



Dave Yost • Auditor of State

VILLAGE OF WAYNE
WOOD COUNTY

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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, 2017 and 2016.

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.

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, 2017 and 2016, and the respective 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 cash balances, receipts and disbursements by fund type, and related notes of the Village of Wayne, Wood County, Ohio as of December 31, 2017 and 2016, 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 June 20, 2018, 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

June 20, 2018

Village of Wayne, Ohio
Wood 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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$18,881	\$69,317	\$88,198
Municipal Income Tax	105,610		105,610
Intergovernmental	30,202	102,870	133,072
Special Assessments		14,015	14,015
Charges for Services		55,927	55,927
Fines, Licenses and Permits	12,011	250	12,261
Earnings on Investments	60	11	71
Miscellaneous	1,415	13,288	14,703
<i>Total Cash Receipts</i>	<u>168,179</u>	<u>255,678</u>	<u>423,857</u>
Cash Disbursements			
Current:			
Security of Persons and Property	7,087	195,715	202,802
Public Health Services	378		378
Leisure Time Activities	17,884	5,000	22,884
Community Environment	2,185		2,185
Basic Utility Services	2,026		2,026
Transportation		31,904	31,904
General Government	69,679	170	69,849
Debt Service:			
Principal Retirement		45,086	45,086
Interest and Fiscal Charges		3,732	3,732
<i>Total Cash Disbursements</i>	<u>99,239</u>	<u>281,607</u>	<u>380,846</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>68,940</u>	<u>(25,929)</u>	<u>43,011</u>
Other Financing Receipts (Disbursements)			
Transfers In		2,500	2,500
Transfers Out	(2,500)		(2,500)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(2,500)</u>	<u>2,500</u>	
<i>Net Change in Fund Cash Balances</i>	66,440	(23,429)	43,011
<i>Fund Cash Balances, January 1</i>	<u>106,770</u>	<u>342,618</u>	<u>449,388</u>
Fund Cash Balances, December 31			
Restricted		319,189	319,189
Unassigned	173,210		173,210
<i>Fund Cash Balances, December 31</i>	<u>\$173,210</u>	<u>\$319,189</u>	<u>\$492,399</u>
<i>See accompanying notes to the basic financial statements</i>			

Village of Wayne, Ohio
Wood County
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2017*

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$415,696		\$415,696
Fines, Licenses and Permits		\$7,670	7,670
<i>Total Operating Cash Receipts</i>	<u>415,696</u>	<u>7,670</u>	<u>423,366</u>
Operating Cash Disbursements			
Personal Services	42,527		42,527
Employee Fringe Benefits	28,263		28,263
Contractual Services	28,526		28,526
Supplies and Materials	43,960		43,960
Other		7,880	7,880
<i>Total Operating Cash Disbursements</i>	<u>143,276</u>	<u>7,880</u>	<u>151,156</u>
<i>Operating Income (Loss)</i>	<u>272,420</u>	<u>(210)</u>	<u>272,210</u>
Non-Operating Receipts (Disbursements)			
Earnings on Investments	6		6
Miscellaneous Receipts	994		994
Principal Retirement	(84,664)		(84,664)
Interest and Other Fiscal Charges	(117,301)		(117,301)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(200,965)</u>		<u>(200,965)</u>
<i>Net Change in Fund Cash Balances</i>	71,455	(210)	71,245
<i>Fund Cash Balances, January 1</i>	<u>372,154</u>	<u>485</u>	<u>372,639</u>
<i>Fund Cash Balances, December 31</i>	<u>\$443,609</u>	<u>\$275</u>	<u>\$443,884</u>

See accompanying notes to the basic financial statements

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

Note 1 - Reporting Entity

The Village of Wayne (the Village), Wood County, Ohio 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 water and sewer utilities, park operations, and police services. The Village appropriates general fund money to support a volunteer fire department.

Public Entity Risk Pool

The Village participates in the Ohio Plan Risk Management, Inc. (OPRM) public entity risk pool. Note 6 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.

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, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

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:

Street Construction, Maintenance and Repair Fund This fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

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

Police Protection Levy Fund This fund receives property tax money to pay for police protection.

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 accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Village of Wayne, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Sewer Fund This fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

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

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 mayor's court fines and forfeitures.

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 (except certain agency funds) be budgeted annually.

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. Unencumbered appropriations lapse at year end.

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.

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 2017 budgetary activity appears in Note 3.

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.

Village of Wayne, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

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.

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.

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 - Budgetary Activity

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

Village of Wayne, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

2017 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$140,140	\$168,179	\$28,039
Special Revenue	240,048	258,178	18,130
Enterprise	372,400	416,696	44,296
Total	<u>\$752,588</u>	<u>\$843,053</u>	<u>\$90,465</u>

2017 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$124,647	\$102,659	\$21,988
Special Revenue	333,222	283,123	50,099
Enterprise	374,400	345,327	29,073
Total	<u>\$832,269</u>	<u>\$731,109</u>	<u>\$101,160</u>

Note 4 –Deposits

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, 2017 was as follows:

	2017
Demand deposits	<u>\$914,186</u>
Certificates of deposit	<u>21,997</u>
Total deposits	936,183
Cash on hand	<u>100</u>
Total deposits and cash on hand	<u>\$936,283</u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS).

