



**Auditor of State
Betty Montgomery**

VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2003.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Proprietary and Similar Fiduciary Fund Types – For the Year Ended December 31, 2003.....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2002.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Proprietary and Similar Fiduciary Fund Types – For the Year Ended December 31, 2002.....	6
Notes to the Financial Statements	7
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	15

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Waynesfield
Auglaize County
P.O. Box 476
Waynesfield, Ohio 45896

To the Members of Council:

We have audited the accompanying financial statements of the Village of Waynesfield, Auglaize County, (the Village), as of and for the years ended December 31, 2003 and 2002. 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.

The Village's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Village because the Auditor of State designed, developed and implemented, and as requested, operates UAN. However, *Government Auditing Standards* permit the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(B) and §115.56 mandate the Auditor of State to audit Ohio governments.

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, 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 our report dated August 11, 2004, 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 finance committee, management, the Members of 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

August 11, 2004

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$40,225			\$40,225
Intergovernmental Receipts	76,903	\$39,487	\$36,420	152,810
Earnings on Investments	6,599	805		7,404
Charges for Services	1,807			1,807
Special Assessments	170			170
Fines, Licenses and Permits	195			195
Miscellaneous	10,289			10,289
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	136,188	40,292	36,420	212,900
Cash Disbursements:				
Current:				
Security of Persons and Property	8,398			8,398
Public Health Services	57			57
Leisure Time Activities	4,146	12,515		16,661
Transportation	6,612	21,583		28,195
General Government	68,724			68,724
Capital Outlay	10,995	4,500	66,462	81,957
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	98,932	38,598	66,462	203,992
Total Receipts Over/(Under) Disbursements	37,256	1,694	(30,042)	8,908
Other Financing Receipts/(Disbursements):				
Loan Proceeds			29,981	29,981
Transfers In		3,129		3,129
Transfers Out	(30,862)			(30,862)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts	(30,862)	3,129	29,981	2,248
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	6,394	4,823	(61)	11,156
Fund Cash Balances, January 1	168,231	53,901	61	222,193
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	174,625	58,724	0	233,349
	<hr/>	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31	\$15,252	\$156	\$0	\$15,408
	<hr/>	<hr/>	<hr/>	<hr/>

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

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

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

	<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	\$707,196		\$707,196
Total Operating Cash Receipts	<u>707,196</u>		<u>707,196</u>
Operating Cash Disbursements:			
Personal Services	118,077		118,077
Fringe Benefits	53,300		53,300
Contractual Services	344,662		344,662
Supplies and Materials	64,531		64,531
Other	4,155		4,155
Capital Outlay	35,695		35,695
Total Operating Cash Disbursements	<u>620,420</u>		<u>620,420</u>
Operating Income	86,776		86,776
Non-Operating Cash Receipts:			
Intergovernmental Revenue		\$1,714	1,714
Earnings on Investments	148		148
Miscellaneous Receipts	3,367		3,367
Total Non-Operating Cash Receipts	3,515	1,714	5,229
Non-Operating Cash Disbursements:			
Debt Service - Principal	20,301		20,301
Debt Service - Interest	8,913		8,913
Other Financing Uses		1,570	1,570
Total Non-Operating Cash Disbursements	29,214	1,570	30,784
Excess of Cash Receipts Over/(Under) Disbursements Before Interfund Transfers	61,077	144	61,221
Transfers In	91,863		91,863
Transfers Out	(64,130)		(64,130)
Net Receipts Over/(Under) Disbursements	88,810	144	88,954
Fund Cash Balances, January 1	808,904	18	808,922
Fund Cash Balances, December 31	<u>\$897,714</u>	<u>\$162</u>	<u>\$897,876</u>
Reserve for Encumbrances, December 31	<u>\$48,304</u>	<u>\$143</u>	<u>\$48,447</u>

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

**VILLAGE OF WAYNESFIELD
AUGLAIZE 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>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$39,189			\$39,189
Intergovernmental Receipts	78,853	\$55,844	\$60,256	194,953
Earnings on Investments	19,077	2,040		21,117
Special Assessments	179			179
Charges for Services	305			305
Fines, Licenses, and Permits	255			255
Miscellaneous	12,828			12,828
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	150,686	57,884	60,256	268,826
Cash Disbursements:				
Current:				
Security of Persons and Property	23,104			23,104
Public Health Service	195			195
Leisure Time Activities	4,533			4,533
Transportation	5,766	19,455		25,221
General Government	79,870			79,870
Capital Outlay		36,119	254,947	291,066
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	113,468	55,574	254,947	423,989
Total Receipts Over/(Under) Disbursements	37,218	2,310	(194,691)	(155,163)
Other Financing Receipts and (Disbursements):				
Loan Proceeds			194,752	194,752
Refund of Prior Year Expenditures	475	106		581
Transfers Out	(27,157)			(27,157)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(26,682)	106	194,752	168,176
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	10,536	2,416	61	13,013
Fund Cash Balances, January 1	157,695	51,485		209,180
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	168,231	53,901	61	222,193
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Reserves for Encumbrances, December 31	\$4,607	\$151	\$67,342	\$72,100

