



**VILLAGE OF WAYNE LAKES  
DARKE COUNTY  
Regular Audit  
For the Years Ended December 31, 2018 and 2017**

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Marietta, OH 45750  
740 373 0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304 422 2203

150 W. Main St., #A  
St. Clairsville, OH 43950  
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Members of Council  
Village of Wayne Lakes  
100 Community Drive  
Greenville, Ohio 45331

We have reviewed the *Independent Auditor's Report* of the Village of Wayne Lakes, Darke County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2017 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

October 1, 2019

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VILLAGE OF WAYNE LAKES  
DARKE COUNTY

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## INDEPENDENT AUDITOR'S REPORT

July 31, 2019

Village of Wayne Lakes  
Darke County  
100 Community Drive  
Greenville, Ohio 45331

To the Village Council:

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

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the **Village of Wayne Lakes**, Darke County, (the Village) as of and for the years ended December 31, 2018 and 2017.

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

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

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

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such 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.

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

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

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2018 and 2017, and the respective changes in financial position thereof for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Wayne Lakes, Darke County, as of December 31, 2018 and 2017, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2019, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



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



**VILLAGE OF WAYNE LAKES  
DARKE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 75,367	\$ 21,542	\$ -	\$ -	\$ 96,909
Intergovernmental	37,054	38,906	-	-	75,960
Charges for Services	8,052	5	-	-	8,057
Fines, Licenses and Permits	7,469	-	-	-	7,469
Earnings on Investments	-	2	-	-	2
Miscellaneous	6,819	170	-	-	6,989
<i>Total Cash Receipts</i>	<u>134,761</u>	<u>60,625</u>	<u>-</u>	<u>-</u>	<u>195,386</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	5,519	-	-	-	5,519
Leisure Time Activities	16,847	-	-	-	16,847
Basic Utility Services	8,791	-	-	-	8,791
Transportation	-	6,120	-	-	6,120
General Government	50,046	-	-	-	50,046
Debt Service:					
Principal Retirement	14,705	8,994	-	-	23,699
Interest and Fiscal Charges	3,728	-	-	-	3,728
<i>Total Cash Disbursements</i>	<u>99,636</u>	<u>15,114</u>	<u>-</u>	<u>-</u>	<u>114,750</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>35,125</u>	<u>45,511</u>	<u>-</u>	<u>-</u>	<u>80,636</u>
<b>Other Financing Receipts (Disbursements)</b>					
Transfers In	-	-	11,805	-	11,805
Transfers Out	(11,805)	-	-	-	(11,805)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(11,805)</u>	<u>-</u>	<u>11,805</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	23,320	45,511	11,805	-	80,636
<i>Fund Cash Balances, January 1</i>	<u>(6,893)</u>	<u>99,846</u>	<u>(11,805)</u>	<u>59</u>	<u>81,207</u>
<b>Fund Cash Balances, December 31</b>					
Restricted	-	145,357	-	59	145,416
Unassigned	16,427	-	-	-	16,427
<i>Fund Cash Balances, December 31</i>	<u>\$ 16,427</u>	<u>\$ 145,357</u>	<u>\$ -</u>	<u>\$ 59</u>	<u>\$ 161,843</u>

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

**Village of Wayne Lakes, Ohio**  
*Darke County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 1 - Reporting Entity**

The Village of Wayne Lakes (the Village), Darke County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, street construction and maintenance, and park operations (leisure time activities). The Village contracts with the Darke County Sheriff's department to provide security of persons and property.

***Public Entity Risk Pool***

The Village participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

***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 below:

***General Fund*** 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.

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

***Highway Fund*** This fund receives gasoline tax and motor vehicle tax for constructing, maintaining and repairing that portion of State Highway 121 that is within the limits of the Village.

***Bridge/Road Levy Fund*** This fund receives real estate tax money from a voted on tax levy to provide funds for the constructing, maintaining and repairing of Village roads and bridges.

***Streets and Road Maintenance Fund*** This fund receives gasoline tax and motor vehicle tax for constructing, maintaining and repairing roads within the Village.

***Debt Service Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village has a significant Bond Retirement Fund that receives property taxes for a recreational site acquisition and improvement bond levy.

**Village of Wayne Lakes, Ohio**  
*Darke County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

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

**Beach Concession Stand Remodeling Fund** A small balance of this project was carried over on this completed project.

**Engineering Sewer Study Fund** Currently under contract with Access Engineering for this study and to seek grants for the funding. This project is not expected to start until late 2019 or early 2020.