Note 5 – 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.

Village of Wayne, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

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

Income Taxes

The Village levies a municipal income tax of 0.75 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.

Note 6 - 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. Until November 1, 2016, 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. 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. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

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, 2016 (the latest information available).

	2016
Assets	\$ 14,765,712
Liabilities	(9,531,506)
Members' Equity	\$ 5,234,206

Village of Wayne, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

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

Note 7 - Defined Benefit Pension Plan

Ohio Public Employees Retirement System

The Village's 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.

Note 8 - Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes 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 9 – Debt

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
USDA Rural Development Loan - Water	\$1,492,900	4.38%
USDA Rural Development Loan - Sewer	932,000	5.13%
Lease Purchase - Village Truck	30,171	3.09%
Lease Purchase - Fire Truck	63,453	2.89%
Promissory Note - Police Cruiser	10,295	2.38%
Ohio Public Works Commission (OPWC)	24,286	0.00%
Total	\$2,553,105	

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 payments for 6 years. The Promissory Note on the police cruiser was done in 2016 for \$15,440 and repayment is annually for 3 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, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Amortization

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

Year Ending December 31:	USDA Sewer Loan	USDA Water Loan	Lease Purchase Village Truck	Lease Purchase Fire Truck	Promissory Note	OPWC Loan
2018	\$77,765	\$117,414	\$15,788	\$33,109	\$5,334	\$899
2019	78,228	117,334	15,788	33,110	5,334	900
2020	77,588	117,159				899
2021	76,896	117,287				900
2022	79,154	117,402				899
2023-2027	389,173	586,469				4,498
2028-2032	389,390	586,629				4,497
2033-2037	312,234	469,361				4,498
2038-2042						4,497
2043-2044						1,799
Total	<u>\$1,480,428</u>	<u>\$2,229,055</u>	<u>\$31,576</u>	<u>\$66,219</u>	<u>\$10,668</u>	<u>\$24,286</u>

Note 10 – 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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Village of Wayne, Ohio
Wood County
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*
All Governmental Fund Types
For the Year Ended December 31, 2016

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$18,775	\$65,435	\$84,210
Municipal Income Tax	107,845		107,845
Intergovernmental	21,775	64,947	86,722
Special Assessments		14,117	14,117
Charges for Services		56,907	56,907
Fines, Licenses and Permits	10,364	130	10,494
Earnings on Investments	53	28	81
Miscellaneous	1,466	16,117	17,583
<i>Total Cash Receipts</i>	<u>160,278</u>	<u>217,681</u>	<u>377,959</u>
Cash Disbursements			
Current:			
Security of Persons and Property		117,524	117,524
Public Health Services	377		377
Leisure Time Activities	1,785	2,629	4,414
Community Environment	7,250		7,250
Basic Utility Services	1,912		1,912
Transportation		99,699	99,699
General Government	75,777	240	76,017
Debt Service:			
Principal Retirement		38,827	38,827
Interest and Fiscal Charges		4,655	4,655
<i>Total Cash Disbursements</i>	<u>87,101</u>	<u>263,574</u>	<u>350,675</u>
<i>Net Change in Fund Cash Balances</i>	73,177	(45,893)	27,284
<i>Fund Cash Balances, January 1</i>	<u>33,593</u>	<u>388,511</u>	<u>422,104</u>
Fund Cash Balances, December 31			
Restricted		342,618	342,618
Unassigned	106,770		106,770
<i>Fund Cash Balances, December 31</i>	<u>\$106,770</u>	<u>\$342,618</u>	<u>\$449,388</u>

See accompanying notes to the basic financial statements

Village of Wayne, Ohio
Wood County
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2016*

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$412,355		\$412,355
Fines, Licenses and Permits		\$4,510	4,510
<i>Total Operating Cash Receipts</i>	<u>412,355</u>	<u>4,510</u>	<u>416,865</u>
Operating Cash Disbursements			
Personal Services	42,130		42,130
Employee Fringe Benefits	25,697		25,697
Contractual Services	36,202		36,202
Supplies and Materials	37,680		37,680
Other		4,315	4,315
<i>Total Operating Cash Disbursements</i>	<u>141,709</u>	<u>4,315</u>	<u>146,024</u>
<i>Operating Income</i>	<u>270,646</u>	<u>195</u>	<u>270,841</u>
Non-Operating Receipts (Disbursements)			
Earnings on Investments	18		18
Miscellaneous Receipts	200		200
Capital Outlay	(1,320)		(1,320)
Principal Retirement	(80,192)		(80,192)
Interest and Other Fiscal Charges	(120,939)		(120,939)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(202,233)</u>		<u>(202,233)</u>
<i>Net Change in Fund Cash Balances</i>	68,413	195	68,608
<i>Fund Cash Balances, January 1</i>	<u>303,741</u>	<u>290</u>	<u>304,031</u>
<i>Fund Cash Balances, December 31</i>	<u>\$372,154</u>	<u>\$485</u>	<u>\$372,639</u>

