



Dave Yost • Auditor of State



VILLAGE OF WAYNESBURG  
STARK COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2015, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

January 14, 2015

**VILLAGE OF WAYNESBURG  
STARK COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$36,621	\$105,887	\$142,508
Intergovernmental	24,256	76,683	100,939
Charges for Services	0	54,448	54,448
Fines, Licenses and Permits	18,305	0	18,305
Earnings on Investments	316	949	1,265
Miscellaneous	17,704	17,638	35,342
<i>Total Cash Receipts</i>	<u>97,202</u>	<u>255,605</u>	<u>352,807</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	36,207	100,394	136,601
Public Health Services	0	52,610	52,610
Transportation	0	41,735	41,735
General Government	69,038	0	69,038
Capital Outlay	0	7,312	7,312
Debt Service:			
Principal Retirement	0	10,570	10,570
Interest and Fiscal Charges	0	3,565	3,565
<i>Total Cash Disbursements</i>	<u>105,245</u>	<u>216,186</u>	<u>321,431</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(8,043)</u>	<u>39,419</u>	<u>31,376</u>
<b>Other Financing Receipts</b>			
Sale of Capital Assets	0	1,200	1,200
<i>Total Other Financing Receipts</i>	<u>0</u>	<u>1,200</u>	<u>1,200</u>
<i>Net Change in Fund Cash Balances</i>	(8,043)	40,619	32,576
<i>Fund Cash Balances, January 1</i>	<u>21,037</u>	<u>265,744</u>	<u>286,781</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	306,363	306,363
Assigned	2,505	0	2,505
Unassigned (Deficit)	10,489	0	10,489
<i>Fund Cash Balances, December 31</i>	<u>\$12,994</u>	<u>\$306,363</u>	<u>\$319,357</u>

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

**VILLAGE OF WAYNESBURG  
STARK COUNTY**

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

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals</u>
	<u>Enterprise</u>	<u>Agency</u>	<u>(Memorandum Only)</u>
<b>Operating Cash Receipts</b>			
Charges for Services	\$142,351	\$0	\$142,351
Fines, Licenses and Permits	0	20,767	20,767
<i>Total Operating Cash Receipts</i>	<u>142,351</u>	<u>20,767</u>	<u>163,118</u>
<b>Operating Cash Disbursements</b>			
Personal Services	29,545	0	29,545
Travel Transportation	4,262	0	4,262
Contractual Services	49,936	0	49,936
Supplies and Materials	28,410	0	28,410
Capital Outlay	1,162	0	1,162
<i>Total Operating Cash Disbursements</i>	<u>113,315</u>	<u>0</u>	<u>113,315</u>
<i>Operating Income</i>	<u>29,036</u>	<u>20,767</u>	<u>49,803</u>
<b>Non-Operating Disbursements</b>			
Principal Retirement	(30,544)	0	(30,544)
Other Financing Uses	0	(20,767)	(20,767)
<i>Total Non-Operating Disbursements</i>	<u>(30,544)</u>	<u>(20,767)</u>	<u>(51,311)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(1,508)</u>	<u>0</u>	<u>(1,508)</u>
<i>Fund Cash Balances, January 1</i>	<u>370,350</u>	<u>0</u>	<u>370,350</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$368,842</u></u>	<u><u>\$0</u></u>	<u><u>\$368,842</u></u>

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

**VILLAGE OF WAYNESBURG  
STARK COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$43,203	\$109,729	\$152,932
Intergovernmental	24,653	67,076	91,729
Charges for Services	0	58,550	58,550
Fines, Licenses and Permits	18,474	150	18,624
Earnings on Investments	589	777	1,366
Miscellaneous	7,940	49,248	57,188
<i>Total Cash Receipts</i>	<u>94,859</u>	<u>285,530</u>	<u>380,389</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	40,331	114,631	154,962
Public Health Services	0	50,811	50,811
Transportation	0	45,899	45,899
General Government	77,472	0	77,472
Capital Outlay	0	186,739	186,739
Debt Service:			
Principal Retirement	0	14,200	14,200
<i>Total Cash Disbursements</i>	<u>117,803</u>	<u>412,280</u>	<u>530,083</u>
<i>Excess of Receipts Under Disbursements</i>	<u>(22,944)</u>	<u>(126,750)</u>	<u>(149,694)</u>
<b>Other Financing Receipts</b>			
Other Debt Proceeds	0	120,000	120,000
<i>Total Other Financing Receipts</i>	<u>0</u>	<u>120,000</u>	<u>120,000</u>
<i>Net Change in Fund Cash Balances</i>	<u>(22,944)</u>	<u>(6,750)</u>	<u>(29,694)</u>
<i>Fund Cash Balances, January 1</i>	<u>43,981</u>	<u>272,494</u>	<u>316,475</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	265,744	265,744
Assigned	3,228	0	3,228
Unassigned (Deficit)	17,809	0	17,809
<i>Fund Cash Balances, December 31</i>	<u>\$21,037</u>	<u>\$265,744</u>	<u>\$286,781</u>