**Basis of Accounting**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

**Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

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

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

**Encumbrances** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2018 budgetary activity appears in Note 4.

**Capital Assets**

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

**Village of Wayne Lakes, Ohio**  
*Darke County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Fund Balance***

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

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

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

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

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

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

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

**Note 3 - Compliance**

Contrary to Ohio law, appropriations exceeded estimated resources in the General Fund for the year ended December 31, 2018.

**Village of Wayne Lakes, Ohio**  
*Darke County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 4 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 142,004	\$ 134,761	\$ (7,243)
Special Revenue	41,573	60,625	19,052
Debt Service	11,805	11,805	-
Capital Projects	35,000	-	(35,000)
Total	\$ 230,382	\$ 207,191	\$ (23,191)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 141,859	\$ 111,441	\$ 30,418
Special Revenue	128,694	15,114	113,580
Capital Projects	59	-	59
Total	\$ 270,612	\$ 126,555	\$ 144,057

**Note 5 – Deposits**

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

	2018
Demand deposits	\$ 161,843
Total deposits	\$ 161,843

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation.

**Note 6 – Taxes**

**Property Taxes**

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

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

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

**Village of Wayne Lakes, Ohio**  
*Darke County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 7 - Risk Management**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017.

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017. (The latest information available)

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</u>

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

**Note 8 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

**Village of Wayne Lakes, Ohio**  
*Darke County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 8 - Defined Benefit Pension Plans (Continued)**

***Social Security***

In 2018, the elected Mayor contributed to Social Security instead of OPERS. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employee contributed 6.2% of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

**Note 9 - Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018.

**Note 10 – Debt**

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
Mower Loan	\$ 544	3.50%
Ohio Public Works Commission Loan	184,385	0.00%
Concession Stand Bond	7,377	3.50%
General Fund Loan	49,413	6.00%
Total	\$ 241,719	

The Village entered into a loan agreement on April 25, 2015 with Second National Bank for the purchase of a John Deere Mower. The principal loan amount was \$6,298 at 3.50%. Monthly payments are \$141, and the loan is scheduled to be paid off April 25, 2019.

The Village entered into a loan agreement on November 26, 2008 with Ohio Public Works Commission (OPWC) for Bridge Replacement. The principle loan amount was for \$269,832. This is a zero-interest loan that will be paid off on January 1, 2039. Payments are \$4,497 semi-annually.

The Village entered into a loan agreement on December 16, 2016 with Second National Bank for the remodeling and updating of the Beach Concession Stand. The principal loan amount was \$11,865 at 3.50%. Monthly payments are \$216, and the loan is scheduled to be paid off January 1, 2022.

The Village entered into a loan agreement on December 23, 2017 with Second National Bank for the purpose of (1) refunding a portion of the Village General Obligation Bonds (Limited Tax), Series 1999A dates as of April 1, 1999 and (2) improving recreational facilities including concession stand and restroom improvements and renovations. The principal loan amount was \$60,000 at 6%. Monthly payments of \$1,160.03 for 47 months (January 1, 2022).

**Village of Wayne Lakes, Ohio**  
*Darke County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 10 – Debt (Continued)**

**Amortization**

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

Year Ending December 31:	Mower Loan	OPWC Loan	Concession Stand Bond	General Fund Loan	Total
2019	\$ 563	\$ 8,994	\$ 2,594	\$ 13,920	\$ 26,071
2020	-	8,994	2,594	13,920	25,508
2021	-	8,994	2,594	13,920	25,508
2022	-	8,994	216	13,920	23,130
2023	-	8,994	-	-	8,994
2024-2028	-	44,972	-	-	44,972
2029-2033	-	44,972	-	-	44,972
2034-2038	-	44,972	-	-	44,972
2039-2043	-	4,499	-	-	4,499
Total	<u>\$ 563</u>	<u>\$ 184,385</u>	<u>\$ 7,998</u>	<u>\$ 55,680</u>	<u>\$ 184,948</u>

**Note 11 – Financial Difficulties and Management’s Plan Regarding Difficulties**

Due to the audit findings through the 2016-15 State Audit, adjustments had to be made which were a direct result of transactions being improperly posted through 2016 leaving the General Fund with a negative balance. The negative balance (\$11,805) was adjusted into a Debt Service Fund. Due to the financial difficulties, the Beach did not open in 2018. Also, by limiting expenses needed for maintaining the lakes, parks, etc. (and relying on volunteers); the Village was able to pay off the Debt Service negative balance having enough funds in the General Fund to make this transfer happen. This still left a positive balance of \$16,427 in the General Fund at the end of December 31, 2018.

