



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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VILLAGE OF WAYNESVILLE
WARREN COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2012 and 2011
Fiscal Years Audited Under GAGAS: 2012 and 2011



Dave Yost • Auditor of State

Village Council
Village of Waynesville
1400 Lytle Rd.
Waynesville, Ohio 45068

We have reviewed the *Independent Auditor's Report* of the Village of Waynesville, Warren County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2011 through December 31, 2012. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Noncompliance - Finding for Recovery Repaid Under Audit

Ohio Revised Code Section 145.47 (A) states each public employee who is a contributor to the public employees retirement system shall contribute eight per cent of the contributor's earnable salary to the employees' savings fund, except that the public employees retirement board may raise the contribution rate to a rate not greater than ten per cent of the employee's earnable salary.

Finance Director, Brandon Whitaker, did not withhold retirement from his pay and used the Village funds to pay his employee retirement contributions. In 2012 and 2013, the Village of Waynesville paid Brandon Whitaker's employee share of retirement contributions in the amount of \$461 in 2012 and \$923 in 2013.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against the former Village Finance Director Brandon Whitaker in the amount of \$1,384, and in favor of the Village of Waynesville's General fund in the amount of \$900, the Water fund in the amount of \$207, and the Sewer fund in the amount of \$277.

On August 4, 2014 the Village received full payment in the amount of \$1,384.56 which was deposited into the Village's bank account.

Village Council
Village of Waynesville
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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 Waynesville is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D" and a long, sweeping tail on the "y".

Dave Yost
Auditor of State

October 31, 2014

VILLAGE OF WAYNESVILLE
WARREN COUNTY, OHIO

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Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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Independent Auditor's Report

Members of Village Council
Village of Waynesville
Warren County, Ohio
1400 Lytle Rd.
Waynesville, Ohio 45068

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Waynesville, Warren County, Ohio (the Village), as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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 opinions.

Members of Village Council
Village of Waynesville
Independent Auditor's Report

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Waynesville, Warren County, Ohio, as of December 31, 2012 and 2011, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund, Police Levy Fund, Street Levy Fund, and the Street Maintenance & Repair Fund (2012 only), thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2011, the Village adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. We did not modify our opinion regarding this matter.

The accompanying financial statements have been prepared assuming the Village will continue as a going concern. As discussed in Note 16 the Auditor of State declared the Village in fiscal emergency on April 15, 2008, and a financial planning and supervision commission has assumed certain management responsibilities for the duration of the emergency pursuant to Chapter 118 of the Ohio Revised Code. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 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.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
Piketon, Ohio
January 17, 2014

Village of Waynesville, Ohio
Warren County
Statement of Net Position - Cash Basis
December 31, 2012

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,106,580	\$2,697,229	\$3,803,809
<i>Total Assets</i>	<u>\$1,106,580</u>	<u>\$2,697,229</u>	<u>\$3,803,809</u>
Net Position			
Restricted for:			
Road Maintenance and Improvements	\$442,809	\$0	\$442,809
Police Operations	185,685	0	185,685
Drug and Alcohol Education and Enforcement	8,998	0	8,998
Capital Projects	0	475,170	475,170
Other Purposes	76,648	0	76,648
Unrestricted	<u>392,440</u>	<u>2,222,059</u>	<u>2,614,499</u>
<i>Total Net Position</i>	<u>\$1,106,580</u>	<u>\$2,697,229</u>	<u>\$3,803,809</u>

See accompanying notes to the basic financial statements

Village of Waynesville, Ohio
Warren County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2012

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position		Total
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities						
Current:						
Security of Persons and Property	\$347,120	\$918	\$29,285	(\$316,917)	\$0	(\$316,917)
Public Health Services	868	0	0	(868)	0	(868)
Leisure Time Activities	2,861	0	0	(2,861)	0	(2,861)
Community Environment	20,450	0	20,000	(450)	0	(450)
Transportation	92,076	0	0	(92,076)	0	(92,076)
General Government	234,667	59,187	0	(175,480)	0	(175,480)
Capital Outlay	161,219	0	0	(161,219)	0	(161,219)
Debt Service:						
Principal Retirement	311,400	0	0	(311,400)	0	(311,400)
Interest and Fiscal Charges	37,412	0	0	(37,412)	0	(37,412)
<i>Total Governmental Activities</i>	<u>1,208,073</u>	<u>60,105</u>	<u>49,285</u>	<u>(1,098,683)</u>	<u>0</u>	<u>(1,098,683)</u>
Business-Type Activities						
Water	353,543	488,372	0	0	134,829	134,829
Sewer	604,978	642,504	0	0	37,526	37,526
Trash	185,308	189,818	0	0	4,510	4,510
Water Capital	56,092	163,690	0	0	107,598	107,598
Other Enterprise	133,856	148,568	0	0	14,712	14,712
<i>Total Business-Type Activities</i>	<u>1,333,777</u>	<u>1,632,952</u>	<u>0</u>	<u>0</u>	<u>299,175</u>	<u>299,175</u>
<i>Total Primary Government</i>	<u>\$2,541,850</u>	<u>\$1,693,057</u>	<u>\$49,285</u>	<u>(1,098,683)</u>	<u>299,175</u>	<u>(799,508)</u>
General Receipts:						
Property Taxes Levied for:						
General Purposes				87,320	0	87,320
Police				332,194	0	332,194
Street				47,611	0	47,611
Other Local Taxes				3,091	0	3,091
Income Taxes				392,204	0	392,204
Grants and Entitlements not Restricted to Specific Programs				366,698	0	366,698
Other Operating Cash Receipts				0	22,313	22,313
Cable Franchise Fees				38,522	0	38,522
Earnings on Investments				2,693	0	2,693
Miscellaneous				44,732	0	44,732
<i>Total General Receipts</i>				<u>1,315,065</u>	<u>22,313</u>	<u>1,337,378</u>
Change in Net Position				216,382	321,488	537,870
<i>Net Position Beginning of Year</i>				<u>890,198</u>	<u>2,375,741</u>	<u>3,265,939</u>
<i>Net Position End of Year</i>				<u>\$1,106,580</u>	<u>\$2,697,229</u>	<u>\$3,803,809</u>

See accompanying notes to the basic financial statements

Village of Waynesville, Ohio
 Warren County
 Statement of Assets and Fund Balances - Cash Basis
 Governmental Funds
 December 31, 2012

	General	Street Maintenance and Repair	Police Levy	Street Levy	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$398,686	\$66,675	\$209,443	\$253,434	\$178,342	\$1,106,580
<i>Total Assets</i>	<u>\$398,686</u>	<u>\$66,675</u>	<u>\$209,443</u>	<u>\$253,434</u>	<u>\$178,342</u>	<u>\$1,106,580</u>
Fund Balances						
Restricted	\$0	\$66,675	\$209,443	\$253,434	\$178,342	\$707,894
Assigned	48,873	0	0	0	0	48,873
Unassigned	349,813	0	0	0	0	349,813
<i>Total Fund Balances</i>	<u>\$398,686</u>	<u>\$66,675</u>	<u>\$209,443</u>	<u>\$253,434</u>	<u>\$178,342</u>	<u>\$1,106,580</u>

See accompanying notes to the basic financial statements

Village of Waynesville, Ohio
Warren County
Statement of Receipts, Disbursements and Changes Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2012

