

**VILLAGE OF WAYNESBURG  
STARK COUNTY  
Regular Audit  
December 31, 2007 and 2006**





# Mary Taylor, CPA

Auditor of State

Village Council  
Village of Waynesburg  
141 E. Lisbon Street  
P.O. Box 610  
Waynesburg, OH 44688

We have reviewed the *Independent Accountants' Report* of the Village of Waynesburg, Stark County, prepared by Perry and Associates, Certified Public Accountants, A.C., for the audit period January 1, 2006 through December 31, 2007. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

November 14, 2008

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**VILLAGE OF WAYNESBURG  
STARK COUNTY**

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***Perry & Associates***  
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**INDEPENDENT ACCOUNTANTS' REPORT**

September 30, 2008

Village of Waynesburg  
Stark County  
141 E. Lisbon Street, P.O. Box 610  
Waynesburg, OH 44688

To the Honorable Mayor and Members of Village Council:

We have audited the accompanying financial statements of the **Village of Waynesburg, Stark County, Ohio**, (the Village) as of and for the years ended December 31, 2007 and 2006. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2007 and 2006 or their changes in financial position or cash flows for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Waynesburg, Stark County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2007 and 2006. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2008, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Respectfully Submitted,



**Perry and Associates**  
Certified Public Accountants, A.C.

**VILLAGE OF WAYNESBURG  
STARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

|  | <u>Governmental Fund Types</u> |                            |                     | <b>Totals<br/>(Memorandum<br/>Only)</b> |
|--|--------------------------------|----------------------------|---------------------|---|
|  | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Debt Service</u> |   |
| <b>Cash Receipts:</b>                          |                                |                            |                     |   |
| Property Tax and Other Local Taxes             | \$ 26,738                      | \$ 120,856                 | \$ 13,970           | \$ 161,564                              |
| Intergovernmental                              | 28,605                         | 65,473                     | -                   | 94,078                                  |
| Charges for Services                           | -                              | 54,634                     | -                   | 54,634                                  |
| Fines, Licenses, and Permits                   | 14,151                         | 150                        | -                   | 14,301                                  |
| Earnings on Investments                        | 19,584                         | -                          | -                   | 19,584                                  |
| Miscellaneous                                  | 8,220                          | 13,870                     | -                   | 22,090                                  |
|  | <u>97,298</u>                  | <u>254,983</u>             | <u>13,970</u>       | <u>366,251</u>                          |
| <b>Total Cash Receipts</b>                     |                                |                            |                     |   |
| <b>Cash Disbursements:</b>                     |                                |                            |                     |   |
| Current:                                       |                                |                            |                     |   |
| Security of Persons and Property               | 37,030                         | 75,286                     | -                   | 112,316                                 |
| Public Health Services                         | -                              | 24,533                     | -                   | 24,533                                  |
| Leisure Time Activities                        | -                              | -                          | -                   | -                                       |
| Transportation                                 | -                              | 13,424                     | -                   | 13,424                                  |
| General Government                             | 70,846                         | 107,942                    | -                   | 178,788                                 |
| Debt Service:                                  |                                |                            |                     |   |
| Redemption of Principal                        | 2,028                          | 16,084                     | 12,069              | 30,181                                  |
| Interest and Fiscal Charges                    | 477                            | 1,432                      | 1,901               | 3,810                                   |
| Capital Outlay                                 | 833                            | 67,958                     | -                   | 68,791                                  |
|  | <u>111,214</u>                 | <u>306,659</u>             | <u>13,970</u>       | <u>431,843</u>                          |
| <b>Total Cash Disbursements</b>                |                                |                            |                     |   |
| Total Cash Receipts Over/(Under) Disbursements | <u>(13,916)</u>                | <u>(51,676)</u>            | <u>-</u>            | <u>(65,592)</u>                         |
| Fund Cash Balances, January 1                  | <u>71,445</u>                  | <u>267,688</u>             | <u>-</u>            | <u>339,133</u>                          |
| <b>Fund Cash Balances, December 31</b>         | <u><b>\$ 57,529</b></u>        | <u><b>\$ 216,012</b></u>   | <u><b>\$ -</b></u>  | <u><b>\$ 273,541</b></u>                |

