



Dave Yost • Auditor of State

VILLAGE OF WAYNE
WOOD COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2015	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2015	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2014	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2014	6
Notes to the Financial Statements	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15
Schedule of Findings.....	17
Schedule of Prior Audit Findings.....	19

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

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, Wood County, Ohio, (the Village) as of and for the years ended December 31, 2015 and 2014.

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 opinions.

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

As described in Note 1B of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (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 or cash flows of the Village as of December 31, 2015 and 2014, or 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 combined cash balances of the Village of Wayne, Wood County, Ohio, as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2016, 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

August 15, 2016

**VILLAGE OF WAYNE
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$21,016	\$73,258	\$94,274
Municipal Income Tax	51,340		51,340
Intergovernmental	17,964	60,241	78,205
Special Assessments		14,505	14,505
Charges for Services		55,225	55,225
Fines, Licenses and Permits	12,658	260	12,918
Earnings on Investments	27	28	55
Miscellaneous	406	344	750
<i>Total Cash Receipts</i>	<u>103,411</u>	<u>203,861</u>	<u>307,272</u>
Cash Disbursements			
Current:			
Security of Persons and Property		111,155	111,155
Public Health Services	420		420
Leisure Time Activities	1,297		1,297
Basic Utility Services	2,117		2,117
Transportation		69,112	69,112
General Government	62,735	340	63,075
Capital Outlay		28,848	28,848
Debt Service:			
Principal Retirement		37,746	37,746
Interest and Fiscal Charges		5,738	5,738
<i>Total Cash Disbursements</i>	<u>66,569</u>	<u>252,939</u>	<u>319,508</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	36,842	(49,078)	(12,236)
Other Financing Receipts			
Sale of Capital Assets	4,530		4,530
<i>Net Change in Fund Cash Balances</i>	41,372	(49,078)	(7,706)
<i>Fund Cash Balances, January 1</i>	<u>(7,779)</u>	<u>437,589</u>	<u>429,810</u>
Fund Cash Balances, December 31			
Restricted		388,511	388,511
Unassigned	33,593		33,593
<i>Fund Cash Balances, December 31</i>	<u>\$33,593</u>	<u>\$388,511</u>	<u>\$422,104</u>

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

**VILLAGE OF WAYNE
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$396,560		\$396,560
Fines, Licenses and Permits		\$8,850	8,850
<i>Total Operating Cash Receipts</i>	<u>396,560</u>	<u>8,850</u>	<u>405,410</u>
Operating Cash Disbursements			
Personal Services	42,667		42,667
Employee Fringe Benefits	22,241		22,241
Contractual Services	34,862		34,862
Supplies and Materials	42,168		42,168
Other		8,875	8,875
<i>Total Operating Cash Disbursements</i>	<u>141,938</u>	<u>8,875</u>	<u>150,813</u>
<i>Operating Income (Loss)</i>	<u>254,622</u>	<u>(25)</u>	<u>254,597</u>
Non-Operating Receipts (Disbursements)			
Earnings on Investments	2		2
Capital Outlay	(28,848)		(28,848)
Principal Retirement	(77,224)		(77,224)
Interest and Other Fiscal Charges	(124,443)		(124,443)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(230,513)</u>		<u>(230,513)</u>
<i>Net Change in Fund Cash Balances</i>	24,109	(25)	24,084
<i>Fund Cash Balances, January 1</i>	<u>279,632</u>	<u>315</u>	<u>279,947</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$303,741</u></u>	<u><u>\$290</u></u>	<u><u>\$304,031</u></u>

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

**VILLAGE OF WAYNE
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$20,847	\$72,691		\$93,538
Intergovernmental	14,198	58,703	\$36,060	108,961
Special Assessments		14,529		14,529
Charges for Services		55,435		55,435
Fines, Licenses and Permits	9,011			9,011
Earnings on Investments	20	30		50
Miscellaneous	1,034	2,080		3,114
<i>Total Cash Receipts</i>	<u>45,110</u>	<u>203,468</u>	<u>36,060</u>	<u>284,638</u>
Cash Disbursements				
Current:				
Security of Persons and Property		131,959		131,959
Public Health Services	424			424
Leisure Time Activities	1,507	3,808		5,315
Community Environment	1,650			1,650
Basic Utility Services	1,799			1,799
Transportation		72,888		72,888
General Government	62,393			62,393
Capital Outlay			63,045	63,045
Debt Service:				
Principal Retirement		33,650		33,650
Interest and Fiscal Charges		5,465		5,465
<i>Total Cash Disbursements</i>	<u>67,773</u>	<u>247,770</u>	<u>63,045</u>	<u>378,588</u>
<i>Excess of Disbursements Over Receipts</i>	(22,663)	(44,302)	(26,985)	(93,950)
Other Financing Receipts				
Other Debt Proceeds		43,273	26,985	70,258
<i>Net Change in Fund Cash Balances</i>	(22,663)	(1,029)		(23,692)
<i>Fund Cash Balances, January 1</i>	<u>14,884</u>	<u>438,618</u>		<u>453,502</u>
Fund Cash Balances, December 31				
Restricted		437,589		437,589
Unassigned (Deficit)	(7,779)			(7,779)
<i>Fund Cash Balances, December 31</i>	<u>(\$7,779)</u>	<u>\$437,589</u>		<u>\$429,810</u>

