

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY
Regular Audit
For the Years Ended December 31, 2013 and 2012**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

Village Council
Village of Waynesfield
300 North Westminster Street
Waynesfield, Ohio 45896

We have reviewed the *Independent Auditor's Report* of the Village of Waynesfield, Auglaize County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2012 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 5, 2014

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VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY

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INDEPENDENT AUDITOR'S REPORT

June 23, 2014

Village of Waynesfield
Auglaize County
300 North Westminster St
Waynesfield, Ohio 45896

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the **Village of Waynesfield**, Auglaize 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 117-2-039(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 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 Waynesfield, Auglaize County, 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 June 23, 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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Property and Other Local Taxes	\$ 46,399	\$ -	\$ 46,399
Municipal Income Tax	131,380	-	131,380
Intergovernmental	62,703	42,067	104,770
Charges for Services	200	-	200
Fines, Licenses, and Permits	16,087	-	16,087
Miscellaneous	3,667	-	3,667
	<u>260,436</u>	<u>42,067</u>	<u>302,503</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	81,086	-	81,086
Public Health Services	30	-	30
Leisure Time Activities	6,783	-	6,783
Community Environment	-	3,135	3,135
Transportation	6,444	21,862	28,306
General Government	145,093	-	145,093
Capital Outlay	24,000	-	24,000
Debt Service:			
Principal Retirement	3,990	10,373	14,363
	<u>267,426</u>	<u>35,370</u>	<u>302,796</u>
<i>Net Change in Fund Cash Balances</i>	(6,990)	6,697	(293)
<i>Fund Cash Balances, January 1</i>	<u>162,779</u>	<u>115,401</u>	<u>278,180</u>
Fund Cash Balances, December 31			
Restricted	-	122,098	122,098
Unassigned	155,789	-	155,789
	<u>155,789</u>	<u>122,098</u>	<u>277,887</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 155,789</u>	<u>\$ 122,098</u>	<u>\$ 277,887</u>

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

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 1,039,726	\$ -	\$ 1,039,726
Miscellaneous	15,593	-	15,593
Total Operating Cash Revenues	<u>1,055,319</u>	<u>-</u>	<u>1,055,319</u>
Operating Cash Disbursements:			
Personal Services	167,731	-	167,731
Employee Fringe Benefits	119,610	-	119,610
Contractual Services	554,322	1,164	555,486
Supplies and Materials	90,600	-	90,600
Other	8,000	-	8,000
Total Operating Cash Disbursements	<u>940,263</u>	<u>1,164</u>	<u>941,427</u>
Operating Income (Loss)	<u>115,056</u>	<u>(1,164)</u>	<u>113,892</u>
Non-Operating Cash Receipts/(Disbursements):			
Note Proceeds	55,717	-	55,717
Miscellaneous	1,463	1,164	2,627
Capital Outlay	(97,629)	-	(97,629)
Principal Retirement	(50,471)	-	(50,471)
Interest and Other Fiscal Charges	(4,922)	-	(4,922)
Total Non-Operating Cash Receipts/(Disbursements)	<u>(95,842)</u>	<u>1,164</u>	<u>(94,678)</u>
Income (Loss) Before Transfers	19,214	-	19,214
Transfer-In	48,268	-	48,268
Transfer-Out	(48,268)	-	(48,268)
Net Change in Fund Cash Balances	19,214	-	19,214
Fund Cash Balances, January 1	<u>1,224,241</u>	<u>1</u>	<u>1,224,242</u>
Fund Cash Balances, December 31	<u><u>\$ 1,243,455</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 1,243,456</u></u>

