



Dave Yost • Auditor of State



VILLAGE OF WAYNE  
WOOD COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of the Village of Wayne, Wood County, Ohio (the Village) as of and for the years ended December 31, 2013 and 2012.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1B of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1B and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2013 and 2012, or changes in financial position or cash flows thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Wayne, Wood County, Ohio as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

November 18, 2014

**VILLAGE OF WAYNE  
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$18,877	\$65,712	\$84,589
Intergovernmental	29,336	66,601	95,937
Special Assessments		14,263	14,263
Charges for Services		57,312	57,312
Fines, Licenses and Permits	13,088		13,088
Earnings on Investments	25	29	54
Miscellaneous	4,951	2,138	7,089
<i>Total Cash Receipts</i>	<u>66,277</u>	<u>206,055</u>	<u>272,332</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property		90,359	90,359
Public Health Services	432		432
Leisure Time Activities	1,519		1,519
Community Environment	8,950		8,950
Basic Utility Services	2,005		2,005
Transportation		35,071	35,071
General Government	63,392		63,392
Capital Outlay		310,485	310,485
Debt Service:			
Principal Retirement		110,888	110,888
Interest and Fiscal Charges		1,237	1,237
<i>Total Cash Disbursements</i>	<u>76,298</u>	<u>548,040</u>	<u>624,338</u>
<i>Excess of Disbursements Over Receipts</i>	<u>(10,021)</u>	<u>(341,985)</u>	<u>(352,006)</u>
<b>Other Financing Receipts</b>			
Other Debt Proceeds		280,000	280,000
Sale of Capital Assets		28,500	28,500
<i>Total Other Financing Receipts</i>		<u>308,500</u>	<u>308,500</u>
Net Change in Fund Cash Balances	<u>(10,021)</u>	<u>(33,485)</u>	<u>(43,506)</u>
<i>Fund Cash Balances, January 1</i>	<u>24,905</u>	<u>472,103</u>	<u>497,008</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		438,618	438,618
Assigned	15,063		15,063
Unassigned (Deficit)	(179)		(179)
<i>Fund Cash Balances, December 31</i>	<u>\$14,884</u>	<u>\$438,618</u>	<u>\$453,502</u>

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

**VILLAGE OF WAYNE  
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$353,610		\$353,610
Fines, Licenses and Permits		\$7,280	7,280
<i>Total Operating Cash Receipts</i>	<u>353,610</u>	<u>7,280</u>	<u>360,890</u>
<b>Operating Cash Disbursements</b>			
Personal Services	41,458		41,458
Employee Fringe Benefits	17,415		17,415
Contractual Services	35,459		35,459
Supplies and Materials	35,465		35,465
Other		7,985	7,985
<i>Total Operating Cash Disbursements</i>	<u>129,797</u>	<u>7,985</u>	<u>137,782</u>
<i>Operating Income (Loss)</i>	<u>223,813</u>	<u>(705)</u>	<u>223,108</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Capital Outlay	(2,400)		(2,400)
Principal Retirement	(70,920)		(70,920)
Interest and Other Fiscal Charges	(130,152)		(130,152)
Other Financing Sources	360		360
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(203,112)</u>		<u>(203,112)</u>
<i>Net Change in Fund Cash Balances</i>	20,701	(705)	19,996
<i>Fund Cash Balances, January 1</i>	<u>163,360</u>	<u>830</u>	<u>164,190</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$184,061</u></u>	<u><u>\$125</u></u>	<u><u>\$184,186</u></u>

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



**VILLAGE OF WAYNE  
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$20,694	\$72,031	\$92,725
Intergovernmental	18,060	61,272	79,332
Special Assessments		14,436	14,436
Charges for Services		57,100	57,100
Fines, Licenses and Permits	23,094		23,094
Earnings on Investments	42	54	96
Miscellaneous	860	602	1,462
<i>Total Cash Receipts</i>	<u>62,750</u>	<u>205,495</u>	<u>268,245</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property		100,607	100,607
Public Health Services	458		458
Leisure Time Activities	1,980		1,980
Basic Utility Services	1,900		1,900
Transportation		41,192	41,192
General Government	61,876		61,876
Capital Outlay		33,666	33,666
Debt Service:			
Principal Retirement		19,455	19,455
Interest and Fiscal Charges		1,438	1,438
<i>Total Cash Disbursements</i>	<u>66,214</u>	<u>196,358</u>	<u>262,572</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(3,464)</u>	<u>9,137</u>	<u>5,673</u>
<i>Fund Cash Balances, January 1</i>	<u>28,369</u>	<u>462,966</u>	<u>491,335</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		472,103	472,103
Assigned	24,238		24,238
Unassigned	667		667
<i>Fund Cash Balances, December 31</i>	<u>\$24,905</u>	<u>\$472,103</u>	<u>\$497,008</u>