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

**VILLAGE OF WAYNESBURG  
STARK COUNTY**

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

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals</u>
	<u>Enterprise</u>	<u>Agency</u>	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$149,060	\$0	\$149,060
Fines, Licenses and Permits	0	24,493	24,493
Earnings on Investments (trust funds only)	400	0	400
<i>Total Operating Cash Receipts</i>	<u>149,460</u>	<u>24,493</u>	<u>173,953</u>
<b>Operating Cash Disbursements</b>			
Personal Services	30,924	0	30,924
Travel Transportation	2,659	0	2,659
Contractual Services	83,331	0	83,331
Supplies and Materials	28,366	0	28,366
Capital Outlay	1,530	0	1,530
<i>Total Operating Cash Disbursements</i>	<u>146,810</u>	<u>0</u>	<u>146,810</u>
<i>Operating Income (Loss)</i>	<u>2,650</u>	<u>24,493</u>	<u>27,143</u>
<b>Non-Operating Disbursements</b>			
Principal Retirement	(29,924)	0	(29,924)
Other Financing Uses	0	(24,813)	(24,813)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(29,924)</u>	<u>(24,813)</u>	<u>(54,737)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(27,274)</u>	<u>(320)</u>	<u>(27,594)</u>
<i>Fund Cash Balances, January 1</i>	<u>397,624</u>	<u>320</u>	<u>397,944</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$370,350</u></u>	<u><u>\$0</u></u>	<u><u>\$370,350</u></u>

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

**VILLAGE OF WAYNESBURG  
STARK COUNTY**

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

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Waynesburg, Stark County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, cemetery operations, and police services. Fire protection services are provided to Village residents by the Village's Volunteer Fire Department.

The Village participates in jointly governed organizations. Note 8 to the financial statements provides additional information for these entities. These organizations are:

Stark County Council of Governments:

Jointly governed organization that funds and operates the Stark County Metropolitan Narcotics Unit and the Canton Crime Lab.

Stark County Regional Planning Commission:

Jointly governed organization that provides comprehensive planning, both long and short-term, dealing with the economic and physical environment of Stark County.

Stark Quad Ambulance District:

Body corporate and politic established for the purpose of providing public emergency services for the residents of the Stark QUAD Ambulance District.

The Village's management believes these financial statements present all activities

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

**B. Accounting Basis**

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

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

**C. Deposits and Investments**

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

**VILLAGE OF WAYNESBURG  
STARK COUNTY**

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

**1. Summary of Significant Accounting Policies (Continued)**

**C. Deposits and Investments (Continued)**

The Village invests in a repurchase agreement (overnight sweep).

**D. Fund Accounting**

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**1. General Fund**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Special Revenue Funds**

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

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

Cemetery Fund - This fund receives monies from the sale of cemetery lots and charges for the burials which are used to maintain the cemetery.

Fire Levy Fund - This fund receives levy monies to operate and maintain the Village Volunteer Fire Department

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

**3. Enterprise Funds**

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

Water Fund - This fund receives charges for services for residents to cover the cost of providing this utility.

Water Debt Fund - This fund receives a portion of the Village's water surcharge from residents to retire debt associated with the water plant expansion, upgrading of Village water meters, and the purchase of a new water truck.

**VILLAGE OF WAYNESBURG  
STARK COUNTY**

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

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

Water Improvement Fund – This fund receives a portion of the Village's water surcharge from residents to cover the cost of improving the Village's water plant.

**4. Fiduciary Funds**

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

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

Mayor's Court Fund – This fund receives fines and forfeitures from the Mayor's Court to be distributed to the Village, State of Ohio, and other local governments.