	General	Street Maintenance and Repair	Police Levy	Street Levy	Other Governmental Funds	Total Governmental Funds
Receipts						
Municipal Income Taxes	\$392,204	\$0	\$0	\$0	\$0	\$392,204
Property Taxes	87,320	0	332,194	47,611	0	467,125
Other Local Taxes	3,091	0	0	0	0	3,091
Intergovernmental	150,961	121,313	74,872	6,881	61,956	415,983
Charges for Services	2,584	42	918	0	0	3,544
Fines, Licenses and Permits	94,709	0	0	0	374	95,083
Earnings on Investments	2,295	93	0	0	305	2,693
Miscellaneous	38,166	2,766	1,511	0	2,289	44,732
<i>Total Receipts</i>	<u>771,330</u>	<u>124,214</u>	<u>409,495</u>	<u>54,492</u>	<u>64,924</u>	<u>1,424,455</u>
Disbursements						
Current:						
Security of Persons and Property	43,836	0	298,573	0	4,711	347,120
Public Health Services	868	0	0	0	0	868
Leisure Time Activities	2,000	0	0	0	861	2,861
Community Environment	20,450	0	0	0	0	20,450
Transportation	0	73,731	0	8,463	9,882	92,076
General Government	228,245	5,956	101	365	0	234,667
Capital Outlay	1,000	0	3,940	131,439	24,840	161,219
Debt Service:						
Principal Retirement	305,700	0	5,700	0	0	311,400
Interest and Fiscal Charges	18,706	0	18,706	0	0	37,412
<i>Total Disbursements</i>	<u>620,805</u>	<u>79,687</u>	<u>327,020</u>	<u>140,267</u>	<u>40,294</u>	<u>1,208,073</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>150,525</u>	<u>44,527</u>	<u>82,475</u>	<u>(85,775)</u>	<u>24,630</u>	<u>216,382</u>
<i>Net Change in Fund Balances</i>	150,525	44,527	82,475	(85,775)	24,630	216,382
<i>Fund Balances Beginning of Year</i>	<u>248,161</u>	<u>22,148</u>	<u>126,968</u>	<u>339,209</u>	<u>153,712</u>	<u>890,198</u>
<i>Fund Balances End of Year</i>	<u>\$398,686</u>	<u>\$66,675</u>	<u>\$209,443</u>	<u>\$253,434</u>	<u>\$178,342</u>	<u>\$1,106,580</u>

See accompanying notes to the basic financial statements

Village of Waynesville, Ohio
Warren County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Municipal Income Taxes	\$171,000	\$340,000	\$392,204	\$52,204
Property Taxes	97,000	93,909	87,320	(6,589)
Other Local Taxes	0	3,091	3,091	0
Intergovernmental	20,400	63,935	150,961	87,026
Charges for Services	3,700	3,700	2,584	(1,116)
Fines, Licenses and Permits	45,415	111,700	94,709	(16,991)
Earnings on Investments	2,100	2,100	2,295	195
Miscellaneous	4,000	4,000	38,166	34,166
<i>Total Receipts</i>	<u>343,615</u>	<u>622,435</u>	<u>771,330</u>	<u>148,895</u>
Disbursements				
Current:				
Security of Persons and Property	53,625	71,125	43,836	27,289
Public Health Services	1,800	1,800	868	932
Leisure Time Activities	0	2,000	2,000	0
Community Environment	24,000	20,450	20,450	0
Transportation	0	0	0	0
General Government	280,739	339,648	228,245	111,403
Capital Outlay	1,000	25,840	1,000	24,840
Debt Service:				
Principal Retirement	5,700	305,700	305,700	0
Interest and Fiscal Charges	18,706	18,706	18,706	0
<i>Total Disbursements</i>	<u>385,570</u>	<u>785,269</u>	<u>620,805</u>	<u>164,464</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(41,955)</u>	<u>(162,834)</u>	<u>150,525</u>	<u>313,359</u>
<i>Net Change in Fund Balance</i>	(41,955)	(162,834)	150,525	313,359
<i>Fund Balance Beginning of Year</i>	248,161	248,161	248,161	0
<i>Fund Balance End of Year</i>	<u>\$206,206</u>	<u>\$85,327</u>	<u>\$398,686</u>	<u>\$313,359</u>
Prior Year Encumbrances Appropriated	<u>(48,873)</u>	<u>(48,873)</u>	<u>(48,873)</u>	<u>0</u>
Fund Balance End of Year with Encumbrances	<u>\$157,333</u>	<u>\$36,454</u>	<u>\$349,813</u>	<u>\$313,359</u>

See accompanying notes to the basic financial statements

Village of Waynesville, Ohio
Warren County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Street Maintenance and Repair
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$129,010	\$122,762	\$121,313	(\$1,449)
Charges for Services	0	0	42	42
Earnings on Investments	0	0	93	93
Miscellaneous	0	0	2,766	2,766
<i>Total Receipts</i>	<u>129,010</u>	<u>122,762</u>	<u>124,214</u>	<u>1,452</u>
Disbursements				
Current:				
Transportation	115,502	115,502	73,731	41,771
General Government	8,900	8,900	5,956	2,944
<i>Total Disbursements</i>	<u>124,402</u>	<u>124,402</u>	<u>79,687</u>	<u>44,715</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>4,608</u>	<u>(1,640)</u>	<u>44,527</u>	<u>46,167</u>
<i>Net Change in Fund Balance</i>	4,608	(1,640)	44,527	46,167
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>22,148</u>	<u>22,148</u>	<u>22,148</u>	<u>0</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$26,756</u>	<u>\$20,508</u>	<u>\$66,675</u>	<u>\$46,167</u>
Prior Year Encumbrances Appropriated	<u>(3,392)</u>	<u>(3,392)</u>	<u>(3,392)</u>	<u>0</u>
Fund Balance End of Year with Encumbrances	<u>\$23,364</u>	<u>\$17,116</u>	<u>\$63,283</u>	<u>\$46,167</u>

See accompanying notes to the basic financial statements

Village of Waynesville, Ohio
Warren County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Police Levy
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property Taxes	\$370,000	\$370,000	\$332,194	(\$37,806)
Intergovernmental	41,718	75,174	74,872	(302)
Charges for Services	10,250	1,000	918	(82)
Fines, Licenses and Permits	500	0	0	0
Miscellaneous	10,952	2,000	1,511	(489)
<i>Total Receipts</i>	<u>433,420</u>	<u>448,174</u>	<u>409,495</u>	<u>(38,679)</u>
Disbursements				
Current:				
Security of Persons and Property	299,061	343,077	298,573	44,504
Transportation	29,171	29,171	0	29,171
General Government	4,400	9,302	101	9,201
Capital Outlay	4,902	45,690	3,940	41,750
Debt Service:				
Principal Retirement	5,700	5,700	5,700	0
Interest and Fiscal Charges	18,706	18,706	18,706	0
<i>Total Disbursements</i>	<u>361,940</u>	<u>451,646</u>	<u>327,020</u>	<u>124,626</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>71,480</u>	<u>(3,472)</u>	<u>82,475</u>	<u>85,947</u>
<i>Net Change in Fund Balance</i>	<u>71,480</u>	<u>(3,472)</u>	<u>82,475</u>	<u>85,947</u>
<i>Fund Balance Beginning of Year</i>	126,968	126,968	126,968	0
<i>Fund Balance End of Year</i>	<u>\$198,448</u>	<u>\$123,496</u>	<u>\$209,443</u>	<u>\$85,947</u>
Prior Year Encumbrances Appropriated	<u>(44,167)</u>	<u>(44,167)</u>	<u>(44,167)</u>	<u>0</u>
Fund Balance End of Year with Encumbrances	<u>\$154,281</u>	<u>\$79,329</u>	<u>\$165,276</u>	<u>\$85,947</u>

See accompanying notes to the basic financial statements

Village of Waynesville, Ohio
Warren County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Street Levy
For the Year Ended December 31, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property Taxes	\$47,135	\$47,135	\$47,611	\$476
Intergovernmental	5,865	5,865	6,881	1,016
<i>Total Receipts</i>	<u>53,000</u>	<u>53,000</u>	<u>54,492</u>	<u>1,492</u>
Disbursements				
Current:				
Transportation	46,393	8,463	8,463	0
General Government	1,450	1,450	365	1,085
Capital Outlay	50,000	300,000	131,439	168,561
<i>Total Disbursements</i>	<u>97,843</u>	<u>309,913</u>	<u>140,267</u>	<u>169,646</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(44,843)</u>	<u>(256,913)</u>	<u>(85,775)</u>	<u>171,138</u>
<i>Net Change in Fund Balance</i>	<u>(44,843)</u>	<u>(256,913)</u>	<u>(85,775)</u>	<u>171,138</u>
<i>Fund Balance Beginning of Year</i>	339,209	339,209	339,209	0
<i>Fund Balance End of Year</i>	<u>\$ 294,366</u>	<u>\$ 82,296</u>	<u>\$ 253,434</u>	<u>\$ 171,138</u>
Prior Year Encumbrances Appropriated	<u>(2,973)</u>	<u>(2,973)</u>	<u>(2,973)</u>	<u>0</u>
Fund Balance End of Year with Encumbrances	<u>\$291,393</u>	<u>\$79,323</u>	<u>\$250,461</u>	<u>\$171,138</u>