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

**VILLAGE OF WAYNE  
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$391,507		\$391,507
Fines, Licenses and Permits		\$14,970	14,970
<i>Total Operating Cash Receipts</i>	<u>391,507</u>	<u>14,970</u>	<u>406,477</u>
<b>Operating Cash Disbursements</b>			
Personal Services	39,369		39,369
Employee Fringe Benefits	18,539		18,539
Contractual Services	39,179		39,179
Supplies and Materials	30,425		30,425
Other		14,140	14,140
<i>Total Operating Cash Disbursements</i>	<u>127,512</u>	<u>14,140</u>	<u>141,652</u>
<i>Operating Income</i>	<u>263,995</u>	<u>830</u>	<u>264,825</u>
<b>Non-Operating Disbursements</b>			
Capital Outlay	(525)		(525)
Principal Retirement	(65,685)		(65,685)
Interest and Other Fiscal Charges	(133,123)		(133,123)
<i>Total Non-Operating Disbursements</i>	<u>(199,333)</u>		<u>(199,333)</u>
<i>Net Change in Fund Cash Balances</i>	64,662	830	65,492
<i>Fund Cash Balances, January 1</i>	<u>98,698</u>		<u>98,698</u>
<i>Fund Cash Balances, December 31</i>	<u>\$163,360</u>	<u>\$830</u>	<u>\$164,190</u>

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

**VILLAGE OF WAYNE  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Wayne, Wood County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village appropriates fire levy money to support a volunteer fire department.

The Village participates in the Ohio Plan Risk Management, Inc. (OPRM) public entity risk pool. Note 7 to the financial statements provide additional information for this entity.

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

**B. Accounting Basis**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**C. Deposits and Investments**

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values certificate of deposits 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 accounts for and reports all financial resources not accounted for and reported in another fund.

**VILLAGE OF WAYNE  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

Fire Protection Fund - This fund receives property tax money to pay for fire protection.

Police Protection Levy Fund - This fund receives property tax money to pay for police protection.

**3. Enterprise Funds**

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

**4. Fiduciary Funds**

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for activity of the Mayor's Court.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

VILLAGE OF WAYNE  
WOOD COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(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 approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. The Village did not use the encumbrance method of accounting for the majority of the audit period.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

**F. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

**VILLAGE OF WAYNE  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. Property, Plant, and Equipment**

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. Equity in Pooled Deposits**

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	2013	2012
Demand deposits	\$615,591	\$639,101
Certificates of deposit	21,997	21,997
Total deposits	637,588	661,098
Cash on hand	100	100
Total deposits and cash on hand	\$637,688	\$661,198

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

**VILLAGE OF WAYNE  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$59,412	\$66,277	\$6,865
Special Revenue	195,757	514,555	318,798
Enterprise	391,507	353,970	(37,537)
Total	\$646,676	\$934,802	\$288,126

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$83,000	\$76,298	\$6,702
Special Revenue	336,600	548,040	(211,440)
Enterprise	345,200	333,269	11,931
Total	\$764,800	\$957,607	(\$192,807)

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$68,725	\$62,750	(\$5,975)
Special Revenue	209,321	205,495	(3,826)
Enterprise	326,498	391,507	65,009
Total	\$604,544	\$659,752	\$55,208

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$77,700	\$66,214	\$11,486
Special Revenue	258,750	196,358	62,392
Enterprise	345,450	326,845	18,605
Total	\$681,900	\$589,417	\$92,483

Contrary to Ohio law, certain transactions were not certified by the Fiscal Officer at the time the commitment was incurred. Also, contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Fire fund by \$263,853 for the year ended December 31, 2013.

**VILLAGE OF WAYNE  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**4. Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

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, 2013 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
USDA Rural Development Loan - Water	\$1,680,000	4.375%
USDA Rural Development Loan - Sewer	1,039,000	5.125%
Lease Purchase - Fire Truck	180,000	2.890%
Lease Purchase - Backhoe	10,793	3.970%
Total	<u>\$2,909,793</u>	

The USDA Rural Development Loans were obtained for water and sewer system improvement projects. The USDA loans will be repaid over 40 years for the sewer and 30 years for the water. The Village has agreed to set utility rates sufficient to cover USDA Rural Development debt service requirements.

The lease purchase agreement for the backhoe was done in 2009 for \$50,000 and repayment is annually for five years. The lease purchase for the fire truck was done in 2013 for \$280,000 with an initial payment of \$100,000 in 2013, then annual payment for 6 years.

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



**VILLAGE OF WAYNE  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

Year ending December 31:	USDA Sewer Loan	USDA Water Loan	Lease Agreements
2014	\$78,249	\$117,300	\$44,330
2015	77,968	117,383	33,110
2016	77,635	117,180	33,109
2017	78,251	117,397	33,110
2018	77,765	117,414	33,109
2019-2023	390,071	586,480	33,110
2024-2028	389,205	586,495	
2029-2033	389,296	586,676	
2034-2036	234,089	351,990	
Total	<u>\$1,792,529</u>	<u>\$2,698,315</u>	<u>\$209,878</u>

**6. Retirement System**

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2013.