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

**VILLAGE OF WAYNESBURG  
STARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

|   | <u>Proprietary<br/>Fund Type</u> | <u>Fuduciary<br/>Fund Type</u> | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|---|----------------------------------|--------------------------------|---|
|   | <u>Enterprise</u>                | <u>Agency<br/>Fund</u>         |   |
| <b>Operating Cash Receipts:</b>                         |                                  |                                |   |
| Charges for Services                                    | \$ 180,736                       | \$ -                           | 180,736                                 |
| Total Operating Revenues                                | <u>180,736</u>                   | <u>-</u>                       | <u>180,736</u>                          |
| <b>Operating Cash Disbursements:</b>                    |                                  |                                |   |
| Personal Services                                       | 26,835                           | -                              | 26,835                                  |
| Fringe Benefits   | 1,882                            | -                              | 1,882                                   |
| Contractual Services                                    | 48,689                           | -                              | 48,689                                  |
| Supplies and Materials                                  | 15,079                           | -                              | 15,079                                  |
| Capital Outlay  | 17,081                           | -                              | 17,081                                  |
| Total Operating Cash Disbursements                      | <u>109,566</u>                   | <u>-</u>                       | <u>109,566</u>                          |
| Operating Income (Loss)                                 | <u>71,170</u>                    | <u>-</u>                       | <u>71,170</u>                           |
| <b>Non-Operating Cash Receipts/Disbursements:</b>       |                                  |                                |   |
| Other Non-Operating Cash Receipts                       | -                                | 17,665                         | 17,665                                  |
| Other Non-Operating Cash Disbursements                  | -                                | (18,125)                       | (18,125)                                |
| Redemption of Principal                                 | (34,948)                         | -                              | (34,948)                                |
| Interest and Other Fiscal Charges                       | (12,756)                         | -                              | (12,756)                                |
| Total Non-Operating Cash Receipts/Disbursements         | <u>(47,704)</u>                  | <u>(460)</u>                   | <u>(48,164)</u>                         |
| Excess of Cash Receipts Over/(Under) Cash Disbursements | 23,466                           | (460)                          | 23,006                                  |
| Fund Cash Balances, January 1                           | <u>313,978</u>                   | <u>520</u>                     | <u>314,498</u>                          |
| <b>Fund Cash Balances, December 31</b>                  | <b><u>\$ 337,444</u></b>         | <b><u>\$ 60</u></b>            | <b><u>\$ 337,504</u></b>                |

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

**VILLAGE OF WAYNESBURG  
STARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

|  | <u>Governmental Fund Types</u> |                            |                     |                         | <b>Totals<br/>(Memorandum<br/>Only)</b> |
|--|--------------------------------|----------------------------|---------------------|-------------------------|---|
|  | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Debt Service</u> | <u>Capital Projects</u> |   |
| <b>Cash Receipts:</b>                          |                                |                            |                     |                         |   |
| Property Tax and Other Local Taxes             | \$ 39,854                      | \$ 123,314                 | \$ 13,970           | \$ -                    | \$ 177,138                              |
| Intergovernmental                              | 29,596                         | 65,409                     | -                   | 175,932                 | 270,937                                 |
| Charges for Services                           | -                              | 61,461                     | -                   | -                       | 61,461                                  |
| Fines, Licenses, and Permits                   | 30,494                         | 600                        | -                   | -                       | 31,094                                  |
| Earnings on Investments                        | 16,163                         | -                          | -                   | -                       | 16,163                                  |
| Miscellaneous                                  | 11,820                         | 11,908                     | -                   | -                       | 23,728                                  |
| <b>Total Cash Receipts</b>                     | <u>\$127,927</u>               | <u>262,692</u>             | <u>13,970</u>       | <u>175,932</u>          | <u>580,521</u>                          |
| <b>Cash Disbursements:</b>                     |                                |                            |                     |                         |   |
| Current:                                       |                                |                            |                     |                         |   |
| Security of Persons and Property               | 35,838                         | 66,563                     | -                   | -                       | 102,401                                 |
| Public Health Services                         | -                              | 14,506                     | -                   | -                       | 14,506                                  |
| Transportation                                 | -                              | 17,567                     | -                   | 175,932                 | 193,499                                 |
| General Government                             | 78,694                         | 81,947                     | -                   | -                       | 160,641                                 |
| Debt Service:                                  |                                |                            |                     |                         |   |
| Redemption of Principal                        | 1,940                          | 15,819                     | 10,773              | -                       | 28,532                                  |
| Interest and Fiscal Charges                    | 565                            | 1,695                      | 3,197               | -                       | 5,457                                   |
| Capital Outlay                                 | 3,770                          | 100,196                    | -                   | -                       | 103,966                                 |
| <b>Total Cash Disbursements</b>                | <u>120,807</u>                 | <u>298,293</u>             | <u>13,970</u>       | <u>175,932</u>          | <u>609,002</u>                          |
| Total Cash Receipts Over/(Under) Disbursements | <u>7,120</u>                   | <u>(35,601)</u>            | <u>-</u>            | <u>-</u>                | <u>(28,481)</u>                         |
| Fund Cash Balances, January 1                  | <u>64,325</u>                  | <u>303,289</u>             | <u>-</u>            | <u>-</u>                | <u>367,614</u>                          |
| <b>Fund Cash Balances, December 31</b>         | <u><b>\$ 71,445</b></u>        | <u><b>\$ 267,688</b></u>   | <u><b>\$ -</b></u>  | <u><b>\$ -</b></u>      | <u><b>\$ 339,133</b></u>                |