At the beginning of 2018, the Village still owed the Ohio State Treasurer for the 2013-14 audit and was able to pay this audit balance of \$5,310 by the end of December 2018. The Village is now left with the \$14,617 balance due for the 2016-15 audit and is also facing the cost of the 2018-17 audit scheduled in 2019 (with an estimated cost of \$9,000). This leaves a debt challenge of \$23,617 to be paid in 2019.

While the Village is in a positive cash balance position, a large portion of the cash is in the Special Revenue Funds. The use of these funds are limited either by statute or by levy ballot language and therefore, the Village is not permitted to use these monies for General Fund expenditures.

**Note 12 – Contingent Liabilities**

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



**Village of Wayne Lakes, Ohio**  
*Darke County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 13 – Subsequent Events**

***Income Taxes***

Effective January 1, 2019 the Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside the Village.

In 2019 the employers within the Village are to withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers will pay estimated taxes quarterly and file a declaration annually.

**VILLAGE OF WAYNE LAKES  
DARKE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 60,899	\$ 17,765	\$ 16,032	\$ -	\$ 94,696
Intergovernmental	38,442	42,589	3,229	21,200	105,460
Charges for Services	30,761	-	-	-	30,761
Fines, Licenses and Permits	7,541	-	-	-	7,541
Miscellaneous	556	-	-	-	556
<i>Total Cash Receipts</i>	<u>138,199</u>	<u>60,354</u>	<u>19,261</u>	<u>21,200</u>	<u>239,014</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	5,951	-	-	-	5,951
Public Health Services	-	-	3,178	-	3,178
Leisure Time Activities	53,937	-	-	-	53,937
Community Environment	685	-	-	57,037	57,722
Basic Utility Services	14,259	-	-	-	14,259
Transportation	-	12,467	-	-	12,467
General Government	51,719	2,174	2,139	-	56,032
Capital Outlay	5,902	-	-	-	5,902
Debt Service:					
Principal Retirement	3,591	15,847	30,000	-	49,438
Interest and Fiscal Charges	497	101	780	-	1,378
<i>Total Cash Disbursements</i>	<u>136,541</u>	<u>30,589</u>	<u>36,097</u>	<u>57,037</u>	<u>260,264</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,658</u>	<u>29,765</u>	<u>(16,836)</u>	<u>(35,837)</u>	<u>(21,250)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Proceeds of Bonds	60,000	-	-	-	60,000
Transfers In	-	-	38,195	24,200	62,395
Transfers Out	(62,395)	-	-	-	(62,395)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(2,395)</u>	<u>-</u>	<u>38,195</u>	<u>24,200</u>	<u>60,000</u>
<i>Net Change in Fund Cash Balances</i>	(737)	29,765	21,359	(11,637)	38,750
<i>Fund Cash Balances, January 1 (Restated, See Note 13)</i>	<u>(6,156)</u>	<u>70,081</u>	<u>(33,164)</u>	<u>11,696</u>	<u>42,457</u>
<b>Fund Cash Balances, December 31</b>					
Restricted	-	99,846	-	59	99,905
Unassigned (Deficit)	(6,893)	-	(11,805)	-	(18,698)
<i>Fund Cash Balances, December 31</i>	<u>\$ (6,893)</u>	<u>\$ 99,846</u>	<u>(11,805)</u>	<u>\$ 59</u>	<u>\$ 81,207</u>

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

**Village of Wayne Lakes, Ohio**  
*Darke County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 1 - Reporting Entity**

The Village of Wayne Lakes (the Village), Darke County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, street construction and maintenance, and park operations (leisure time activities). The Village contracts with the Darke County Sheriff's department to provide security of persons and property.

***Public Entity Risk Pool***

The Village participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

***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 below:

***General Fund*** 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.

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

***Highway Fund*** This fund receives gasoline tax and motor vehicle tax for constructing, maintaining and repairing that portion of State Highway 121 that is within the limits of the Village.

***Bridge/Road Levy Fund*** This fund receives real estate tax money from a voted on tax levy to provide funds for the constructing, maintaining and repairing of Village roads and bridges.

***Road Maintenance Fund*** This fund receives gasoline tax and motor vehicle tax for constructing, maintaining and repairing roads within the Village.