**7. Risk Management**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 774 members as of December 31, 2012 and 2013 respectively.

**VILLAGE OF WAYNE  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2012 and 2013

	<u>2012</u>	<u>2013</u>
Assets	\$13,100,381	\$13,774,304
Liabilities	(6,687,193)	(7,968,395)
Members' Equity	<u>\$6,413,188</u>	<u>\$5,805,909</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Wayne, Wood County, Ohio, (the Village) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated November 18, 2014 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-003 described in the accompanying schedule of findings to be a material weakness.

***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, opining 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 2013-001 and 2013-002.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

November 18, 2014

VILLAGE OF WAYNE  
WOOD COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012

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

FINDING NUMBER 2013-001

**Noncompliance Citation**

**Ohio Rev. Code §5705.41(D)(1)** provides in part no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer the amount required for the order or contract has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the requirement stated above where 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, each of 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 can certify both at the time the contract or order was made ("then"), and at the time the fiscal officer is completing the certification ("now"), sufficient funds were available or in the process of collections, to the credit of an appropriate fund free from any previous encumbrance, the Council can authorize the drawing of a warrant for the payment of the amount due. The Council has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts less than \$3,000 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 Council.

2. **Blanket Certificate** – Fiscal Officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. **Super Blanket Certificate** – The Council 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 may, but need not, be limited to a specific vendor. 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.

Ninety-five percent of the transactions tested were not certified by the Fiscal Officer at the time the commitments were incurred, and there was no evidence the Council followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

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 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, the Fiscal Officer should certify the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

The Fiscal Officer should certify the full purchase amounts to which section Ohio Rev. Code Section 5705.41(D) applies. The most convenient certification method is to use purchase orders which include the certification language which Ohio Rev. Code Section 5705.41(D) requires for the authorization of disbursements. The Fiscal Officer should sign the certification prior to incurring a commitment, and only when the requirements of Ohio Rev. Code Section 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriations.

#### **FINDING NUMBER 2013-002**

##### **Noncompliance Citation**

**Ohio Rev. Code § 5705.41(B)** prohibits a subdivision or taxing unit from making any expenditure of money unless it has been properly appropriated in accordance with the Ohio Revised Code.

The Village's 2013 budgetary expenditures exceeded appropriations for the Fire Fund by \$263,853. The budgeting process is an essential monitoring control that, when properly used, reduces the possibility of the Village incurring a deficit spending situation.

We recommend the Fiscal Officer not certify the availability of funds and deny payment requests exceeding appropriations. The Fiscal Officer may request the Board to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

#### **FINDING NUMBER 2013-003**

##### **Material Weakness**

##### **Financial Reporting**

The following misstatements were noted in the 2012 and 2013 financial statements:

- In 2013 the sale of a fire truck for \$28,500 was incorrectly posted as miscellaneous instead of sale of assets;
- In 2013 the purchase of a fire truck for \$280,000 and the related debt to purchase it were not posted as capital outlay and debt proceeds;
- In 2012 a portion of the agency fund fine money distributed to the general fund was accounted for as negative receipts, thus understating receipts and disbursements by \$4,178;
- In 2013 an accounting system conversion error was made and the subsequent correction was done incorrectly resulting in the Agency's cash balance being overstated by \$100;
- In 2012 \$2,563 of enterprise monies were improperly posted as miscellaneous instead of charges for services;
- In 2013 and 2012 special revenue funds disbursements were improperly posted to the various accounts in amounts ranging from \$2,000 to \$30,485;
- In 2013 all of the Bureau of Workers Compensation refund was improperly posted to the general fund resulting in the general fund cash balance being overstated \$1,392 and the enterprise and special revenue cash fund balances being understated by \$360 and \$1,032 respectively.

The accompanying financial statements and, where applicable, the accounting records have been adjusted to correct these errors.

Accurate financial reporting is the responsibility of the Fiscal Officer and Village Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. To ensure the Village's financial statements and notes to the statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer and Finance Committee, to identify and correct errors and omissions.

**Officials' Response:**

We did not receive a response from Officials to the findings reported above.

**VILLAGE OF WAYNE  
WOOD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2011-001	Ohio Rev. Code § 5705.41(D) for not certifying the availability of funds for expenditure.	No	Not corrected and repeated as Finding 2013-001 in this report.
2011-002	Material weakness due to errors in financial reporting.	No	Not corrected and repeated as Finding 2013-003 in this report.





# Dave Yost • Auditor of State

**VILLAGE OF WAYNE**

**WOOD COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 4, 2014**