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

**VILLAGE OF WAYNE
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$422,772		\$422,772
Fines, Licenses and Permits		\$3,905	3,905
Miscellaneous	6,495		6,495
<i>Total Operating Cash Receipts</i>	<u>429,267</u>	<u>3,905</u>	<u>433,172</u>
Operating Cash Disbursements			
Personal Services	42,829		42,829
Employee Fringe Benefits	20,031		20,031
Contractual Services	37,773		37,773
Supplies and Materials	61,320		61,320
Other		3,715	3,715
<i>Total Operating Cash Disbursements</i>	<u>161,953</u>	<u>3,715</u>	<u>165,668</u>
<i>Operating Income</i>	<u>267,314</u>	<u>190</u>	<u>267,504</u>
Non-Operating Receipts (Disbursements)			
Other Debt Proceeds	28,848		28,848
Principal Retirement	(73,847)		(73,847)
Interest and Other Fiscal Charges	(126,921)		(126,921)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(171,920)</u>		<u>(171,920)</u>
<i>Income before Special Item</i>	95,394	190	95,584
Special Item	177		177
<i>Net Change in Fund Cash Balances</i>	95,571	190	95,761
<i>Fund Cash Balances, January 1</i>	<u>184,061</u>	<u>125</u>	<u>184,186</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$279,632</u></u>	<u><u>\$315</u></u>	<u><u>\$279,947</u></u>

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

**VILLAGE OF WAYNE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

The Village participates in the Ohio Plan Risk Management, Inc. (OPRM) public entity risk pool. Note 8 to the financial statements provide additional information for this entity.

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

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The 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.

C. Deposits and Investments

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

The Village values certificate of deposits at cost.

D. Fund Accounting

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

1. General Fund

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

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:

**VILLAGE OF WAYNE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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

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

3. Capital Project Funds

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

Issue II Fund - The Village received a grant and a loan from the State of Ohio for a storm sewer replacement project.

4. Enterprise Funds

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

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

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

Water Debt Fund - This fund receives charges for services from residents to cover the debt associated with the water treatment plant.

5. Fiduciary Funds

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

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

E. Budgetary Process

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

VILLAGE OF WAYNE
WOOD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2015 and 2014 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

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

2. Restricted

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

3. Committed

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

**VILLAGE OF WAYNE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

4. Assigned

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

5. Unassigned

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

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

G. Property, Plant, and Equipment

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

H. Accumulated Leave

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

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2015	2014
Demand deposits	\$704,038	\$687,660
Certificates of deposit	21,997	21,997
Total deposits	726,035	709,657
Cash on hand	100	100
Total deposits and cash on hand	\$726,135	\$709,757

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

**VILLAGE OF WAYNE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$79,884	\$107,941	\$28,057
Special Revenue	240,885	203,861	(37,024)
Enterprise	373,048	396,562	23,514
Total	\$693,817	\$708,364	\$14,547

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$71,205	\$66,569	\$4,636
Special Revenue	296,910	252,939	43,971
Enterprise	401,400	372,453	28,947
Total	\$769,515	\$691,961	\$77,554

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$56,687	\$45,110	(\$11,577)
Special Revenue	280,608	246,741	(33,867)
Capital Projects		63,045	63,045
Enterprise	357,200	458,292	101,092
Total	\$694,495	\$813,188	\$118,693

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$71,000	\$67,773	\$3,227
Special Revenue	349,195	247,770	101,425
Capital Projects	63,045	63,045	
Enterprise	380,250	362,721	17,529
Total	\$863,490	\$741,309	\$122,181

The General Fund had a deficit fund balance of \$7,779 at December 31, 2014 contrary to Ohio Revised Code § 5705.10.