See accompanying notes to the basic financial statements

Village of Waynesville, Ohio
Warren County
Statement of Fund Net Position - Cash Basis
Proprietary Funds
December 31, 2012

	Business-Type Activities					Total Enterprise Funds
	Water Fund	Sewer Fund	Trash Fund	Water Capital Improvement Fund	Other Enterprise Funds	
Assets						
Equity in Pooled Cash and Cash Equivalents	\$805,407	\$1,206,544	\$60,466	\$335,507	\$289,305	\$2,697,229
<i>Total Assets</i>	<u>\$805,407</u>	<u>\$1,206,544</u>	<u>\$60,466</u>	<u>\$335,507</u>	<u>\$289,305</u>	<u>\$2,697,229</u>
Net Position						
Restricted for:						
Capital Projects	\$0	\$0	\$0	\$335,507	\$139,663	\$475,170
Unrestricted	805,407	1,206,544	60,466	0	149,642	2,222,059
<i>Total Net Position</i>	<u>\$805,407</u>	<u>\$1,206,544</u>	<u>\$60,466</u>	<u>\$335,507</u>	<u>\$289,305</u>	<u>\$2,697,229</u>

See accompanying notes to the basic financial statements

Village of Waynesville, Ohio
Warren County
Statement of Receipts, Disbursements and Changes in Fund Net Position - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2012

	Business-Type Activities					Total Enterprise Funds
	Water Fund	Sewer Fund	Trash Fund	Water Capital Improvement Fund	Other Enterprise Funds	
Operating Receipts						
Charges for Services	\$488,372	\$642,504	\$189,818	\$163,690	\$148,568	\$1,632,952
Miscellaneous	4,096	2,989	0	4,636	10,592	22,313
<i>Total Operating Receipts</i>	<u>492,468</u>	<u>645,493</u>	<u>189,818</u>	<u>168,326</u>	<u>159,160</u>	<u>1,655,265</u>
Operating Disbursements						
Personal Services	163,897	179,602	0	0	10,940	354,439
Travel and Transportation	6,563	7,440	0	0	0	14,003
Contractual Services	56,959	57,771	185,308	12,844	32,571	345,453
Supplies and Materials	39,482	31,331	0	0	6,400	77,213
Other	70,371	64,660	0	0	6,775	141,806
<i>Total Operating Disbursements</i>	<u>337,272</u>	<u>340,804</u>	<u>185,308</u>	<u>12,844</u>	<u>56,686</u>	<u>932,914</u>
<i>Operating Income (Loss)</i>	<u>155,196</u>	<u>304,689</u>	<u>4,510</u>	<u>155,482</u>	<u>102,474</u>	<u>722,351</u>
Non-Operating Receipts (Disbursements)						
Capital Outlay	0	0	0	(29,210)	(17,836)	(47,046)
Principal Retirement	(3,800)	(203,270)	0	(5,979)	(37,496)	(250,545)
Interest and Other Fiscal Charges	(12,471)	(60,904)	0	(8,059)	(21,838)	(103,272)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(16,271)</u>	<u>(264,174)</u>	<u>0</u>	<u>(43,248)</u>	<u>(77,170)</u>	<u>(400,863)</u>
<i>Change in Net Position</i>	138,925	40,515	4,510	112,234	25,304	321,488
<i>Net Position Beginning of Year</i>	<u>666,482</u>	<u>1,166,029</u>	<u>55,956</u>	<u>223,273</u>	<u>264,001</u>	<u>2,375,741</u>
<i>Net Position End of Year</i>	<u><u>\$805,407</u></u>	<u><u>\$1,206,544</u></u>	<u><u>\$60,466</u></u>	<u><u>\$335,507</u></u>	<u><u>\$289,305</u></u>	<u><u>\$2,697,229</u></u>

See accompanying notes to the basic financial statements

Village of Waynesville, Ohio
Warren County
Statement of Fiduciary Net Position - Cash Basis
Fiduciary Fund
December 31, 2012

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$4,291
	<hr/>
<i>Total Assets</i>	<u><u>\$4,291</u></u>
Net Position	
Held on Behalf of Others	<u>\$4,291</u>
	<hr/>
<i>Total Net Position</i>	<u><u>\$4,291</u></u>

See accompanying notes to the basic financial statements

Village of Waynesville, Ohio
Warren County
Statement of Net Position - Cash Basis
December 31, 2011

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$890,198	\$2,375,741	\$3,265,939
<i>Total Assets</i>	<u>\$890,198</u>	<u>\$2,375,741</u>	<u>\$3,265,939</u>
Net Position			
Restricted for:			
Road Maintenance and Improvements	\$441,922	\$0	\$441,922
Police Operations	126,968	0	126,968
Drug and Alcohol Education and Enforcement	13,335	0	13,335
Capital Projects	0	335,043	335,043
Other Purposes	59,812	0	59,812
Unrestricted	248,161	2,040,698	2,288,859
<i>Total Net Position</i>	<u>\$890,198</u>	<u>\$2,375,741</u>	<u>\$3,265,939</u>

See accompanying notes to the basic financial statements

Village of Waynesville, Ohio
Warren County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2011

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Current:							
Security of Persons and Property	\$326,421	\$1,368	\$39,001	\$0	(\$286,052)	\$0	(\$286,052)
Public Health Services	1,766	0	0	0	(1,766)	0	(1,766)
Community Environment	1,532	0	0	0	(1,532)	0	(1,532)
Transportation	126,342	0	0	0	(126,342)	0	(126,342)
General Government	233,775	71,008	0	0	(162,767)	0	(162,767)
Capital Outlay	66,279	0	0	46,494	(19,785)	0	(19,785)
Debt Service:							
Principal Retirement	330,745	0	0	0	(330,745)	0	(330,745)
Interest and Fiscal Charges	44,240	0	0	0	(44,240)	0	(44,240)
<i>Total Governmental Activities</i>	<u>1,131,100</u>	<u>72,376</u>	<u>39,001</u>	<u>46,494</u>	<u>(973,229)</u>	<u>0</u>	<u>(973,229)</u>
Business-Type Activities							
Water	290,801	463,048	0	0	0	172,247	172,247
Sewer	596,348	707,487	0	0	0	111,139	111,139
Trash	180,579	186,045	0	0	0	5,466	5,466
Water Capital	65,465	169,300	0	0	0	103,835	103,835
Other Enterprise	143,772	144,398	0	0	0	626	626
<i>Total Business-Type Activities</i>	<u>1,276,965</u>	<u>1,670,278</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>393,313</u>	<u>393,313</u>
<i>Total Primary Government</i>	<u>\$2,408,065</u>	<u>\$1,742,654</u>	<u>\$39,001</u>	<u>\$46,494</u>	<u>(973,229)</u>	<u>393,313</u>	<u>(579,916)</u>
General Receipts:							
Property Taxes Levied for:							
General Purposes					87,603	0	87,603
Police					331,672	0	331,672
Street					47,414	0	47,414
Other Local Taxes					2,579	0	2,579
Income Taxes					372,160	0	372,160
Grants and Entitlements not Restricted to Specific Programs					346,566	0	346,566
Other Operating Cash Receipts					0	33,983	33,983
Cable Franchise Fees					36,097	0	36,097
Earnings on Investments					1,579	0	1,579
Miscellaneous					5,623	0	5,623
<i>Total General Receipts</i>					<u>1,231,293</u>	<u>33,983</u>	<u>1,265,276</u>
Change in Net Position					258,064	427,296	685,360
<i>Net Position Beginning of Year - As Restated</i>					<u>632,134</u>	<u>1,948,445</u>	<u>2,580,579</u>
<i>Net Position End of Year</i>					<u>\$890,198</u>	<u>\$2,375,741</u>	<u>\$3,265,939</u>