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

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property and Other Local Taxes	\$ 46,739	\$ -	\$ -	\$ 46,739
Municipal Income Tax	129,316	-	-	129,316
Intergovernmental	49,533	37,859	45,000	132,392
Special Assessments	91	-	-	91
Charges for Services	3,342	-	-	3,342
Fines, Licenses, and Permits	12,899	-	-	12,899
Earnings on Investments	551	110	-	661
Miscellaneous	15,545	-	-	15,545
Total Cash Receipts	<u>258,016</u>	<u>37,969</u>	<u>45,000</u>	<u>340,985</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	84,532	75	-	84,607
Public Health Services	29	-	-	29
Leisure Time Activities	8,135	-	-	8,135
Basic Utility Services	25,000	-	-	25,000
Transportation	11,747	35,443	-	47,190
General Government	154,452	-	-	154,452
Debt Service:				
Principal Retirement	3,990	10,373	-	14,363
Capital Outlay	-	-	45,000	45,000
Total Cash Disbursements	<u>287,885</u>	<u>45,891</u>	<u>45,000</u>	<u>378,776</u>
<i>Net Change in Fund Cash Balances</i>	(29,869)	(7,922)	-	(37,791)
<i>Fund Cash Balances, January 1</i>	<u>192,648</u>	<u>123,323</u>	<u>-</u>	<u>315,971</u>
Fund Cash Balances, December 31				
Restricted	-	115,401	-	115,401
Unassigned	<u>162,779</u>	<u>-</u>	<u>-</u>	<u>162,779</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 162,779</u>	<u>\$ 115,401</u>	<u>\$ -</u>	<u>\$ 278,180</u>

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

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 1,010,563	\$ -	\$ 1,010,563
Miscellaneous	7,134	-	7,134
Total Operating Cash Revenues	<u>1,017,697</u>	<u>-</u>	<u>1,017,697</u>
Operating Cash Disbursements:			
Personal Services	143,500	-	143,500
Employee Fringe Benefits	106,598	-	106,598
Contractual Services	535,537	1,658	537,195
Supplies and Materials	99,150	-	99,150
Other	7,384	-	7,384
Total Operating Cash Disbursements	<u>892,169</u>	<u>1,658</u>	<u>893,827</u>
Operating Income (Loss)	<u>125,528</u>	<u>(1,658)</u>	<u>123,870</u>
Non-Operating Cash Receipts/(Disbursements):			
Intergovernmental	35,000	-	35,000
Note Proceeds	96,611	-	96,611
Miscellaneous	-	1,658	1,658
Capital Outlay	(480,327)	-	(480,327)
Principal Retirement	(51,851)	-	(51,851)
Interest and Other Fiscal Charges	(6,799)	-	(6,799)
Total Non-Operating Cash Receipts/(Disbursements)	<u>(407,366)</u>	<u>1,658</u>	<u>(405,708)</u>
Income (Loss) Before Transfers	(281,838)	-	(281,838)
Transfer-In	48,285	-	48,285
Transfer-Out	(48,285)	-	(48,285)
Net Change in Fund Cash Balances	(281,838)	-	(281,838)
Fund Cash Balances, January 1	<u>1,506,079</u>	<u>1</u>	<u>1,506,080</u>
Fund Cash Balances, December 31	<u><u>\$ 1,224,241</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 1,224,242</u></u>

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

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

**NOTES TO 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 Waynesfield, Auglaize County (the Village), as a body corporate and politic. A publicly elected six-member Council directs the Village. The Village provides police protection; park operations; street repair and maintenance; water, sewer, and electric utilities. The Village contracts with Wayne Township to receive fire protection and emergency medical services.

The Village participates in two joint ventures. Note 10 to the financial statements provides further information on these organizations. These organizations are:

The Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5) - created to provide electricity to the Village.

The Municipal Energy Services Agency (MESA) – created to help reduce the cost of providing electricity to the Village.

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 the Auditor of State prescribes or permits. 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 Auditor of State prescribes or permits.

C. Deposits and Investments

The Village holds its deposits in an interest bearing checking account.

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 WAYNESFIELD
AUGLAIZE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (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 received gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

Permissive Motor Vehicle Fund – The fund receives motor vehicle license tax money for constructing, maintaining, and repairing Village streets.

3. Capital Projects Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project Fund:

S West Minster Street Project – This fund received restricted receipts for the street repair project.

4. 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 Fund:

Electric Fund – This fund receives charges for services from residents to cover electric service costs.

5. 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 proceeds received from the County for the sale of recycled items. These proceeds, less a \$15.00 monthly fee that is kept by the Village, are disbursed to the nonprofit organizations that do the Village recycling.

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

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.

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011 and 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

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.