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

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

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

**VILLAGE OF WAYNESBURG  
STARK COUNTY**

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

**1. Summary of Significant Accounting Policies (Continued)**

**F. Fund Balance**

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

**1. Nonspendable**

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

**2. Restricted**

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

**3. Committed**

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

**4. Assigned**

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

**5. Unassigned**

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

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

**VILLAGE OF WAYNESBURG  
STARK COUNTY**

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

**1. Summary of Significant Accounting Policies (Continued)**

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

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

**H. Accumulated Leave**

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

**2. Equity in Pooled Deposits and Investments**

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

	2013	2012
Demand deposits	\$46,076	\$38,202
Total deposits	46,076	38,202
Repurchase agreement		
Total investments	642,123	618,929
Total deposits and investments	\$688,199	\$657,131

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

**Investments:** The Village's financial institution transfers securities to the Village's agent to collateralize repurchase agreements. The securities are not in the Village's name.

**3. Budgetary Activity**

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

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$97,201	\$97,202	\$1
Special Revenue	256,580	256,805	225
Enterprise	142,233	142,351	118
Total	\$496,014	\$496,358	\$344

**VILLAGE OF WAYNESBURG  
STARK COUNTY**

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

**3. Budgetary Activity (Continued)**

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$124,418	\$107,750	\$16,668
Special Revenue	323,354	229,317	94,037
Enterprise	256,329	147,571	108,758
Total	\$704,101	\$484,638	\$219,463

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$95,886	\$94,859	(\$1,027)
Special Revenue	405,364	405,530	166
Enterprise	147,510	149,460	1,950
Total	\$648,761	\$649,849	\$1,088

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$125,879	\$121,031	\$4,848
Special Revenue	516,912	427,861	89,051
Enterprise	339,858	181,682	158,176
Total	\$982,648	\$730,574	\$252,074

Contrary to Ohio law, during fiscal year 2013, 22 out of the 48 (46%) expenditure transactions tested were not properly certified prior to incurring the obligation.

**4. Property Tax**

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

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

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

**VILLAGE OF WAYNESBURG  
STARK COUNTY**

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

**5. Debt**

Debt outstanding at December 31, 2013 was as follows:

	Principal	Interest Rate
Promissory Note	\$95,230	3.05%
Total	\$95,230	

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

Year ending December 31:	Promissory Note
2014	\$14,135
2015	14,135
2016	14,135
2017	14,135
2018	14,135
2019	14,135
2020-2021	19,554
Total	\$104,364

The Promissory Note relates to the purchase of a new tanker truck. The note will be repaid with annual installments of \$14,135 until its maturity in 2021.

**6. Retirement Systems**

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

The Ohio Revised Code also prescribes contribution rates. For the period January 1, 2012 through June 30, 2013, OP&F participants contributed 10% of their wages. For the period July 1, 2013 through December 31, 2013, OP&F participants contributed 10.75% of their wages. For both 2013 and 2012, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2013 and 2012, OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2013 and December 31, 2012.

**7. Risk Management**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

- Commercial Auto Coverage
- Commercial Inland Marine
- General Liability

**VILLAGE OF WAYNESBURG  
STARK COUNTY**

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

**7. Risk Management (Continued)**

- Commercial Property Coverage
- Public Officials Liability
- Police Professional Liability

**Health and Insurance**

The Village's Police Chief, Superintendent, and Assistant Superintendent receive health insurance coverage through Aultcare.

**8. Jointly Governed Organizations**

The Stark Council of Governments

The Stark Council of Governments (SCOG) is a jointly governed organization. SCOG is a regional council of governments formed under chapter 167 of the Ohio Revised Code. Currently, SCOG's functions include the funding and operation of the Stark County Metropolitan Narcotics Unit and the Canton Crime Lab. SCOG is governed by its membership, including Stark County, and other cities, villages, and townships. The membership elects a nine member executive committee. Based on recommendations of the executive committee, the membership approves its own budget, appoints personnel and performs accounting and finance related activities. Continued existence of the agency is not dependent on the Village's continue participation nor does the Village have an equity interest in the SCOG. The SCOG is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden to the Village. Complete financial statements may be obtained from the Stark Council of Governments, P.O. Box 21451, Canton, Ohio 44701-1451.