See accompanying notes to the basic financial statements

Village of Waynesville, Ohio
 Warren County
 Statement of Assets and Fund Balances - Cash Basis
 Governmental Funds
 December 31, 2011

	General	Police Levy	Street Levy	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$248,161	\$126,968	\$339,209	\$175,860	\$890,198
<i>Total Assets</i>	<u>\$248,161</u>	<u>\$126,968</u>	<u>\$339,209</u>	<u>\$175,860</u>	<u>\$890,198</u>
Fund Balances					
Restricted	\$0	\$126,968	\$339,209	\$175,860	\$642,037
Assigned	2,000	0	0	0	2,000
Unassigned (Deficit)	246,161	0	0	0	246,161
<i>Total Fund Balances</i>	<u>\$248,161</u>	<u>\$126,968</u>	<u>\$339,209</u>	<u>\$175,860</u>	<u>\$890,198</u>

See accompanying notes to the basic financial statements

Village of Waynesville, Ohio
Warren County
Statement of Receipts, Disbursements and Changes Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2011

	General	Police Levy	Street Levy	Other Governmental Funds	Total Governmental Funds
Receipts					
Municipal Income Taxes	\$372,160	\$0	\$0	\$0	\$372,160
Property Taxes	87,603	331,672	47,414	0	466,689
Other Local Taxes	2,579	0	0	0	2,579
Intergovernmental	131,561	94,702	7,384	198,414	432,061
Charges for Services	4,181	1,294	0	78	5,553
Fines, Licenses and Permits	101,922	74	0	924	102,920
Earnings on Investments	1,156	0	0	423	1,579
Miscellaneous	3,237	1,700	1	685	5,623
<i>Total Receipts</i>	<u>704,399</u>	<u>429,442</u>	<u>54,799</u>	<u>200,524</u>	<u>1,389,164</u>
Disbursements					
Current:					
Security of Persons and Property	43,123	280,740	0	2,558	326,421
Public Health Services	1,766	0	0	0	1,766
Community Environment	1,532	0	0	0	1,532
Transportation	47,551	0	10,393	68,398	126,342
General Government	229,982	0	531	3,262	233,775
Capital Outlay	4,458	0	8,909	52,912	66,279
Debt Service:					
Principal Retirement	325,945	4,800	0	0	330,745
Interest and Fiscal Charges	25,271	18,969	0	0	44,240
<i>Total Disbursements</i>	<u>679,628</u>	<u>304,509</u>	<u>19,833</u>	<u>127,130</u>	<u>1,131,100</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>24,771</u>	<u>124,933</u>	<u>34,966</u>	<u>73,394</u>	<u>258,064</u>
<i>Net Change in Fund Balances</i>	24,771	124,933	34,966	73,394	258,064
<i>Fund Balances Beginning of Year- As Restated</i>	<u>223,390</u>	<u>2,035</u>	<u>304,243</u>	<u>102,466</u>	<u>632,134</u>
<i>Fund Balances End of Year</i>	<u>\$248,161</u>	<u>\$126,968</u>	<u>\$339,209</u>	<u>\$175,860</u>	<u>\$890,198</u>

See accompanying notes to the basic financial statements

Village of Waynesville, Ohio
Warren County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Municipal Income Taxes	\$142,880	\$380,000	\$372,160	(\$7,840)
Property Taxes	97,000	97,000	87,603	(9,397)
Other Local Taxes	2,300	4,000	2,579	(1,421)
Intergovernmental	72,935	160,000	131,561	(28,439)
Charges for Services	38,540	10,000	4,181	(5,819)
Fines, Licenses and Permits	90,063	140,719	101,922	(38,797)
Earnings on Investments	4,000	4,000	1,156	(2,844)
Miscellaneous	12,913	13,000	3,237	(9,763)
<i>Total Receipts</i>	<u>460,631</u>	<u>808,719</u>	<u>704,399</u>	<u>(104,320)</u>
Disbursements				
Current:				
Security of Persons and Property	53,625	53,620	43,123	10,497
Public Health Services	1,800	1,766	1,766	0
Community Environment	4,000	24,000	1,532	22,468
Transportation	59,730	63,971	47,551	16,420
General Government	294,141	303,006	229,982	73,024
Capital Outlay	0	4,458	4,458	0
Debt Service:				
Principal Retirement	353,800	325,945	325,945	0
Interest and Fiscal Charges	25,289	25,289	25,271	18
<i>Total Disbursements</i>	<u>792,385</u>	<u>802,055</u>	<u>679,628</u>	<u>122,427</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(331,754)</u>	<u>6,664</u>	<u>24,771</u>	<u>18,107</u>
Other Financing Sources (Uses)				
Note Issuance	283,000	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>283,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(48,754)</u>	<u>6,664</u>	<u>24,771</u>	<u>18,107</u>
<i>Fund Balance Beginning of Year</i>	223,390	223,390	223,390	0
<i>Fund Balance End of Year</i>	<u>\$174,636</u>	<u>\$230,054</u>	<u>\$248,161</u>	<u>\$18,107</u>
Prior Year Encumbrances Appropriated	<u>(2,000)</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>0</u>
Fund Balance End of Year with Encumbrances	<u>\$172,636</u>	<u>\$228,054</u>	<u>\$246,161</u>	<u>\$18,107</u>

See accompanying notes to the basic financial statements

Village of Waynesville, Ohio
Warren County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Police Levy
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property Taxes	\$370,000	\$323,756	\$331,672	\$7,916
Intergovernmental	0	94,702	94,702	0
Charges for Services	14,200	10,250	1,294	(8,956)
Fines, Licenses and Permits	0	74	74	0
Miscellaneous	0	1,700	1,700	0
<i>Total Receipts</i>	<u>384,200</u>	<u>430,482</u>	<u>429,442</u>	<u>(1,040)</u>
Disbursements				
Current:				
Security of Persons and Property	339,934	322,595	280,740	41,855
Capital Outlay	25,000	25,000	0	25,000
Debt Service:				
Principal Retirement	0	4,800	4,800	0
Interest and Fiscal Charges	0	18,969	18,969	0
<i>Total Disbursements</i>	<u>364,934</u>	<u>371,364</u>	<u>304,509</u>	<u>66,855</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>19,266</u>	<u>59,118</u>	<u>124,933</u>	<u>65,815</u>
<i>Net Change in Fund Balance</i>	<u>19,266</u>	<u>59,118</u>	<u>124,933</u>	<u>65,815</u>
<i>Fund Balance Beginning of Year</i>	2,037	2,037	2,035	2
<i>Fund Balance End of Year</i>	<u>\$21,303</u>	<u>\$61,155</u>	<u>\$126,968</u>	<u>\$65,817</u>
Prior Year Encumbrances Appropriated	<u>(1,002)</u>	<u>(1,002)</u>	<u>(1,002)</u>	<u>0</u>
Fund Balance End of Year with Encumbrances	<u>\$20,301</u>	<u>\$60,153</u>	<u>\$125,966</u>	<u>\$65,817</u>

See accompanying notes to the basic financial statements

Village of Waynesville, Ohio
Warren County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Street Levy
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property Taxes	\$53,000	\$53,000	\$47,414	(\$5,586)
Intergovernmental	0	0	7,384	7,384
Miscellaneous	0	0	1	1
<i>Total Receipts</i>	<u>53,000</u>	<u>53,000</u>	<u>54,799</u>	<u>1,799</u>
Disbursements				
Current:				
Transportation	57,197	57,197	10,393	46,804
Capital Outlay	60,000	60,000	8,909	51,091
<i>Total Disbursements</i>	<u>117,197</u>	<u>117,197</u>	<u>19,833</u>	<u>97,364</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(64,197)</u>	<u>(64,197)</u>	<u>34,966</u>	<u>99,163</u>
<i>Net Change in Fund Balance</i>	<u>(64,197)</u>	<u>(64,197)</u>	<u>34,966</u>	<u>99,163</u>
<i>Fund Balance Beginning of Year</i>	304,243	304,243	304,243	0
<i>Fund Balance End of Year</i>	<u>\$240,046</u>	<u>\$240,046</u>	<u>\$339,209</u>	<u>\$99,163</u>
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