***Debt Service Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village has a significant Bond Retirement Fund that receives property taxes for a recreational site acquisition and improvement bond levy.

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The current Capital Project Fund was created for the purpose of recording transactions in connection with the Beach concession stand remodeling.

**Village of Wayne Lakes, Ohio**  
*Darke County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund be budgeted annually.

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

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

***Encumbrances*** The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2017 budgetary activity appears in Note 4.

***Capital Assets***

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

**Village of Wayne Lakes, Ohio**  
*Darke County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Fund Balance***

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

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

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

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

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

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

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

**Note 3 - Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund, Road and Bridge Levy, Debt Service, and Other Capital Projects Funds for the year ended December 31, 2017. Also contrary to Ohio Law, appropriations exceeded estimated resources in the Debt Service and Other Capital Projects Funds.

**Village of Wayne Lakes, Ohio**  
*Darke County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 4 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 209,715	\$ 198,199	\$ (11,516)
Special Revenue	106,826	60,354	(46,472)
Debt Service	11,439	57,456	46,017
Capital Projects	47,696	45,400	(2,296)
Total	\$ 375,676	\$ 361,409	\$ (14,267)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 173,140	\$ 198,936	\$ (25,796)
Special Revenue	29,450	30,589	(1,139)
Debt Service	33,000	36,097	(3,097)
Capital Projects	56,000	57,037	(1,037)
Total	\$ 291,590	\$ 322,659	\$ (31,069)

**Note 5 – Deposits**

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

	2017
Demand deposits	\$ 81,947
Total deposits	\$ 81,947

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation.

**Note 6 – Taxes**

**Property Taxes**

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

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

**Village of Wayne Lakes, Ohio**  
*Darke County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 7 - Risk Management**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017.

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017.

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</u>

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

**Note 8 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

**Village of Wayne Lakes, Ohio**  
*Darke County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 9 - Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017.

**Note 10 – Debt**

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
Mower Loan	\$ 2,182	3.50%
Ohio Public Works Commission Loan	193,380	0.00%
Concession Stand Bond	9,856	3.50%
General Fund Loan	60,000	6.00%
Total	\$ 265,418	

The Village entered into an agreement on April 1, 1999 for General Obligation Bonds 1999 A & B were issued to retire the Final Judgment Bonds and General Obligation Bonds. Those bonds were originally issued to pay for a recreational site acquisition and improvement. The loan principal was repaid during the audit period. However, it was noted that the prior audit balance of the loan was incorrect. The prior audit balance should have been \$30,000 instead of \$20,980.

The Village entered into an agreement in September 2012 with Second National Bank for the lease-to-own agreement for five years for a truck and plow. The principal loan amount was \$42,181 at 3.5%. The loan principal was repaid during the audit period. However, it was noted that the prior audit balance of the loan was incorrect. The prior audit balance should have been \$6,853 instead of \$6,763.

The Village entered into a loan agreement on April 25, 2015 with Second National Bank for the purchase of a John Deere Mower. The principal loan amount was \$6,298 at 3.50%. Monthly payments are \$141, and the loan is scheduled to be paid off April 25, 2019.

The Village entered into a loan agreement on November 26, 2008 with Ohio Public Works Commission (OPWC) for Bridge Replacement. The principle loan amount was for \$269,832. This is a zero-interest loan that will be paid off on January 1, 2039. Payments are \$4,497 semi-annually.

The Village entered into a loan agreement on December 16, 2016 with Second National Bank for the remodeling and updating of the Beach Concession Stand. The principal loan amount was \$11,865 at 3.50%. Monthly payments are \$216, and the loan is scheduled to be paid off January 1, 2022.

The Village entered into a loan agreement on December 23, 2017 with Second National Bank for the purpose of (1) refunding a portion of the Village General Obligation Bonds (Limited Tax), Series 1999A dates as of April 1, 1999 and (2) improving recreational facilities including concession stand and restroom improvements and renovations. The principal loan amount was \$60,000 at 6%. Monthly payments of \$1,160.03 for 47 months (January 1, 2022).