**VILLAGE OF WAYNE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

4. PROPERTY TAX

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

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

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

5. LOCAL INCOME TAX

The Village levies a municipal income tax of .75 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

6. DEBT

Debt outstanding at December 31, 2015 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
USDA Rural Development Loan - Water	\$1,590,400	4.375%
USDA Rural Development Loan - Sewer	988,000	5.125%
Lease Purchase - Fire Truck	123,388	2.89%
Lease Purchase - Village Truck	58,561	3.09%
Ohio Public Works Commission (OPWC)	26,085	
Total	<u>\$2,786,434</u>	

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

The lease purchase agreement for the Village truck was done in 2014 for \$72,121 and repayment is annually for five years. The lease purchase for the fire truck was done in 2013 for \$280,000 with an initial payment of \$100,000 in 2013, then annual payment for 6 years.

The Ohio Public Works Commission (OPWC) loan #CE53Q relates to the 2014 South Street Storm Sewer Replacement for \$26,985 and biannual payments are \$450 for 30 years.

**VILLAGE OF WAYNE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

6. Debt – (Continued)

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

Year ending December 31:	USDA Sewer Loan	USDA Water Loan	Truck Lease Agreement	Fire Truck Lease Agreement	OPWC Loan
2016	\$77,635	\$117,180	\$15,788	\$33,109	\$900
2017	78,251	117,397	15,788	33,110	900
2018	77,765	117,414	15,788	33,109	900
2019	78,228	117,334	15,788	33,110	900
2020	77,588	117,159			900
2021-2025	389,621	586,513			4,497
2026-2030	389,527	586,786			4,497
2031-2035	389,905	586,532			4,497
2036-2040	77,793	117,317			4,497
2041-2045					3,597
Total	<u>\$1,636,313</u>	<u>\$2,463,632</u>	<u>\$63,152</u>	<u>\$132,438</u>	<u>\$26,085</u>

7. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, 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, 2015.

8. RISK MANAGEMENT

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

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

**VILLAGE OF WAYNE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

8. RISK MANAGEMENT – (Continued)

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, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% 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 772 and 783 members as of December 31, 2015 and 2014 respectively.

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2015 and 2014.

	<u>2015</u>	<u>2014</u>
Assets	\$14,643,667	\$14,830,185
Liabilities	(9,112,030)	(8,942,504)
Members' Equity	<u>\$5,531,637</u>	<u>\$5,887,681</u>

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

9. 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.



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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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements by fund type of the Village of Wayne, Wood County, Ohio, (the Village) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, and have issued our report thereon dated August 15, 2016 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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 findings that we consider material weaknesses. We consider findings 2015-001 and 2015-002 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 2015-001.

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

August 15, 2016

VILLAGE OF WAYNE
WOOD COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014

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

FINDING NUMBER 2015-001

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.10(I) requires that money paid into a fund be used only for the purpose for which such fund is established. Due to insufficient monitoring by management, the general fund had a deficit fund balance of \$7,779 at December 31, 2014. The existence of a deficit fund balance indicates that money from another fund or funds was used to pay the obligations of the fund carrying the deficit balance.

We recommend the Village monitor fund balances to ensure that expenditures are made within appropriated levels of available funds.

FINDING NUMBER 2015-002

Material Weakness – Monitoring Village Financial Activity

Accurate financial reporting is the responsibility of the Fiscal Officer and Village Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. Various transactions were improperly classified in 2015 and 2014 due to insufficient monitoring by management. The financial statements have been adjusted to reflect reclassifications as follows:

- Monies spent on-behalf of the Village by Ohio Public Works Commission, in the amount of \$63,045 in 2014 were credited to the special revenue fund: street construction, maintenance and repair fund instead of the capital projects fund.
- In the general fund, sale of Village property was posted as miscellaneous instead of sale of assets in the amount of \$4,530 in 2015.
- In the water debt fund, principal payments in the amounts of \$1,492 were posted as interest in 2014.
- Loan proceeds for the Village truck received in 2014 were not posted to the books until 2015. This affected loan proceeds of \$14,424 in each of the following funds: street construction maintenance and repair fund, state highway fund, permissive motor vehicle license tax fund, water fund, and sewer fund.

To ensure the Village's financial statements and notes to the financial statements are complete and accurate, we recommend the Fiscal Officer post all transactions in accordance with the guidance established by the Ohio Village Officers' Handbook issued by the Auditor of State and Council adopt procedures for reviewing the financial statements for accuracy.

Officials' Response:

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

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**VILLAGE OF WAYNE
WOOD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015 AND 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	Ohio Rev. Code § 5705.41(D)(1) for failure to certify expenditures.	Yes	
2013-002	Ohio Rev. Code § 5705.41(B) for budgetary expenditures exceeding appropriations.	Yes	
2013-003	Material weakness due to errors in financial reporting.	No	Not corrected and reissued as Finding 2015-002 in this report.

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VILLAGE OF WAYNE

WOOD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 6, 2016