See accompanying notes to the basic financial statements

Village of Waynesville, Ohio
 Warren County
 Statement of Fund Net Position - Cash Basis
 Proprietary Funds
 December 31, 2011

	Business-Type Activities					Total Enterprise Funds
	Water Fund	Sewer Fund	Trash Fund	Water Capital Improvement Fund	Other Enterprise Funds	
Assets						
Equity in Pooled Cash and Cash Equivalents	\$666,482	\$1,166,029	\$55,956	\$223,273	\$264,001	\$2,375,741
<i>Total Assets</i>	<u>\$666,482</u>	<u>\$1,166,029</u>	<u>\$55,956</u>	<u>\$223,273</u>	<u>\$264,001</u>	<u>\$2,375,741</u>
Net Position						
Restricted for:						
Capital Projects	\$0	\$0	\$0	\$223,273	\$111,770	\$335,043
Unrestricted	666,482	1,166,029	55,956	0	152,231	2,040,698
<i>Total Net Position</i>	<u>\$666,482</u>	<u>\$1,166,029</u>	<u>\$55,956</u>	<u>\$223,273</u>	<u>\$264,001</u>	<u>\$2,375,741</u>

See accompanying notes to the basic financial statements

Village of Waynesville, Ohio
Warren County
Statement of Receipts, Disbursements and Changes in Fund Net Position -Cash Basis
Proprietary Funds
For the Year Ended December 31, 2011

	Business-Type Activities					Total Enterprise Funds
	Water Fund	Sewer Fund	Trash Fund	Water Capital Improvement Fund	Other Enterprise Funds	
Operating Receipts						
Charges for Services	\$463,048	\$707,487	\$186,045	\$169,300	\$144,398	\$1,670,278
Miscellaneous	2,943	10,074	0	7,401	13,565	33,983
<i>Total Operating Receipts</i>	<u>465,991</u>	<u>717,561</u>	<u>186,045</u>	<u>176,701</u>	<u>157,963</u>	<u>1,704,261</u>
Operating Disbursements						
Personal Services	151,660	187,415	0	0	10,023	349,098
Contractual Services	100,914	115,887	180,579	2,926	40,813	441,119
Supplies and Materials	22,381	29,297	0	0	854	52,532
<i>Total Operating Disbursements</i>	<u>274,955</u>	<u>332,599</u>	<u>180,579</u>	<u>2,926</u>	<u>51,690</u>	<u>842,749</u>
<i>Operating Income (Loss)</i>	<u>191,036</u>	<u>384,962</u>	<u>5,466</u>	<u>173,775</u>	<u>106,273</u>	<u>861,512</u>
Non-Operating Receipts (Disbursements)						
Capital Outlay	0	0	0	(48,502)	(32,747)	(81,249)
Principal Retirement	(3,200)	(197,775)	0	(5,690)	(36,529)	(243,194)
Interest and Other Fiscal Charges	(12,646)	(65,974)	0	(8,347)	(22,806)	(109,773)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(15,846)</u>	<u>(263,749)</u>	<u>0</u>	<u>(62,539)</u>	<u>(92,082)</u>	<u>(434,216)</u>
<i>Change in Net Position</i>	175,190	121,213	5,466	111,236	14,191	427,296
<i>Net Position Beginning of Year - As Restated</i>	<u>491,292</u>	<u>1,044,816</u>	<u>50,490</u>	<u>112,037</u>	<u>249,810</u>	<u>1,948,445</u>
<i>Net Position End of Year</i>	<u>\$666,482</u>	<u>\$1,166,029</u>	<u>\$55,956</u>	<u>\$223,273</u>	<u>\$264,001</u>	<u>\$2,375,741</u>

See accompanying notes to the basic financial statements

Village of Waynesville, Ohio
Warren County
Statement of Fiduciary Net Position - Cash Basis
Fiduciary Fund
December 31, 2011

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$7,644
	<hr/>
<i>Total Assets</i>	<u><u>\$7,644</u></u>
Net Position	
Held on Behalf of Others	<u>\$7,644</u>
	<hr/>
<i>Total Net Position</i>	<u><u>\$7,644</u></u>

See accompanying notes to the basic financial statements

Village of Waynesville, Ohio
Warren County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2012 and 2011

Note 1 - Reporting Entity

The municipal corporation existing as the Village of Waynesville (Village) was established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio and the Charter of the Village. The Charter of the Village provides for a “Council-Manager Plan” form of government. The powers and functions of the Village are distributed among the Municipality, its citizens, and the various officers, bodies, board and commissions as provided in the Charter. The legislative powers of the Village are vested in a Council of seven members including the mayor.

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements of the Village are not misleading.

Primary Government

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Village. The primary government of the Village of Waynesville provides the following services to its citizens: general government services, police protection, parks and recreation, street maintenance and repairs, water, sewer and refuse collection. Council has direct responsibility for these services.

Component Units

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization’s governing board; and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization’s resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Village is obligated for the debt of the organization. Component units may also include organizations for which the Village authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Village. The Village of Waynesville does not have any component units.

Public Entity Risk Pools

The Village participates in a public entity risk pool. This organization is presented in Note 15 to the financial statements.

Note 2 - Summary of Significant Accounting Policies

As discussed further in the “Basis of Accounting” section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Village’s accounting policies.

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Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements The statement of net position and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net position presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each program or function of the Village's governmental activities and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program or business activity is self-financing on a cash basis or draws from the general receipts of the Village.

Fund Financial Statements During the year, the Village segregates transactions related to certain Village functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented in three categories: governmental, proprietary, and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions of the Village are financed. The following are the Village's major governmental funds:

General The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Village of Waynesville, Ohio
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Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for maintenance and repair of streets within the Village. (Major fund in 2012 only)

Police Levy Fund The Police Levy revenues come from a 5.5 mil levy approved by voters on November 4, 2003. The levy language reads as follows:

A replacement tax for the benefit of Waynesville Village, Warren County, Ohio, for the purpose of PROVIDING AND MAINTAINING MOTOR VEHICLES, COMMUNICATIONS, AND OTHER EQUIPMENT USED DIRECTLY IN THE OPERATIONS OF A POLICE DEPARTMENT, AND THE PAYMENT OF SALARIES AND BENEFITS OF PERMANENT POLICE PERSONNEL, at a rate not exceeding five and five-tenths (5.5) mills for each one dollar of valuation, which amounts to fifty-five (\$0.55) cents for each one hundred dollars of valuation, for a period of five (5) years, commencing in 2004, first due in calendar year 2005.

Village residents passed a replacement levy on November 4, 2008 modifying the levy millage to 7.0 mills.

Street Levy Fund The Street Levy revenues come from a 2.5 mil levy approved by voters on November 4, 2003. The levy language reads as follows:

A renewal of a tax for the benefit of the Village of Waynesville for the purpose of THE GENERAL CONSTRUCTION, RECONSTRUCTION, RESURFACING, AND REPAIR OF STREETS, ROADS, AND BRIDGES, at a rate not to exceed two and five-tenths (2.5) mills for each one dollar of valuation, which amounts to twenty-five (\$0.25) cents for each one hundred dollars of valuation, for a period of five (5) years, commencing in 2004, first due in calendar year 2005.

Village residents passed a replacement levy on November 4, 2008 modifying the levy millage to 1.0 mills.

The other governmental funds of the Village account for and report grants and other resources, whose use is restricted, committed or assigned to a particular purpose.

Proprietary Funds The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise funds or internal service funds.

Enterprise Funds Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the Village's major enterprise funds:

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village, as well as specific geographic areas in Warren County and these funds are the secondary source used to maintain the infrastructure necessary for the delivery of those services.

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Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village as well as specific geographic areas in Warren County, and these funds are the secondary source used to maintain the infrastructure necessary for the delivery of those services.

Trash Fund The trash fund accounts for providing trash removal to its residents and commercial users located in the Village.