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

**VILLAGE OF WAYNESBURG  
STARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

|   | <u>Proprietary<br/>Fund Type</u> | <u>Fuduciary<br/>Fund Type</u> | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|---|----------------------------------|--------------------------------|---|
|   | <u>Enterprise</u>                | <u>Agency<br/>Fund</u>         |   |
| <b>Operating Cash Receipts:</b>   |                                  |                                |   |
| Charges for Services  | \$ 180,375                       | \$ -                           | \$ 180,375                              |
| Miscellaneous   | 4,747                            | -                              | 4,747                                   |
| Total Operating Revenues  | <u>185,122</u>                   | <u>-</u>                       | <u>185,122</u>                          |
| <b>Operating Cash Disbursements:</b>  |                                  |                                |   |
| Security of Persons and Property  |                                  |                                | -                                       |
| Personal Services   | 25,562                           | -                              | 25,562                                  |
| Fringe Benefits   | 2,813                            | -                              | 2,813                                   |
| Contractual Services  | 41,389                           | -                              | 41,389                                  |
| Supplies and Materials  | 21,568                           | -                              | 21,568                                  |
| Capital Outlay  | 1,959                            | -                              | 1,959                                   |
| Total Operating Cash Disbursements  | <u>93,291</u>                    | <u>-</u>                       | <u>93,291</u>                           |
| Operating Income (Loss)   | <u>91,831</u>                    | <u>-</u>                       | <u>91,831</u>                           |
| <b>Non-Operating Cash Receipts/Disbursements:</b>                                     |                                  |                                |   |
| Other Non-Operating Cash Receipts   | -                                | 32,432                         | 32,432                                  |
| Other Non-Operating Cash Disbursements  | -                                | (36,938)                       | (36,938)                                |
| Redemption of Principal   | (32,197)                         | -                              | (32,197)                                |
| Interest and Other Fiscal Charges   | (15,009)                         | -                              | (15,009)                                |
| Total Non-Operating Cash Receipts/Disbursements                                       | <u>(47,206)</u>                  | <u>(4,506)</u>                 | <u>(51,712)</u>                         |
| Excess of Cash Receipts Over/(Under) Cash<br>Disbursements Before Interfund Transfers | 44,625                           | (4,506)                        | 40,119                                  |
| Fund Cash Balances, January 1   | <u>269,353</u>                   | <u>5,026</u>                   | <u>274,379</u>                          |
| <b>Fund Cash Balances, December 31</b>  | <b><u>\$ 313,978</u></b>         | <b><u>\$ 520</u></b>           | <b><u>\$ 314,498</u></b>                |

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

**VILLAGE OF WAYNESBURG  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Waynesburg, Stark 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. 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.