Stark County Regional Planning Commission

The Village participates in the Stark County Regional Planning Commission (Commission) which is a statutorily created political subdivision of the State. The Commission is jointly governed among Stark County, and other cities, villages, and townships. The principal aim of the Commission is to provide comprehensive planning, both long and short-term, dealing with the economic and physical environment of Stark County. The Board exercises total authority for the day-to-day operations of the Commission including budgeting, appropriating, contracting, and designating management. The Village has no financial responsibility for any of the Commission's liabilities. Complete financial statements can be obtained from the Stark County Regional Planning Commission, Stark County, Ohio.

Stark QUAD Ambulance District

Stark QUAD Ambulance District (the District) is a body corporate and politic established for the purpose of providing public emergency ambulance services for the residents of the Stark QUAD Ambulance District which includes the Village of Magnolia and Waynesburg, and Sandy and Rose Townships. The District is directed by a Board of Trustees consisting of four members. One Board Member is appointed by each political subdivision with the District. The District is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden to the Village.



# Dave Yost • Auditor of State

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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Waynesburg, Stark County, (the Village) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated January 14, 2015 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-02-03 (D) permit.

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

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2013-002 through 2013-003 described in the accompanying schedule of findings to be material weaknesses.

***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 findings as item 2013-001.

***Entity's Response to Findings***

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. 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.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

January 14, 2015

VILLAGE OF WAYNESBURG  
STARK COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012

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

Proper Certification of Expenditures

<i>Finding Number</i>	2013-001
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NONCOMPLIANCE

**Ohio Revised Code Section 5705.41(D)** requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

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

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The entity has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the entity.

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

3. Super Blanket Certificate – The entity may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

During fiscal year 2013, 22 out of the 48 (46%) expenditure transactions tested were not properly certified prior to incurring the obligation. In addition, the Village Council did not establish by resolution an amount for blanket certificates.

**Proper Certification of Expenditures (Continued)**

<i>Finding Number</i>	2013-001 (Continued)
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Unless the exceptions noted as above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the fiscal officer certify that the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

We recommend the Village certify purchases to which section 5705.41 (D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41 (D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation. In addition, Village Council should establish by resolution an amount for blanket certificates not to exceed.

**Official's Response:** Received training on blanket certificate so this will be put in place starting January 2015.

**Mayor's Court**

<i>Finding Number</i>	2013-002
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MATERIAL WEAKNESS

There is no evidence the Village monitors outstanding fines nor is there a formal policy for the collection of outstanding fines for the Village's Mayor's Court. Upon discussion with staff, an outstanding fines list is not generated. Village Council does receive financial information from the Village Fiscal Officer at their monthly meetings; however, a list of outstanding fines is not provided. As a result of the lack of monitoring, the Village may be losing revenues due them.

The Village Fiscal Officer should provide Village Council a complete listing of all outstanding fines at least quarterly, since Council is responsible for monitoring revenue collections of the Village. The Village should also establish a formal policy detailing the procedures to be utilized for collecting on outstanding fines. The Village should contact their solicitor to assist in establishing the policy.

**Official's Response:** Letters are sent to people with outstanding fines. Will be giving council a list of outstanding fines on the quarter.

**Police Ticket Log**

<i>Finding Number</i>	2013-003
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MATERIAL WEAKNESS

The Police Department failed to maintain a citation log for the entire 2012 fiscal year. The purpose of a citation log is to maintain an independent record of all citations issued. The citation log should account for all pre-numbered traffic tickets and minor misdemeanor tickets. Not maintaining a log of tickets issued reduces the assurance that all citations or cases and their related fines and court costs have been properly accounted for.

To help prevent recording errors and add additional assurance that all court cases have been documented, the Police Department should account for every citation issued on a log. We also recommend the ticket log should be reconciled to the docket on a periodic basis.

**Official's Response:** Police log will be maintained.

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**VILLAGE OF WAYNESBURG  
STARK COUNTY**

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

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
<b>2011-001</b>	<b>Police Ticket Log</b> – The Police Department failed to maintain a citation log for the entire audit period.	No	Repeated as 2013-003
<b>2011-002</b>	<b>Mayor’s Court</b> – The Village did not monitor outstanding fines nor was there a formal policy for the collection of outstanding fines.	No	Repeated as 2013-002

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# Dave Yost • Auditor of State

**VILLAGE OF WAYNESBURG**

**STARK COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 10, 2015**