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

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - 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	\$687,122		\$687,122
Miscellaneous	3,654		3,654
	<hr/>		<hr/>
Total Operating Cash Receipts	690,776		690,776
Operating Cash Disbursements:			
Personal Services	109,081		109,081
Fringe Benefits	39,086		39,086
Contractual Services	301,744		301,744
Supplies and Materials	70,497		70,497
Other	3,825		3,825
Capital Outlay	43,377		43,377
	<hr/>		<hr/>
Total Operating Cash Disbursements	567,610		567,610
Operating Income	123,166		123,166
Non-Operating Cash Receipts:			
Intergovernmental		\$1,288	1,288
Earnings on Investments	341		341
	<hr/>		<hr/>
Total Non-Operating Cash Receipts	341	1,288	1,629
Non-Operating Cash Disbursements:			
Debt Service - Principal	13,467		13,467
Debt Service - Interest	9,539		9,539
Other Financing Uses		1,288	1,288
	<hr/>		<hr/>
Total Non-Operating Cash Disbursements	23,006	1,288	24,294
Excess of Cash Receipts Over/(Under) Disbursements Before Interfund Transfers	100,501		100,501
Transfers In	90,691		90,691
Transfers Out	(63,534)		(63,534)
	<hr/>		<hr/>
Net Receipts Over/(Under) Disbursements	127,658		127,658
Fund Cash Balances, January 1	681,246	18	681,264
	<hr/>		<hr/>
Fund Cash Balances, December 31	\$808,904	\$18	\$808,922
	<hr/> <hr/>		<hr/> <hr/>
Reserve for Encumbrances, December 31	\$46,523	\$0	\$46,523
	<hr/> <hr/>		<hr/> <hr/>

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

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Waynesfield, Auglaize County, (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, water and sewer utilities, park operations, and police services. Fire protection and emergency services are provided to the Village residents by Wayne Township.

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

The Village participates in one jointly governed organization, the Ohio Municipal Electric Generation Agency Joint Venture 5 (JV5). This organization is presented in Note 8 of the cash basis financial statements.

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 included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost.

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 Funds

These funds are used to account for proceeds from specific sources (other than from capital projects) that are restricted to expenditure for specific purposes.

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

State Highway Fund – This fund receives gasoline and motor vehicle tax money for constructing, maintaining and repairing the highways within the Village.

Permissive Motor Vehicle License Tax Fund – This fund receives motor vehicle license tax money for the construction and repairing of Village streets.

3. Capital Projects Funds

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

Water Meter Grant Fund – This fund receives proceeds of grants. The proceeds were used to purchase new water meters for the Village.

Water Well and Tower Fund – This fund receives proceeds of grants and loans. The proceeds were used to construct a new water well and water tower for the Village.

4. 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.

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

Water Improvement Fund – This fund receives a fee from the water utility to set aside money for significant water improvements.

Sewer Improvement Fund – This fund receives a fee from the sewer utility to set aside money for significant sewer improvements.

Debt Service Fund – This fund is used for the accumulation of resources for retirement of the sewer bond issue.

Debt Service Reserve Fund – This fund is a mandatory reserve fund to help assure prompt and complete payment of the sewer improvement bond issue.

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Fiduciary Funds (Agency Fund)

This fund is a fund in which the Village is acting in an agency capacity. The Village had the following significant fiduciary fund:

Recycle Fund – This fund receives proceeds from the sale of recycled items and the money, less a small fee that is kept by the Village, is disbursed to various organizations that operate the recycling center.

E. Budgetary Process

The Ohio Revised Code requires that each fund 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. 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 individual commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated in the subsequent year.

A summary of 2003 and 2002 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 WAYNESFIELD
AUGLAIZE COUNTY**

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

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:

	2003	2002
Demand deposits	\$931,225	\$831,115
Certificates of deposit	200,000	200,000
Total deposits and investments	<u>\$1,131,225</u>	<u>\$1,031,115</u>

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$137,360	\$136,188	(\$1,172)
Special Revenue	38,212	43,421	5,209
Capital Projects	67,281	66,401	(880)
Enterprise	610,400	802,574	192,174
Agency	2,500	1,714	(786)
Total	<u>\$855,753</u>	<u>\$1,050,298</u>	<u>\$194,545</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$300,982	\$145,046	\$155,936
Special Revenue	92,113	38,754	53,359
Capital Projects	67,342	66,462	880
Enterprise	1,419,304	762,068	657,236
Agency	2,517	1,713	804
Total	<u>\$1,882,258</u>	<u>\$1,014,043</u>	<u>\$868,215</u>