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

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 are presented in Notes 8 through 10. These organizations include:

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

**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 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**

The Village invested in a repurchase agreement (overnight sweep) during 2007 and 2006. Investments are reported as assets. 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.

**VILLAGE OF WAYNESBURG  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village has the following significant Special Revenue Funds:

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

*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.

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

**3. Debt Service Fund**

This fund is used to accumulate resources for the payment of bonds and note indebtednesses. 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.

**4. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

*OPWC Grant Fund* – This fund is used to account for proceeds provided by Ohio Public Works Commission.

**VILLAGE OF WAYNESBURG  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**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 for 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.

**6. Fiduciary Fund (Agency Fund)**

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 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.

**VILLAGE OF WAYNESBURG  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. The Village did not encumber all commitments required by Ohio law.

A summary of 2007 and 2006 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.

**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>2007</u>       | <u>2006</u>       |
|--------------------------------|-------------------|-------------------|
| Demand deposits                | \$ 50,612         | \$ 39,578         |
| Repurchase agreement           | 560,433           | 614,053           |
| Total deposits and investments | <u>\$ 611,045</u> | <u>\$ 653,631</u> |

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

**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 THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2007 and 2006 follows:

| 2007 Budgeted vs. Actual Receipts |                      |                    |             |
|-----------------------------------|----------------------|--------------------|-------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance    |
| General                           | \$ 180,877           | \$ 97,298          | \$ (83,579) |
| Special Revenue                   | 257,350              | 254,983            | (2,367)     |
| Debt Service                      | 13,970               | 13,970             | -           |
| Enterprise                        | 187,700              | 180,736            | (6,964)     |
| Total                             | \$ 639,897           | \$ 546,987         | \$ (92,910) |

| 2007 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |            |
|---|----------------------------|---------------------------|------------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance   |
| General   | \$ 165,200                 | \$ 111,214                | \$ 53,986  |
| Special Revenue                                       | 449,600                    | 306,659                   | 142,941    |
| Debt Service  | 13,970                     | 13,970                    | -          |
| Enterprise  | 213,420                    | 157,270                   | 56,150     |
| Total   | \$ 842,190                 | \$ 589,113                | \$ 253,077 |

| 2006 Budgeted vs. Actual Receipts |                      |                    |              |
|-----------------------------------|----------------------|--------------------|--------------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance     |
| General                           | \$ 172,226           | \$ 127,927         | \$ (44,299)  |
| Special Revenue                   | 258,100              | 262,692            | 4,592        |
| Debt Service                      | 13,970               | 13,970             | -            |
| Capital Projects                  | 306,400              | 175,932            | (130,468)    |
| Enterprise                        | 181,000              | 185,122            | 4,122        |
| Total                             | \$ 931,696           | \$ 765,643         | \$ (166,053) |

| 2006 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |            |
|---|----------------------------|---------------------------|------------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance   |
| General   | \$ 192,224                 | \$ 120,807                | \$ 71,417  |
| Special Revenue                                       | 463,270                    | 298,293                   | 164,977    |
| Debt Service  | 13,970                     | 13,970                    | -          |
| Capital Projects                                      | 306,400                    | 175,932                   | 130,468    |
| Enterprise  | 186,971                    | 140,497                   | 46,474     |
| Total   | \$ 1,162,835               | \$ 749,499                | \$ 413,336 |

**VILLAGE OF WAYNESBURG  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

Contrary to Ohio Rev. Code Section 5705.41 (D), the certification of availability of unencumbered appropriations for expenditure was not obtained for 29% of expenditures tested during 2007 and 29% of expenditures testing during 2006.

**4. PROPERTY TAXES**

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. 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 taxes are 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, 2007 was as follows:

|  | <u>Principal</u>  | <u>Interest Rate</u> |
|--|-------------------|----------------------|
| 1987 OWDA Loan No. 1960                        | \$ 30,848         | 9.48%                |
| 1987 OWDA Loan No. 1961                        | 66,579            | 8.48%                |
| 1987 OWDA Loan No. 1962                        | 49,815            | 8.07%                |
| 1998 Consumers National Bank Pumper Truck Loan | 20,235            | 5.00%                |
| 2005 Bank of Magnolia Dump Truck               | 36,212            | 5.00%                |
| Total  | <u>\$ 203,689</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.