**Village of Wayne Lakes, Ohio**  
*Darke County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 10 – Debt (Continued)**

**Amortization**

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

Year Ending December 31:	Mower Loan	OPWC Loan	Concession Stand Bond	General Fund Loan	Total
2018	\$ 1,690	\$ 8,994	\$ 2,594	\$ 13,920	\$ 10,684
2019	563	8,994	2,594	13,920	26,071
2020	-	8,994	2,594	13,920	25,508
2021	-	8,994	2,594	13,920	25,508
2022	-	8,994	216	13,920	23,130
2023-2027	-	44,972	-	-	44,972
2028-2032	-	44,972	-	-	44,972
2033-2037	-	44,972	-	-	44,972
2038-2042	-	13,494	-	-	13,494
Total	<u>\$ 2,253</u>	<u>\$ 193,380</u>	<u>\$ 10,592</u>	<u>\$ 69,600</u>	<u>\$ 195,633</u>

**Note 11 – Related Party Transactions**

During 2017, the Village paid Michael Bland Plumbing, Heating and Air Conditioning \$3,542.28 for general maintenance performed for the Village, as well as for remodeling work completed at the beach concession stand. Michael Bland is a member of the Village Council.

**Note 12 – Contingent Liabilities**

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

**Note 13 – Prior Period Restatement**

The following adjustments are reflected in the January 1, 2017 fund balances:

December 31, 2016 audited balances	General Fund <u>\$ (5,416)</u>
Adjustments made to correct errors identified during conversion process from QuickBooks to UAN in June 2018, but related to activity prior to January 1, 2017.	<u>(740)</u>
January 1, 2017 balances	<u>\$ (6,156)</u>

The Village made adjustments to accurately report beginning fund balance.

**Note 14 – Financial Difficulties and Management’s Plan Regarding Difficulties**

Due to the audit findings through the 2016-15 State Audit, adjustments had to be made which were a direct result of transactions being improperly posted through 2016 leaving the General and Debt Service Funds with negative balances of \$6,893 and \$11,805, respectively at December 31, 2017. While the Village is in a positive cash balance position, a large portion of the cash is in the Special Revenue Funds. The use of these funds are limited either by statute or by levy ballot language and therefore, the Village is not permitted to use these monies for General Fund expenditures.

**Village of Wayne Lakes, Ohio**  
*Darke County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 14 – Financial Difficulties and Management’s Plan Regarding Difficulties (Continued)**

The Village will be converting to UAN accounting system in 2018 in order to maintain more accurate records for financial purposes. Management will look for additional ways to raise revenues through grants and cut costs in order to eliminate negative fund balances.

**Note 15 – Subsequent Events**

***Income Taxes***

Effective January 1, 2019 the Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside the Village.

In 2019 the employers within the Village are to withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers will pay estimated taxes quarterly and file a declaration annually.



Certified Public Accountants, A.C.

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

July 31, 2019

Village of Wayne Lakes  
Darke County  
100 Community Drive  
Greenville, Ohio 45331

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements by fund type of the **Village of Wayne Lakes**, Darke County (the Village) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated July 31, 2019, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**Internal Control Over Financial Reporting**

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

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 combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider material weaknesses. We consider findings 2018-001 and 2018-002 to be material weaknesses.

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### **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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as item 2018-002.

### **Council's Response to Findings**

The Council's responses to the findings identified in our audit are described in the accompanying schedule of audit findings. We did not subject the Council's responses to the auditing procedures applied in the audit of the financial statements 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.



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

**VILLAGE OF WAYNE LAKES  
DARKE COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

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

**FINDING NUMBER 2018-001**

**Material Weakness**

**Recording of Financial Activity**

The Village should have controls and/or procedures in place to help prevent and detect errors in financial Reporting. Receipts and disbursements should be posted to the fund and line item accounts as established by Ohio Administrative Code. Fund balances should be properly classified based on Governmental Accounting Standards Statement No. 54.

During 2018 and 2017, receipts, disbursements and fund balances were not always posted or classified correctly. The following errors were noted:

- In 2017, the beginning fund balances were not presented for any funds on the Village's Annual Financial Report filed on the Hinkle System.
- In 2017, the special revenue fund balances were recorded as Unassigned instead of Restricted.
- In 2017, debt proceeds were recorded as transfers in, in the General Fund.
- In 2017, transfers out were recorded as other financing uses in the General Fund.
- In 2017, intergovernmental revenue was recorded as advances in, in the Other Capital Projects Fund.
- In 2017, financial statement activity was not recorded on the annual financial report which was filed on the Hinkle System.
- In 2018, beginning fund balances were not properly carried over from the prior year.
- In 2018, transfers in were not properly recorded to the debt service fund.
- In 2018 and 2017, the footnote disclosures required adjustments.