See accompanying notes to the basic financial statements

Village of Wayne, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 1 - Reporting Entity

The Village of Wayne (the Village), Wood County, Ohio 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 water and sewer utilities, park operations, and police services. The Village appropriates general fund money to support a volunteer fire department.

Public Entity Risk Pool

The Village participates in the Ohio Plan Risk Management, Inc. (OPRM) public entity risk pool. Note 6 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.

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, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

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:

Street Construction, Maintenance and Repair Fund This fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

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

Police Protection Levy Fund This fund receives property tax money to pay for police protection.

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 accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund This fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Village of Wayne, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

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

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 mayor's court fines and forfeitures.

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 (except certain agency funds) be budgeted annually.

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. Unencumbered appropriations lapse at year end.

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.

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 2016 budgetary activity appears in Note 3.

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.

Village of Wayne, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

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.

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.

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 - Budgetary Activity

Budgetary activity for the year ending December 31, 2016 follows:

Village of Wayne, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

2016 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$129,484	\$160,278	\$30,794
Special Revenue	209,990	217,681	7,691
Enterprise	352,000	412,573	60,573
Total	<u>\$691,474</u>	<u>\$790,532</u>	<u>\$99,058</u>

2016 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$95,880	\$88,149	\$7,731
Special Revenue	305,445	265,228	40,217
Enterprise	386,086	344,382	41,704
Total	<u>\$787,411</u>	<u>\$697,759</u>	<u>\$89,652</u>

Note 4 –Deposits

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, 2016 was as follows:

	<u>2016</u>
Demand deposits	\$799,930
Certificates of deposit	<u>21,997</u>
Total deposits	821,927
Cash on hand	100
Total deposits and cash on hand	<u>\$822,027</u>

Deposits

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

Note 5 – 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.

Village of Wayne, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

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

Income Taxes

The Village levies a municipal income tax of 0.75 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.

Note 6 - 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. Until November 1, 2016, 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. 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. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

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, 2016.

	2016
Assets	\$ 14,765,712
Liabilities	(9,531,506)
Members' Equity	\$ 5,234,206

Village of Wayne, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

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

Note 7 - Defined Benefit Pension Plan

Ohio Public Employees Retirement System

The Village's 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, 2016.

Note 8 - Postemployment Benefits

OPERS offers a cost-sharing, multiple-employer defined benefit postemployment plan, which includes 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 2.0 percent during calendar year 2016.

Note 9 – Debt

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
USDA Rural Development Loan - Water	\$1,542,800	4.38%
USDA Rural Development Loan - Sewer	961,000	5.13%
Lease Purchase - Village Truck	44,582	3.09%
Lease Purchase - Fire Truck	93,847	2.89%
Promissory Note - Police Cruiser	15,440	2.38%
Ohio Public Works Commission (OPWC)	25,186	0.00%
Total	\$2,682,855	

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 payments for 6 years. The Promissory Note on the police cruiser was done in 2016 for \$15,440 and repayment is annually for 3 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, Ohio
Wood County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Amortization

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

Year Ending December 31:	USDA Sewer Loan	USDA Water Loan	Lease Purchase Village Truck	Lease Purchase Fire Truck	Promissory Note	OPWC Loan
2017	\$78,251	\$117,397	\$15,788	\$33,110	\$5,334	\$900
2018	77,765	117,414	15,788	33,109	5,334	899
2019	78,228	117,334	15,788	33,110	5,334	900
2020	77,588	117,159				899
2021	76,896	117,287				900
2022-2026	390,679	586,500				4,497
2027-2031	388,766	586,790				4,498
2032-2036	390,505	586,571				4,497
2037-2041						4,498
2042-2044						2,698
Total	<u>\$1,558,678</u>	<u>\$2,346,452</u>	<u>\$47,364</u>	<u>\$99,329</u>	<u>\$16,002</u>	<u>\$25,186</u>

Note 10 – 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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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 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, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated June 20, 2018 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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 report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

June 20, 2018

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2017 AND 2016

Finding Number	Finding Summary	Status	Additional Information
2015-001	Noncompliance with Ohio Rev. Code § 5705.10(I) and material weakness due to a negative fund balance from insufficient monitoring.	Fully corrected.	
2015-002	Material weakness over monitoring of village financial activity due to material audit adjustments.	Fully corrected.	

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Dave Yost • Auditor of State

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
JULY 5, 2018