**VILLAGE OF WAYNESBURG  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

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 Bank of Magnolia dump truck loan was obtained for the purchase of a dump truck for Village use. The note will be repaid in annual installments of \$10,021, including interest, over six years. The loan is collateralized by the goods or property being purchased.

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

| Year Ending<br>December 31: | OWDA Loan<br>No. 1960 | OWDA Loan<br>No. 1961 | OWDA Loan<br>No. 1962 |
|-----------------------------|-----------------------|-----------------------|-----------------------|
| 2008                        | \$ 10,794             | \$ 22,832             | \$ 16,900             |
| 2009                        | 10,794                | 22,832                | 16,900                |
| 2010                        | 10,794                | 22,832                | 16,900                |
| 2011                        | 10,794                | 22,832                | 16,900                |
| Total                       | <u>\$ 43,176</u>      | <u>\$ 91,328</u>      | <u>\$ 67,600</u>      |

| Year Ending<br>December 31: | Consumers Pumper<br>Truck Loan | Bank of Magnolia<br>Dump Truck Loan |
|-----------------------------|--------------------------------|-------------------------------------|
| 2008                        | \$ 79,682                      | \$ 10,021                           |
| 2009                        | -                              | 10,021                              |
| 2010                        | -                              | 10,021                              |
| 2011                        | -                              | 10,021                              |
| Total                       | <u>\$ 79,682</u>               | <u>\$ 40,084</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.

Contribution rates are also prescribed by the Ohio Revised Code. For 2007 and 2006, 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 2007 and 2006. The Village has paid all contributions required through December 31, 2007.

**VILLAGE OF WAYNESBURG  
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**7. RISK MANAGEMENT**

**Commercial Insurance**

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 COUNCIL OF GOVERNMENTS**

The Stark 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.

**9. 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 principal 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 THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**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 Village 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 with 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.

***Perry & Associates***  
Certified Public Accountants, A.C.

PARKERSBURG  
1035 Murdoch Avenue  
Parkersburg, WV 26101  
(304) 422-2203

MARIETTA  
428 Second Street  
Marietta, OH 45750  
(740) 373-0056

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

September 30, 2008

Village of Waynesburg  
Stark County  
141 E. Lisbon Street  
Waynesburg, OH 44688

To the Village Council:

We have audited the financial statements of the Village of Waynesburg, Stark County, Ohio (the Village) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated September 30, 2008 wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

### **Internal Control Over Financial Reporting (Continued)**

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-001 thru 2007-004.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe significant deficiency 2007-004 described above is a material weakness.

We noted other internal control matters we reported to the Village's management in a separate letter dated September 30, 2008.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2007-001 thru 2007-002.

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

Respectfully Submitted,



**Perry and Associates**  
Certified Public Accountants, A.C.

**VILLAGE OF WAYNESBURG  
STARK COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006**

|  |
|--|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
|--|

**FINDING NUMBER 2007-001**

**Noncompliance Citation/Significant Deficiency**

**Ohio Revised Code § 5705.41(D)(1)** prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate - If the fiscal officer (Clerk) can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority (Village Council) can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$1,000 (which was increased to \$3,000 on April 7, 2003) may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.
2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates not exceeding \$5,000 against any specific line item account over a period not exceeding three months or running beyond the current 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. Effective September 26, 2003, certificates may not exceed an amount established by resolution or ordinance of the legislative authority, and cannot extend beyond the end of the fiscal year. Blanket certificates cannot be issued unless there has been an amount approved by the legislative authority for the blanket.
3. Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

**VILLAGE OF WAYNESBURG  
STARK COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

|  |
|--|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b> |
|--|

**FINDING NUMBER 2007-001 (Continued)**

**Ohio Revised Code § 5705.41(D)(1) (Continued)**

The Village did not properly certify the availability of funds prior to purchase commitment for 29% of the expenditures tested during 2007 and 29% of the expenditures tested during 2006 and there was no evidence that the Village followed the aforementioned exceptions. Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Clerk certify that the funds are or will be available prior to an obligation being incurred by the Village. When prior certification is not possible, "then and now" certification should be used.