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$136,899	\$151,161	\$14,262
Special Revenue	56,300	57,990	1,690
Capital Projects	418,856	255,008	(163,848)
Enterprise	590,100	781,808	191,708
Agency	2,500	1,288	(1,212)
Total	<u>\$1,204,655</u>	<u>\$1,247,255</u>	<u>\$42,600</u>

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$294,595	\$145,232	\$149,363
Special Revenue	107,785	55,725	52,060
Capital Projects	418,856	322,289	96,567
Enterprise	1,271,345	700,673	570,672
Agency	2,517	1,288	1,229
Total	\$2,095,098	\$1,225,207	\$869,891

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20. 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, 2003 was as follows:

	Principal	Interest Rate
Omega JV5 Debt	\$107,980	5.84%
Mortgage Revenue Bonds	53,300	4.50%
OPWC Water Tower & Well Loan	219,115	0%
Total	\$380,395	

The Omega JV5 Project consists of governmental entities that joined together to finance a municipal electric generation facility. Bonded debt was issued in the total amount of \$153,415,000 for the project; the amount listed above and the amortization schedule below represents the Village's participant share. The debt will be financed through user charges.

The Mortgage Revenue Bonds were issued for sewer system construction. Property and revenue of the Village's sewer system have been pledged to repay this debt. As required by the mortgage revenue bond covenant, the Village has established and funded a debt service reserve fund, included as an enterprise fund. The balance in the fund at December 31, 2003 is \$22,827.

During 2003 and 2002, loans were obtained from the Ohio Public Works Commission in the amounts of \$29,981 and \$194,752, respectively, for the construction of a new water tower and well.

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

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

5. DEBT (Continued)

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

<u>Year ending December 31:</u>	<u>Omega JV5 Loan</u>	<u>Mortgage Revenue Bonds</u>	<u>Ohio Public Works Loan</u>	<u>Totals</u>
2004	\$8,732	\$14,398	\$11,237	\$34,367
2005	8,728	13,859	11,237	33,824
2006	8,729	14,319	11,237	34,285
2007	8,729	17,034	11,237	37,000
2008	8,731		11,237	19,968
Subsequent	139,673		162,930	302,603
Total	<u>\$183,322</u>	<u>\$59,610</u>	<u>\$219,115</u>	<u>\$462,047</u>

6. RETIREMENT SYSTEMS

Public Employees Retirement System (PERS)

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 post retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

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

Social Security System

Effective July 1, 1991, all employees not otherwise covered by PERS have an option to choose Social Security. All members of Council, two BPA members, and the Mayor have elected social security. The Village's liability is 6.2 percent of wages paid.

7. RISK MANAGEMENT

The Village has obtained commercial insurance through Grange Mutual Casualty Company for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Inland Marine; and
- Acts of Terrorism

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

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

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

8. JOINT VENTURE

Ohio Municipal Electric Generation Agency Joint Venture 5 (JV5)

The Village is a participant with forty-two subdivisions within the State of Ohio in a joint venture to construct a hydroelectric plant and associated transmission facilities in West Virginia (on the Ohio River at the Belleville Locks and Dam) and receive electricity from its operation. The Ohio Municipal Electric Generation Agency Joint Venture 5 (JV5) was created for that purpose. On dissolution of the joint venture, the net assets of JV 5 will be shared by the participants on a percentage basis.

The JV5 is managed by AMP-Ohio who acts as the joint venture's agent. The participants are obligated by the agreement to remit on a monthly basis those costs incurred from using electricity generated by the joint venture and a portion of the \$153,415,000 Certificates of Beneficial Interest debt that was issued to construct the fixed asset. In accordance with the joint venture agreement, the Village remitted \$8,657 to the joint venture in 2003, and \$8,572 to the joint venture in 2002. The Village's equity interest in JV5 was 8 percent at year end for both December 31, 2003 and December 31, 2002. Complete financial statements for JV5 can be obtained from AMP-Ohio at 601 Dempsey Road, Westerville, Ohio 43801.

9. CONTINGENT LIABILITIES

Grants

Amounts received from grantor agencies are subject to audit and adjustments 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 that such refunds, if any, would not be material.

This page intentionally left blank.



Auditor of State Betty Montgomery

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

Village of Waynesfield
Auglaize County
P.O. Box 476
Waynesfield, Ohio 45896

To the Members of Council:

We have audited the accompanying financial statements of the Village of Waynesfield, Auglaize County, (the Village), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated August 11, 2004 wherein we noted that the Village's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Village, because the Auditor of State designed, developed, implemented, and as requested, operates UAN. 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated August 11, 2004.

This report is intended for the information and use of the finance committee, management and Members of 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

August 11, 2004



**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 WAYNESFIELD

AUGLAIZE 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
SEPTEMBER 7, 2004**