Water Capital Improvement Fund The water capital improvement fund accounts for the provision of water treatment and distribution to the residents and commercial users served by the Village, and these funds are the primary source used to maintain the infrastructure necessary for the delivery of those services.

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Village under a trust agreement for individuals, private organizations, or other governments and are not available to support the Village's own programs. The Village does not have any trust funds. Agency funds are purely custodial in nature and are used to account for assets held by the Village for individuals, other governments, or other organizations. The Village's agency fund accounts for monies collected and distributed for court fines and forfeitures.

Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Village Council may appropriate. The appropriations ordinance is Village Council's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by Village Council. The legal level of control has been established by Village Council at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Financial Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the

Village of Waynesville, Ohio
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budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Village Council during the year.

Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

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 negative receipts (contra revenue), respectively.

During 2012 and 2011, the Village invested in STAR Ohio. Investments are reported at cost, except for STAR Ohio. STAR Ohio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for on December 31, 2012 and 2011.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2012 and 2011 were \$2,295 and \$1,156, respectively.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. The Village does not have any restricted assets as of December 31, 2012 and 2011.

Inventory and Prepaid Items

The Village reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

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Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Interfund Receivables/Payables

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's cash basis of accounting.

Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

Net Position

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Village's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

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Restricted Fund balance is reported as 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.

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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.

Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in

Village of Waynesville, Ohio
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Notes to the Basic Financial Statements
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governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Change in Accounting Principle and Restatement of Net Position/Fund Equity

For 2012 and 2011, the Village implemented Governmental Accounting Standard Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”, GASB Statement No.62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements”, and GASB Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position.”

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the Village.

GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. This change was incorporated in the Village’s 2012 and 2011 financial statements; however, there was no effect on beginning net position/fund balance.

Prior year fund balance adjustments were noted as a result of prior year errors in the financial report as noted in the prior year schedule of findings. Changes are as follows:

	General	Street M&R	Police Levy	Street Levy	Other Governmental Funds	Total
Fund Balance at December 31, 2010	\$223,390	(\$46,647)	\$2,040	\$304,243	\$144,251	\$627,277
Change in Major Funds	\$0	\$46,647	\$0	\$0	(\$46,647)	0
Prior Year Errors	0	0	(5)	0	4,862	4,857
Adjusted Fund Balance at January 1, 2011	<u>\$223,390</u>	<u>\$0</u>	<u>\$2,035</u>	<u>\$304,243</u>	<u>\$102,466</u>	<u>\$632,134</u>

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	Water	Sewer	Trash	Water Capital	Sewer Capital	Other Enterprise Funds	Total
Fund Balance at December 31, 2010	\$491,292	\$1,044,816	\$50,489	\$112,036	\$132,675	\$164,008	\$1,995,316
Change in Major Funds	\$0	\$0	\$0	\$0	(\$132,675)	\$132,675	0
Prior Year Errors	0	0	1	1	0	(46,873)	(46,871)
Adjusted Fund Balance at January 1, 2011	<u>\$491,292</u>	<u>\$1,044,816</u>	<u>\$50,490</u>	<u>\$112,037</u>	<u>\$0</u>	<u>\$249,810</u>	<u>\$1,948,445</u>

Note 4 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund, street maintenance and repair fund (2012 only), police levy fund and street levy fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance. The encumbrances outstanding at 2012 year end (budgetary basis) amounted to \$48,873 for the general fund, \$3,392 for the street maintenance and repair fund, \$44,167 for the police levy fund, and \$2,973 for the street levy fund. The encumbrances outstanding at 2011 year end (budgetary basis) amounted to \$2,000 for the general fund and \$1,002 for the police levy fund.

Note 5 – Deposits and Investments

Monies held by the Village are classified by State statute into three categories.

Active deposits are public deposits determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

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1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At 2012 and 2011 year ends, \$3,844,305 and \$3,023,985, respectively of the Village's bank balance of \$4,094,305 and \$3,273,985, respectively were exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment

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of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2012, the Village had the following investments:

	Fair Value	Maturity
STAR Ohio	84,366	Average
Total Portfolio	\$84,366	

As of December 31, 2011, the Village had the following investments:

	Fair Value	Maturity
STAR Ohio	84,302	Average
Total Portfolio	\$84,302	

Investment Type	Investment Maturities (in Years)	
	Fair Value	Less than 1
2012		
STAR Ohio	84,366	84,366
2011		
STAR Ohio	84,302	84,302

Interest Rate Risk Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Village’s investment policy addresses interest rate risk by requiring the Village’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

Credit Risk STAR Ohio carries a rating of AAAM by Standard and Poor’s. The Village has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

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The Village has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee." All of the Villages securities are either insured and registered in the name of the Village or at least registered in the name of the village.

Concentration of Credit Risk Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Village's investment policy allows investments as outlined above. The Village's investment policy does not limit the amount it may invest in a single issuer. The Village has invested 100% in STAR Ohio.

Note 6 – Income Taxes

The Village began levying an income tax, effective July 1, 2010. The Village asked residents for a 1% earnings tax with 100% credit for amounts paid to another municipality. This issue was on the ballot November 3, 2009 and was defeated 68.84% against (690 votes) and 31.14% for (312 votes). Due to the necessity of a working Fiscal Emergency Recovery Plan, Council imposed the income tax for five years, starting July 1, 2010. A referendum was filed, and the issue was placed on the ballot May 3, 2010. The results were as follows:

FOR the income tax 425 votes (57.67%)
AGAINST the income tax 312 votes (42.33%)

Village Council contracted with Regional Income Tax Agency (RITA) for the collection of the income tax. RITA keeps a 3% administrative fee for the administration, collection, and customer service related to the Village's income tax. RITA collected \$392,204 and \$372,160 in income tax for the Village for 2012 and 2011, respectively.

Note 7 - Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2012 for real and public utility property taxes represents collections of 2011 taxes

2012 real property taxes are levied after October 1, 2012, on the assessed value as of January 1, 2012, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2012 real property taxes are collected in and intended to finance 2013.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2012 public utility property taxes which became a lien December 31, 2011, are levied after October 1, 2012, and are collected in 2013 with real property taxes.

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The full tax rate for all Village operations for the year ended December 31, 2012, was \$9.84 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2012 property tax receipts were based are as follows:

Real Property	\$53,400,000
Public Utility Personal Property	780,000
Total	\$54,180,000

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

Note 8 - Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2012 and 2011, the Village contracted with companies for various types of insurance as follows:

Type of Coverage	Coverage
Swartzel Affiliated Insurance Co.	
Commerical Property	\$9,361,963
General Liability	5,000,000
Commercial Crime	150,000
Inland Marine	159,700
Vehicle	5,000,000
Public Officials	5,000,000
Fidelity and Deposit	250,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there was no significant reduction in coverage from the prior year.

The Village pays the State Workers' Compensation System a premium based on a rate of \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

Note 9 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System (OPERS)

Ohio Public Employees Retirement System administers three separate pension plans as described below:

1. The Traditional Pension Plan - a cost sharing, multiple-employer defined benefit pension plan.
2. The Member-Directed Plan - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets

Village of Waynesville, Ohio
Warren County
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For the Years Ended December 31, 2012 and 2011

equal to the value of member and (vested) employer contributions plus any investment earnings.

3. The Combined Plan - a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

B. OPERS provides retirement, disability, survivor and death benefits and annual cost-of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.

C. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

D. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

E. The Ohio Revised Code provides statutory authority for member and employer contributions. For 2012 and 2011, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. The 2012 and 2011 member contribution rates were 10.0% for members in state and local classifications. For 2012 and 2011 public safety members, the contribution rates were 11.5% and 11.0%, respectively. For law enforcement members, the contribution rates were 12.1% and 11.6%, respectively. The 2012 and 2011 employer contribution rate for state and local employers was 14.00% of covered payroll. For both the law enforcement and public safety divisions, the employer contribution rate for 2012 and 2011 was 18.1%.

F. Total required employer contributions for all plans are equal to 100% of employer charges. The Village of Waynesville contributed \$57,546 in 2012 and \$62,961 in 2011. The full amount has been contributed for 2012, 2011, and 2010.

