The Board exercises total authority for the day-to-day operations of the Commission including budgeting, appropriating, contracting, and designating management. The Village has no financial responsibility for any of the Commission's liabilities. Complete financial statements can be obtained from the Stark County Regional Planning Commission, Stark County, Ohio.

VILLAGE OF WAYNESBURG  
STARK COUNTY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

9. STARK COUNTY COUNCIL OF GOVERNMENTS

The Stark County Council of Governments (SCOG) is a jointly governed organization. SCOG is a regional council of governments formed under chapter 167 of the Ohio Revised Code. Currently, SCOG's functions include the funding and operation of the Stark County Metropolitan Narcotics Unit and the Canton Crime Lab. SCOG is governed by its membership, including Stark County, and other cities, villages, and townships. The membership elects a nine member executive committee. Based on recommendations of the executive committee, the membership approves its own budget, appoints personnel and performs accounting and finance related activities. Continued existence of the agency is not dependent on the Village's continued participation, nor does the Village have an equity interest in the SCOG. The SCOG is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden to the Village. Complete financial statements may be obtained from the Stark Council of Governments, P.O. Box 21451, Canton, Ohio 44701-1451.

10. STARK QUAD AMBULANCE DISTRICT

Stark QUAD Ambulance District (the District) is a body corporate and politic established for the purpose of providing public emergency ambulance services for the residents of the Stark QUAD Ambulance District, which includes the Villages of Magnolia and Waynesburg, and Sandy and Rose Townships. The District is directed by a Board of Trustees consisting of four members. One Board Member is appointed by each political subdivision within the District. The District is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden to the Village.

# Nagel, Weigand & Company, LLC

## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Members of Council  
Village of Waynesburg  
Waynesburg, Ohio

We have audited the financial statements of the Village of Waynesburg as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated June 25, 2004. 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. 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated June 25, 2004.

### **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 assurances 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 the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2003-01.

**Village of Waynesburg  
Stark County**

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 noted no matters involving control over financial reporting and its operations that we considered to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Village in a separate letter dated June 25, 2004.

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

June 25, 2004

*Nagel, Weigand & Company, LLC*

VILLAGE OF WAYNESBURG  
STARK COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2003 AND 2002

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of the Village of Waynesburg.
2. One reportable condition was disclosed during the audit of the Village of Waynesburg's financial statements.
3. No instances of noncompliance material to the financial statements were disclosed during the audit of the financial statements.

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

**FINDING NUMBER 2003-01**

**Policies and Procedures Manual**

Although the Village Council adopted written job descriptions for key Village employees, Village Council has not adopted a formal policy and procedures manual, which would include items such as a Village organizational chart, written job descriptions for all Village employees, accounting procedure narratives (receipts/expenditures), related party policies, etc. The lack of a formal policy and procedures manual creates an undefined system of accounting and reporting which could lead to a lack of segregation of duties and errors not being detected in a timely manner.

Village Council should establish and adopt an all-inclusive policy and procedures manual. This will help ensure a defined system of accounting and reporting as well as evidence of written job descriptions that provide adequate segregation of duties and outline job responsibilities for all Village employees.

VILLAGE OF WAYNESBURG  
STARK COUNTY

GENERAL COMMENTS  
DECEMBER 31, 2003 AND 2002

This report, including the citations and recommendations, was reviewed with and acknowledged by the following officials on June 25, 2004:

Kathy Weisburn  
Mary Connelly  
Cathy Ionno

Clerk/Treasurer  
Mayor  
Council President

These officials were informed that they had five working days for the Auditor of State from the date of the post audit conference to respond to, or contest, in writing, the report contents. No such response was received.

Village personnel were cooperative and available for questions and assistance during regular working hours.





**Auditor of State  
Betty Montgomery**

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800-282-0370

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**VILLAGE OF WAYNESBURG**

**STARK 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  
AUGUST 31, 2004**