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 used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

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

2. EQUITY IN POOLED CASH (Continued)

	2013	2011
Demand deposits	\$1,521,343	\$1,502,422
Total deposits	\$1,521,343	\$1,502,422

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

3. BUDGETARY ACTIVITY

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

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 545,349	\$ 260,346	\$ (285,003)
Special Revenue	661,632	42,067	(619,565)
Enterprise	1,286,575	1,160,767	(125,808)
Agency	2,500	1,164	(1,336)
Total	\$ 2,496,056	\$ 1,464,344	\$ (1,031,712)

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 706,805	\$ 267,426	\$ 439,379
Special Revenue	776,710	35,370	741,340
Enterprise	2,317,723	1,141,553	1,176,170
Agency	2,500	1,164	1,336
Total	\$ 3,803,738	\$ 1,445,513	\$ 2,358,225

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 154,332	\$ 258,016	\$ 103,684
Special Revenue	33,100	37,969	4,869
Capital Projects	45,000	45,000	-
Enterprise	1,053,478	1,197,593	144,115
Agency	2,500	1,658	(842)
Total	\$ 1,288,410	\$ 1,540,236	\$ 251,826

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 346,980	\$ 287,885	\$ 59,095
Special Revenue	156,423	45,891	110,532
Capital Projects	45,000	45,000	-
Enterprise	2,559,557	1,479,431	1,080,126
Agency	2,500	1,658	842
Total	\$ 3,110,460	\$ 1,859,865	\$ 1,250,595

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

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

4. PROPERTY TAX

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

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

5. LOCAL INCOME TAX

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

6. DEBT

Debt outstanding at December 31, 2013 was as follows:

	Principal	Interest Rate
OPWC Loan for Tower & Well	\$ 106,748	0%
OPWC Loan for UV Disinfection	24,840	0%
OPWC Loan for Water Treatment Plant Improvement	223,343	0%
OPWC for South Westminster St. Repair	239,385	0%
Omega JV5 Bond	82,981*	5.84%
OWDA Loan #6544	43,467	
OWDA Loan #6257	23,375	
OWDA Loan #6455	6,125	
AMP Ohio loan	<u>111,333</u>	
	Total	<u>\$ 861,597</u>

*amount restated by \$11,922 due to understatement from prior years.

During 2003 and 2002, loans were obtained from the Ohio Public Works Commission in the amount of \$29,981 and \$194,752, respectively, for the constructions of a new water tower and well. Both loans mature together after a period of 20 years. The debt will be financed through user charges.

During 2004, a loan was obtained from the Ohio Public Works Commission in the amount of \$43,200 for a Wastewater UV Disinfection improvement project. The Village entered into this debt on August 1, 2004 but the money was not disbursed until January 1, 2005. The final payment to the contractor for the project was not made until July 8, 2005. This is a 0% interest 20 year loan. The debt will be financed through user charges.

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

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

6. DEBT (Continued)

During 2005, a loan was obtained from the Ohio Public Works Commission in the amount of \$297,790 for a new water treatment plant, water line replacements, and new water meter installation. The Village entered into the loan on July 5, 2005, the Village received \$193,479 of loan proceed during 2007 and the remaining amount of \$104,311 was received in 2008. This is a 0% interest 20 year loan and payments began January 2009. The debt will be financed through user charges.

During 2008, a loan was obtained from the Ohio Public Works Commission in the amount of \$319,179 for the South Westminster Street Reconstruction project. This is a 0% interest 20 year loan and payments began July 2009. Due to the various aspects of the project, this loan will be repaid from the General fund (25%), Street Construction Maintenance and Repair fund (65%) and Water Operating fund (10%).

The OMEGA JV 5 project consists of governmental entities that joined together to finance a municipal electric generation facility. Bonded debt was issued in the amount of \$153,415,000 for the project. The amount listed above represents the Village's participant share. Principal paid during fiscal year 2013 and 2012 totaled \$9,558. The beginning balance for the loan was increased 11,992 due to an error in the prior audit ending balance. There is no amortization schedule available for this loan. The debt will be financed through user charges.

During 2012, a loan was obtained from Ohio Water Development Authority in the amount of \$154,800 for Water Quality Improvement Project. As of December 31, 2013 only 72,967 had been drawn down against the loan. The loan is not in repayment status and no amortization data is available at this time.

During 2011, a loan was approved from AMP Ohio in the amount of \$350,000 for Distribution Rebuild. As of December 31, 2011 the outstanding balance was \$64,972. During fiscal year 2012 an additional \$79,361 was drawn down against the loan. Principal paid during fiscal years 2013 and 2012 totaled \$33,000. No amortization data is available at this time. The debt will be financed through user charges.