**Management's Response** – We did not receive a response from officials to this finding.

**FINDING NUMBER 2007-002**

**Noncompliance Citation/Significant Deficiency**

**Ohio Rev. Code Section 135.21** states that interest earned on monies deposited by a treasurer which do not belong in the treasury of the subdivision, due to their status as custodial funds, because she is acting as ex officio treasurer, or otherwise, generally must be apportioned to the funds to which the principal belongs (including undivided tax funds); all other interest must be credited to the General Fund of the subdivision, with the following exceptions:

- Interest earned on money derived from a motor vehicle license or fuel tax must follow the principal (Article XII, Section 5a, Ohio Const. And 1982 Op. Atty Gen. No. 82-031.)
- Interest earned on money received from the federal government may be due to the fund to which the principal belongs.
- Interest earned on principal of a non-expendable trust fund that has been established for the purpose of receiving donations or contributions that the donor or contributor requires to be maintained intact must be credited to the non-expendable trust fund to which the principal belongs. (Ohio Rev. Code Section 5705.131)

During 2006 and 2007, The Village Clerk did not allocate interest earnings on motor vehicle and fuel tax monies to the Special Revenue Fund.

**Management's Response** – We did not receive a response from officials to this finding.

**VILLAGE OF WAYNESBURG  
STARK COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

|   |
|---|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENT<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b> |
|---|

**FINDING NUMBER 2007-003**

**Significant Deficiency**

**Estimated Receipts**

The Village did not post estimated receipts to the accounting system. Estimated receipts certified with the County Auditor should agree to the estimated receipts posted to the Village's accounting system. The Village obtained the proper certification of estimated receipts from the County Auditor, but failed to post estimated receipts in the accounting system. In manually preparing the Annual Financial Report, the Clerk recorded the estimated receipts from the last Amended Certificate of Estimated Resources filed with the County Auditor.

By not posting estimated receipts to the accounting system, the Village lacked a significant management control of monitoring year-to-date total comparison of budgeted amounts versus actual amounts.

We recommend the Village implement procedures to ensure estimated receipts are accurately posted to the accounting system and reconciled to the amounts approved by the budget commission after each amendment. We also recommend the Clerk provide Village Council with budget versus actual revenue reports on a regular basis for review and approval.

**Management's Response** – We did not receive a response from officials to this finding.

**FINDING NUMBER 2007-004**

**Significant Deficiency/Material Weakness**

**Posting Receipts and Expenditures**

During 2006 and 2007, several receipts and expenditures were not posted into accurate revenue classifications based on the source of the receipt or expenditure. For example, mayor's court revenues were posted to the miscellaneous account rather than Fines, Licenses and Permits. In addition, expenditures in 2006 for debt payments were posted to the General Government account rather than principal and interest. These mispostings resulted in an audit reclassification.

We recommend the Clerk refer to the Village Handbook for guidance to determine the proper establishment of receipt and expenditure accounts and posting of receipts and expenditures.

**Management's Response** – We did not receive a response from officials to this finding.

**VILLAGE OF WAYNESBURG  
STARK COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006**

| Finding Number | Finding Summary   | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|----------------|---|------------------|---|
| 2005-001       | 5705.41(D) – Expenditures were not properly encumbered  | No               | Repeat as Finding 2007-001  |
| 2005-002       | 117.38 – Cash basis entities must file annual reports within 60 days of year end                    | Yes              | N/A   |
| 2005-003       | Estimated Receipts – Estimated receipts were not properly recorded to the accounting system         | No               | Repeat as Finding 2007-002  |
| 2005-004       | Posting Receipts and Expenditures – Receipts and Expenditures were not posted to the proper account | No               | Repeat as Finding 2007-003  |
| 2005-005       | The Village has not adopted a formal policies and procedures manual.                                | Yes              | N/A   |



**Mary Taylor, CPA**  
Auditor of State

**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  
DECEMBER 2, 2008**