B. Ohio Police and Fire Pension Fund (OP&F)

A. OP&F provides access to post-retirement health care coverage for eligible persons who receive a monthly service, disability or survivor benefit check. If eligible, the plan subsidizes a spouse, survivor, child up to age 28 or incapacitated child for medical and prescription drugs. The health care coverage provided by the retirement system is considered an "Other Post Employment Benefit (OPEB)" as described in GASB Statement No. 12. The Ohio Revised Code provides that health care cost paid from the funds of OP&F shall be included in the employer's contribution rate. The total police employer contribution rate is 19.5% of the covered payroll and the total firefighter employer contribution rate is 24.0% of covered payroll.

B. The Ohio Revised Code provides the statutory authority allowing OP&F's Board of Trustees to offer health care coverage to all eligible individuals.

C. Health care funding and accounting is on a pay-as-you go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. In 2012 and 2011, the Board defined allocation was 6.75% of covered payroll. Since July 1, 1992, most retirees and survivors were required to

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contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

D. The following OPEB disclosures are required:

- 1) The number of participants eligible to receive health care benefits as of December 31, 2012 are 15,645 for police and 11,598 for firefighters.
- 2) The Village of Waynesville's required employer contributions that were paid to fund post-employment benefits is \$10,152.
- 3) OP&F's total health care expenses for the year ending December 31, 2012, the date of the last actuarial valuation available, was \$187,445,986, which was the net of member contributions of \$65,066,253.

Note 10 - Postemployment Benefits

A. Ohio Public Employees Retirement System

A. Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS provides retirement, disability, and survivor benefits as well as post-employment health care coverage to qualifying members of both the Traditional Pension and the Combined Plans.

Members of the Member-Directed Plan do not qualify for ancillary benefits, including postemployment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

B. The Ohio Revised Code provides the statutory authority regarding public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

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Employer contributions are expressed as a percentage of the covered payroll of active members. In 2012 and 2011, state and local employers contributed at a rate of 14.00% of covered payroll and public safety and law enforcement employers contributed at 18.10%. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00% of covered payroll for state and local employer units and 18.1% of covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB Plan.

OPERS Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members of the Traditional Plan was 4% for 2012 and 2011. The portion of employer contributions allocated to health care for members of the Combined Plan was 6.05% for 2012 and 2011. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of health care benefits provided, by the retiree or their surviving beneficiaries, Payment amounts vary depending on the number of covered dependents and the coverage selected.

C. The rates stated in Section B (above) are contractually required contribution rates for OPERS. The amount of Village employer contributions made to fund post-employment benefits is \$22,477.

D. OPERS Retirement Board Implements its Health Care Preservation Plan.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

Plan Description. The Village of Waynesville contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents. OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an "Other Post Employment Benefits (OPEB)" as described in GASB Statement 45.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible

Village of Waynesville, Ohio
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participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy. The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% and 24.00% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2012, the employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village of Waynesville's contributions to OP&F for the years ending December 31, 2012, 2011 and 2010 were \$29,341, \$23,333 and \$17,822, respectively, of which \$10,152, \$8,073 and \$6,166, respectively, was allocated to the health care plan.

Village of Waynesville, Ohio
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Notes to the Basic Financial Statements
For the Years Ended December 31, 2012 and 2011

Note 11 - Notes Payable

The changes in the Village's notes payable during 2011 were as follows:

	Outstanding 12/31/10	Issued	Retired	Outstanding 12/31/11
Governmental Activities				
2.00% Bond Anticipation Note-2010 Issue	\$316,000	\$0	\$316,000	\$0
<i>Total Notes Payable</i>	<u>316,000</u>	<u>0</u>	<u>316,000</u>	<u>0</u>

The Bond Anticipation Note was issued for the land where the Government Center is located. All note proceeds had been spent as of December 31, 2010. The bond anticipation note was paid from the general revenues collected by the Village.

Note 12 - Debt

The changes in the Village's long-term debt during 2012 were as follows:

	Amount Outstanding 12/31/11	Additions	Deletions	Amount Outstanding 12/31/12	Amounts Due in One Year
Governmental Activities					
General Obligation Bonds					
2004 Issue	\$1,184,000	\$0	\$319,000	\$865,000	\$10,000
Total Governmental Activities	<u>\$1,184,000</u>	<u>\$0</u>	<u>\$319,000</u>	<u>\$865,000</u>	<u>\$10,000</u>
Business-Type Activities					
OWDA Loan #2566	1,986,892	0	199,470	\$1,787,422	204,488
OWDA Loan #3235	344,584	0	15,816	\$328,768	16,846
OWDA Loan #3984	162,327	0	5,979	\$156,348	6,282
OPWC Loan #CJ08B	184,280	0	21,680	\$162,600	21,680
Total Business-Type Activities	<u>\$2,678,083</u>	<u>\$0</u>	<u>\$242,945</u>	<u>\$2,435,138</u>	<u>\$249,296</u>

Village of Waynesville, Ohio
Warren County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2012 and 2011

The changes in the Village's long-term debt during 2011 were as follows:

	Amount Outstanding 12/31/10	Additions	Deletions	Amount Outstanding 12/31/11
Governmental Activities				
General Obligation Bonds				
2004 Issue	\$1,200,000	\$0	\$16,000	\$1,184,000
Total Governmental Activities	<u>\$1,200,000</u>	<u>\$0</u>	<u>\$16,000</u>	<u>\$1,184,000</u>
Business-Type Activities				
OWDA Loan #2566	2,181,467	0	194,575	\$1,986,892
OWDA Loan #3235	359,433	0	14,849	\$344,584
OWDA Loan #3984	168,017	0	5,690	\$162,327
OPWC Loan #CJ08B	205,960	0	21,680	\$184,280
Total Business-Type Activities	<u>\$2,914,877</u>	<u>\$0</u>	<u>\$236,794</u>	<u>\$2,678,083</u>

The general obligation bonds are supported by the full faith and credit of the Village and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments. 60% of the payments toward the general obligation bond are made from governmental funds while the business-type funds account for the remaining 40%. During 2012, an additional \$300,000 was paid toward the general obligation bond and this payment was made from the general fund.

The Ohio Water Development (OWDA) Loan #2566 relates to wastewater treatment plant improvements required to maintain the system. The loan will be repaid in semiannual installments of \$123,952, including interest over 20 years. The loan is secured by sewer receipts and sewer capital improvement receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development (OWDA) Loan #3235 relates to an elevated storage tank for retaining water. The loan will be repaid in semiannual installments of \$18,827, including interest over 20 years. The loan is secured by water tower receipts and tap-in fees. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development (OWDA) Loan #3984 relates to well field improvement. The loan will be repaid in semiannual installments of \$7,019, including interest over 20 years. The loan is secured by water receipts and water capital improvement receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) Loan #CJ08B relates to wastewater treatment plant improvements required to maintain the system. The loan will be repaid by semiannual payments of \$10,840 over 20 years. The loan is secured by sewer receipts and sewer capital improvement receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

Village of Waynesville, Ohio
Warren County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2012 and 2011

The following is a summary of the Village's future annual debt service requirements:

Year	G.O. Bonds		OWDA Loans		OPWC Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$10,000	\$22,923	\$227,617	\$71,979	\$21,680	\$0
2014	23,000	45,024	234,176	65,419	21,680	0
2015	26,000	43,752	240,954	58,642	21,680	0
2016	29,000	42,347	247,956	51,639	21,680	0
2017	33,000	40,757	255,194	44,402	21,680	0
2018-2022	228,000	172,436	888,275	113,895	54,200	0
2023-2027	358,000	97,176	158,321	24,830	0	0
2028-2029	158,000	9,567	20,044	1,012	0	0
Total	\$865,000	\$473,982	\$2,272,537	\$431,818	\$162,600	\$0

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation.

Note 13 – Leases

The Village leases buildings, vehicles and other equipment under noncancelable leases. The Village disbursed \$5,145 in 2011 to pay the final payments on the Ricoh copier lease.