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

Year Endind December 31,	OPWC Tower and Well	OPWC UV Disinfection	OPWC Treatment Plant	OPWC Westminster St.
2014	\$ 11,237	\$ 2,160	\$ 14,890	\$ 15,959
2015	11,237	2,160	14,890	15,959
2016	11,237	2,160	14,890	15,959
2017	11,237	2,160	14,890	15,959
2018	11,237	2,160	14,890	15,959
2019-2023	50,563	10,800	74,450	79,795
2024-2028	-	3,240	74,443	79,795
Total	\$ 106,748	\$ 24,840	\$ 223,343	\$ 239,385

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

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

7. RETIREMENT SYSTEMS

The Village's full-time police officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OP&F participants contributed 10% of their wages through June 30, 2013. On July 1, 2013, the rate increased to 10.75%. For 2013 and 2012, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. 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 had paid all contributions required through December 31, 2013.

8. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

The Village also provides health, life, and dental insurance coverage for all full time employees, the Fiscal Officer, fiscal assistant, and the Mayor through a private carrier.

9. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

10. JOINT VENTURES

A. Ohio Municipal Generation Agency Joint Venture 5 (OMEGA JV5)

The Village is a Financing Participant with an ownership percentage of .08 %, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

Pursuant to the OMEGA Joint Venture JV5 Agreement (Agreement), the participants jointly undertook as Financing Participants, the acquisition, construction, and equipping of OMEGA JV5, including such portions of OMEGA JV5 as have been acquired, constructed or equipped by AMP.

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

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

10. JOINT VENTURES (Continued)

A. Ohio Municipal Generation Agency Joint Venture 5 (OMEGA JV5) (Continued)

OMEGA JV5 was created to construct a 42 Megawatt (MW) run-of-the-river hydroelectric plant (including 40MW of backup generation) and associated transmission facilities (on the Ohio River near the Bellville, West Virginia Locks and Dam) and sells electricity from its operations to OMEGA JV5 Participants.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2013 the Village has met their debt coverage obligation.

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement to Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant's ownership share of the Project, in kilowatts ("Step Up Power") provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV5 Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting JV5 Participant's ownership share of the project prior to any such increases.

OMEGA JV5 is managed by AMP, which acts as the joint venture's agent. During 1993 and 2001 AMP issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024.

The Village's net investment to date in OMEGA JV5 was \$7,818 at December 31, 2013. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

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

10. JOINT VENTURES (Continued)

B. Municipal Energy Services Agency (MESA)

Municipal Energy services Agency (“MESA”) was organized by 31 subdivisions of the State of Ohio (the “Participants”) on December 31, 1996, pursuant to a Joint Venture Agreement (the “Agreement”) under the Ohio Constitution and Section 715.02 of the Ohio Revised Code. As of December 31, 2007, there were 48 Participants in MESA. Its purpose is to provide access to a pool of personnel experienced in planning, engineering, construction, safety training, finance, administration and other aspects of the operations and maintenance of Municipal electric and other utility systems. The Participants are members of American Municipal Power-Ohio, Inc. (“AMP-Ohio”). MESA also provides personnel and administrative services to AMP-Ohio, the Ohio Municipal Electric Generation Agency Joint Ventures: 1, 2, 4, 5, and 6 (“OMEGA JVs”), the Ohio Municipal Electric Association (OMEA”) and the Ohio Public Power Educational Institute (“OPPEI”). The Agreement continues until December 31, 2006, and thereafter for successive terms of three years so long as at least two participants have not given notice

11. AMERICAN MUNICIPAL POWER

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village’s share was 790 kilowatts of a total 771,281 kilowatts, giving the Village an 0.10 percent share. The AMPGS Project required participants to sign “take or pay” contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed *impaired* and participants were obligated to pay costs already incurred. In prior years, payment of these costs was not made due to AMP’s pursuit of legal action to void them. As a result of an April 2014 legal ruling, the AMP Board of Trustees approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village’s estimated share of the impaired costs is \$136,923. The Village received a credit of \$42,984 related to their participation in the AMP Freemont Energy Center (AFEC) Project, and another credit of \$35,728 related to the AMPGS costs deemed to have future benefit for the project participants, leaving a net impaired cost estimate of \$58,211. The Village will begin making payments in April 2015. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the Village’s payments.