Not posting receipts and disbursements or classifying fund balances accurately resulted in the financial statements requiring reclassifications and adjustments. The financial statements reflect all reclassifications and adjustments. The Village has posted all adjustments to its accounting system.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to Ohio Administrative Code and/or the Ohio Village Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements. The Fiscal Officer should refer to Auditor of State Technical Bulletin 2011-004 for assistance in properly classifying fund balances.

**Management's Response** – I understand and acknowledge the material weaknesses as presented. The inexperience of the personnel and management not being aware of government standards, as well as management turnover at that time, certainly contributed to the occurrence of these weaknesses. Due to my years of experience, I have followed the correct procedures since I was appointed in July 2018. With the transition to UAN in 2018, I feel the Village is positioned appropriately for future audits.

**VILLAGE OF WAYNE LAKES  
DARKE COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2018-002**

**Material Weakness/Noncompliance**

**Budgetary Controls**

The budget is an instrument of public policy: A governing board expresses its desires for using a government's limited resources through its appropriations. Ohio Rev. Code Section 5705 deals with a variety of budgetary requirements that all subdivisions must comply with in order to ensure fiscal responsibility.

In performing the audit we noted several violations of budgetary law which, although they do not in and of themselves, result in errors in financial reporting, may lead to the Village making financial decisions based on incorrect or incomplete information. We noted the following:

- Violations of 5705.41(B) stating no subdivision is to expend money unless it has been appropriated (expenditures exceeded appropriations).
- Ohio Rev. Code § 5705.10(I) states that money paid into any fund shall be used only for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another fund. Contrary to Ohio law, the General Fund and the Debt Service Fund had negative fund balances of \$6,153 and \$11,805 in 2017.
- Violations of 5705.39 indicating appropriations cannot exceed estimated resources.
- Additionally, the amounts entered into the accounting system as estimated receipts and appropriations for 2018 and 2017 were not monitored and updated by the fiscal officer and therefore did not agree to the Certificate and Permanent Appropriations.

In addition, The Village did not have a control procedure in place to ensure that appropriations and estimated receipts, as authorized by the Village Council and approved by the County Budget Commission, were reconciled to the appropriations and estimated receipts posted to the accounting system.

This resulted in incorrect amounts posted to the accounting system and information available to Village officials to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate. We recommend the Village implement procedures to ensure appropriations and estimated receipts are accurately posted to the accounting system and reconciled to the amounts approved by the budget commission after each amendment.

Council does not monitor for budgetary compliance. Although Council approves budgets for revenue and expenses and receives monthly reports of budget and actual information, it does not ensure budgetary forms are properly completed, submitted to the County Budget Commission timely or that transfers are done in compliance with laws and regulations.

VILLAGE OF WAYNE LAKES  
DARKE COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017  
(Continued)

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

FINDING NUMBER 2018-002 (Continued)

**Material Weakness/Noncompliance (Continued)**

**Budgetary Controls (Continued)**

Council should review the requirements of ORC section 5705 to be familiar with these laws and to make sure the Village is complying with applicable sections. We recommend the Village establish a procedure that ensures budgetary forms are submitted to the County accurately and timely. This could include a checklist of forms and due dates. Steps should be taken to make sure amounts are encumbered (purchase orders are used and assigned to each purchase prior to ordering), certifications of available funds are done by the Fiscal Officer prior to purchasing and unencumbered balances are tracked for each line item.

**Management's Response** – I understand and acknowledge the material weaknesses as presented. Due to my years of experience, I have followed the correct procedures since I was appointed in July 2018. With the transition to UAN in 2018, I feel the Village is positioned appropriately for future audits.

**VILLAGE OF WAYNE LAKES  
DARKE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

Finding Number	Finding Summary	Status	Additional Information
2016-001	Unsupported Expenditures	Corrected	
2016-002	Financial Statement Misstatements	Partially Corrected	Repeated as part of Finding number 2018-001
2016-003	Appropriations Exceeding Estimated Resources	Repeated	Repeated as Finding number 2018-002
2016-004	Expenditures Exceeding Appropriations	Repeated	Repeated as Finding number 2018-002
2016-005	Negative Fund Balance	Repeated	Repeated as Finding number 2018-002
2016-006	Budgetary Information in the Accounting System	Repeated	Repeated as Finding number 2018-002
2016-007	Debt Service Transfer	Corrected	
2016-008	Illegal Conduct of Raffle	Corrected	



OHIO AUDITOR OF STATE  
**KEITH FABER**



**VILLAGE OF WAYNE LAKES**

**DARKE 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  
OCTOBER 15, 2019**