Village of Waynesville, Ohio
Warren County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2012 and 2011

Note 14 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

For 2012:

Fund Balances	General Fund	Street Maintenance & Repair Fund	Police Levy Fund	Street Levy Fund	Other Governmental Funds	Total
Restricted for						
Road Maintenance and Improvements	0	97,568	0	250,040	95,201	442,809
Police Operations	0	0	185,685	0	0	185,685
Drug & Alcohol Ed. And Enforcement	0	0	0	0	8,998	8,998
Other Purposes	0	0	0	0	76,648	76,648
<i>Total Restricted</i>	<u>0</u>	<u>97,568</u>	<u>185,685</u>	<u>250,040</u>	<u>180,847</u>	<u>714,140</u>
Assigned to						
Other Purposes	48,873	0	0	0	0	48,873
<i>Total Assigned</i>	<u>48,873</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>48,873</u>
Unassigned (deficits):	343,567	0	0	0	0	343,567
<i>Total Fund Balances</i>	<u>\$392,440</u>	<u>\$97,568</u>	<u>\$185,685</u>	<u>\$250,040</u>	<u>\$180,847</u>	<u>\$1,106,580</u>

For 2011:

Fund Balances	General Fund	Police Levy Fund	Street Levy Fund	Other Governmental Funds	Total
Restricted for					
Road Maintenance and Improvements	0	0	339,209	102,713	441,922
Police Operations	0	126,968	0	0	126,968
Drug & Alcohol Ed. And Enforcement	0	0	0	13,335	13,335
Other Purposes	0	0	0	59,812	59,812
<i>Total Restricted</i>	<u>0</u>	<u>126,968</u>	<u>339,209</u>	<u>175,860</u>	<u>642,037</u>
Assigned to					
Other Purposes	2,000	0	0	0	2,000
<i>Total Assigned</i>	<u>2,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,000</u>
Unassigned (deficits):	246,161	0	0	0	246,161
<i>Total Fund Balances</i>	<u>\$248,161</u>	<u>\$126,968</u>	<u>\$339,209</u>	<u>\$175,860</u>	<u>\$890,198</u>

Village of Waynesville, Ohio
Warren County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2012 and 2011

Note 15 – Public Entity Risk Pool

The Government 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 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 765 members as of December 31, 2012 and 2011 respectively.

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 retained earnings at December 31, 2012 and 2011.

	<u>2012</u>	<u>2011</u>
Assets	\$13,100,381	\$12,501,280
Liabilities	(6,687,193)	(5,328,761)
Members' Equity	<u>\$6,413,188</u>	<u>\$7,172,519</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Village of Waynesville, Ohio
Warren County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2012 and 2011

Note 16 – Going Concern

The Village began experiencing financial difficulties and requested assistance from the Auditor of State. Upon further review of the Village's records, the Village was placed in fiscal emergency by the Auditor of State on April 15, 2008.

These negative cash fund balances were covered primarily by the cash balance in the Enterprise Funds.

The Village had 120 days after going into fiscal emergency to have a plan submitted to the Auditor of State, Local Government Services Division (LGS). The recovery plan was approved by Village council on November 17, 2008, and then the Fiscal Emergency Recovery Commission approved the plan on November 20, 2008. Since that time, Village officials have been following the plan.

The Village passed replacement levies for the police and street levies in November 2008.

At the end of fiscal year 2011, all funds had emerged from deficit fund balances.

As of the date of this report, all funds have a positive balance.

For more information, refer to the Recovery Plan (Ordinance 2012-048).



Balestra, Harr & Scherer, CPAs, Inc.

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Village of Waynesville
Warren County
1400 Lytle Rd.
Waynesville, Ohio 45068

To the Members of 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Waynesville, Warren County, (the Village) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated January 17, 2014, wherein we noted that the Village uses a comprehensive accounting basis other than generally accepted accounting principles and the Village adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. We also noted that the Village was declared to be in fiscal emergency beginning on April 15, 2008 and continues to be through the date of this report.

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 findings and questioned costs 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. We consider finding 2012-001 described in the accompanying schedule of findings and questioned costs to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2012-002 described in the accompanying schedule of findings and questioned costs to be a significant deficiency.

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 other matters we must report under *Government Auditing Standards*.

Entity's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Village's responses and, accordingly, we express no opinion on them.

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.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
Piketon, Ohio
January 17, 2014

**Village of Waynesville
Warren County, Ohio**

**Schedule of Findings and Questioned Costs
For the Years Ended December 31, 2012 and 2011**

FINDING NUMBER 2012-001

MATERIAL WEAKNESS

Sound financial reporting is the responsibility of the Finance Director and Village Council and is essential to ensure information provided to readers of the financial statements is accurate and complete.

Material and immaterial misstatements were identified during the course of the audit which have not been prevented or detected by the Village's internal controls over financial reporting. Misstatements were identified in the following areas:

- Income Tax Receipts
- Property Tax Receipts
- Intergovernmental Receipts
- Fines, Licenses and Permits Receipts
- Miscellaneous Receipts
- General Government Disbursements
- Capital Outlay
- Principal and Interest Disbursements
- Program Cash Receipts and General Receipts
- Net Position Classifications
- Fund Balance Classifications
- Restatement of 2011 Beginning Balances
- Adjustments to Original and Final Estimated Receipts and Appropriations of the Budget versus Actual Statements

Misstatements have been posted to the financial statements. Adjustments have been made to the Village's accounting system.

Furthermore, the Financial Statements and Notes for both 2012 and 2011 contained significant errors as presented for audit. The Village failed to properly implement new accounting standards in both the financial statements and notes. Audit changes to the Financial Report have been made as approved by the Village.

To ensure the Village's financial statements and notes to the financial statements are accurate and complete, we recommend the Village review the prepared financial report or hire someone knowledgeable of the financial reporting process and accounting standards to assist in the preparation and/or review of the financial report. We further recommend the Village posts financial activity in accordance with the Village Officer's Handbook.

Officials Response:

This will be corrected with the 2013 financials. A CPA firm will be hired to prepare the financial statements and notes in the proper format and file within the current established deadline.

**Village of Waynesville
Warren County, Ohio**

**Schedule of Findings and Questioned Costs
For the Years Ended December 31, 2012 and 2011**

FINDING NUMBER 2012-002

SIGNIFICANT DEFICIENCY/ QUESTIONED COST

There was a lack of internal control over payroll which enabled the Finance Director, Brandon Whitaker, to remove retirement withholdings from his pay and pay his retirement contributions with the Village's funds. The Finance Manager was the only individual in 2011 and 2012 performing the payroll process with little to no oversight.

As a result of the lack of control, the Village paid \$461.52 in 2012 of Brandon Whitaker's employee share of retirement contributions with additional amount of \$923.04 paid in 2013.

The Village should have controls established where an individual, who does not perform the payroll process, review payroll records to ensure that payroll is processed correctly and that there are no indications of fraud.

Therefore, we recommend that the Village establishes a procedural control where the payroll is reviewed by another individual to ensure that the payroll processed is accurate and that there are no issues with potential fraudulent activity.

Officials Response:

Currently there are two people trained in the payroll software function. The person not performing the actual input of hours will review that input and initial the timesheet. This will establish a check for payroll input. The second person will also review changes to payroll (raises, retroactive pay, payouts of vacation at termination) when performed.

VILAGE OF WAYNESVILLE
WARREN COUNTY, OHIO

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2010-001	Finding for Recovery- \$1,152 against Doug Furnas	No	Has not been repaid
2010-002	Material Weakness- Audit adjustments	No	Reissued as item 2012-001
2010-003	ORC Section 118.13 and ORC Section 5705.36(A)(4) relating to appropriations exceeding actual resources.	Yes	
2010-004	ORC Section 118.13 and ORC Section 5705.39 relating to appropriations exceeding estimated resources.	Yes	
2010-005	Material Weakness- Financial Statement Preparation	No	Reissued as part of finding 2012-001
2010-006	Material Weakness- Presentation and Disclosure and Budget versus Actual Statements	No	Reissued as part of finding 2012-001



Dave Yost • Auditor of State

VILLAGE OF WAYNESVILLE

WARREN 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
NOVEMBER 13, 2014**