The Village intends to recover these costs and repay AMP over the next 5 years through a power cost adjustment.

12. SEGMENT INFORMATION

To provide electric service to the citizens, the Village is a member of Ohio Municipal Electric Generation Agency (OMEGA) Joint Ventures as described in Note 10. The Village is liable for debt related to the financing of the OMEGA joint ventures. The activity is accounted for in the Village’s Electric Fund, which is reported as part of the combined Enterprise Fund Type in the financial statements. Summary financial information for the Electric Fund is presented below:

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

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

12. SEGMENT INFORMATION (Continued)

	<u>2013</u>	<u>2012</u>
Total Assets	\$ 509,152	\$ 497,145
Total Liabilities	194,314	214,903
 Condensed Operating Information:		
Operating Receipts		
Charges for Services	797,548	767,096
Other Operating Receipts	<u>15,593</u>	<u>7,134</u>
Total Operating Receipts	813,141	774,230
 Operating Expenses	 <u>741,463</u>	 <u>699,614</u>
 Operating Income (Loss)	 71,678	 74,616
 Nonoperating Receipts (Disbursements)		
Sale of Notes	-	79,361
Miscellaneous	908	-
Principal Payments	(20,589)	(21,969)
Interest Payments	(4,922)	(6,799)
Capital Outlay	<u>(35,068)</u>	<u>(386,099)</u>
Change in Fund Cash Balance	12,007	(260,890)
Beginning Fund Cash Balance	<u>497,145</u>	<u>758,035</u>
Ending Fund Cash Balance	<u>\$ 509,152</u>	<u>\$ 497,145</u>
 Condensed Cash Flows Information:		
	<u>2013</u>	<u>2012</u>
Net Cash Provided (Used) by:		
Operating Activities	\$ 71,678	\$ 74,616
 Capital and Related Financing Activities		
Proceeds of Capital and Related Debt	-	79,361
Principal Payments on Capital and Related Debt	(20,589)	(21,969)
Interest Payments on Capital and Related Debt	(4,922)	(6,799)
Other Capital and Related Financing Activities	<u>(34,160)</u>	<u>(386,099)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	(59,671)	(335,506)
 Net Increase (Decrease)	 12,007	 (260,890)
Beginning Fund Cash Balance	<u>497,145</u>	<u>758,035</u>
Ending Fund Cash Balance	<u>\$ 509,152</u>	<u>\$ 497,145</u>

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

June 23, 2014

Village of Waynesfield
Auglaize County
300 North Westminster St
Waynesfield, Ohio 45896

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United State and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the **Village of Waynesfield**, Auglaize 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 June 23, 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 opinions 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 audit findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 2013-001 described in the accompanying schedule of audit 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 no instances of noncompliance or the matters we must report under *Government Auditing Standards*.

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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY

SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

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

FINDING NUMBER 2013-001

Material Weakness

Financial Reporting

To assist in the effective management and reporting of financial resources, a village should have procedures in place to help assure that financial activity and funds are correctly reported in the accounting records and financial statements. In 2013 and 2012, the Village's Enterprise Fund had disbursement classification errors of \$20,007 and \$30,095 respectively, as the result of improperly classifying debt payments as contractual services rather than Principal and Interest. Also, during 2013 loan proceeds were recorded as other financing sources and intergovernmental revenue in the amount of \$79,361 and \$17,250, respectively in the Enterprise Fund. Also, during 2012 loan proceeds were posted as intergovernmental revenue in the amount of \$55,717.

The failure to correctly report financial activity and funds in the accounting records and financial statements not only impacts the user's understanding of the financial operations, it also inhibits the ability of the governing body and management to make sound financial decisions, may impact the Village's ability to comply with budgetary laws, and can result in the material misstatement of the financial statements. The accounting records and accompanying financial statements have been reclassified to correctly reflect this activity.

The Village Fiscal Officer should review the Ohio Village Manual, the UAN Manual, and Auditor of State Audit Bulletins for guidance in the recording of revenues. A periodic review of the financial records should be performed to help identify errors.

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

VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED 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; <i>Explain</i>
2012-001	Financial Statement Presentation	No	Repeated as Finding 2013-001



Dave Yost • Auditor of State

VILLAGE OF WAYNESFIELD

AUGLAIZE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 19, 2014**