



**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2019 - 2018**

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KEITH FABER



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Village Council
Village of Waynesfield
300 N. Westminster St
Waynesfield, OH 45896

We have reviewed the *Independent Auditor's Report* of the Village of Waynesfield, Auglaize County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2018 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

June 23, 2021

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VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY

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INDEPENDENT AUDITOR'S REPORT

May 31, 2021

Village of Waynesfield
Auglaize County
300 North Westminster Street
Waynesfield, Ohio 45896

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 **Village of Waynesfield**, Auglaize County, Ohio, (the Village) as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2019 and 2018, 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 Waynesfield, Auglaize County as of December 31, 2019 and 2018, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 16 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2021, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 50,704	\$ -	\$ -	\$ -	\$ 50,704
Municipal Income Tax	133,015	-	-	-	133,015
Intergovernmental	51,741	44,351	-	92,863	188,955
Special Assessments	515	-	-	-	515
Charges for Services	1,435	-	-	-	1,435
Fines, Licenses and Permits	18,050	-	-	-	18,050
Earnings on Investments	26,236	1,603	-	-	27,839
Miscellaneous	10,194	-	-	-	10,194
<i>Total Cash Receipts</i>	<u>291,890</u>	<u>45,954</u>	<u>-</u>	<u>92,863</u>	<u>430,707</u>
Cash Disbursements					
Current:					
Security of Persons and Property	105,597	330	-	-	105,927
Public Health Services	26	-	-	-	26
Leisure Time Activities	8,327	-	-	-	8,327
Transportation	3,711	11,308	-	-	15,019
General Government	161,033	-	-	-	161,033
Capital Outlay	44,943	10,000	-	92,863	147,806
Debt Service:					
Principal Retirement	20,208	18,524	4,044	-	42,776
Interest and Fiscal Charges	-	-	3,151	-	3,151
<i>Total Cash Disbursements</i>	<u>343,845</u>	<u>40,162</u>	<u>7,195</u>	<u>92,863</u>	<u>484,065</u>
<i>Excess of Receipts Over Disbursements</i>	<u>(51,955)</u>	<u>5,792</u>	<u>(7,195)</u>	<u>-</u>	<u>(53,358)</u>
Other Financing Receipts					
Other Debt Proceeds	44,943	10,000	-	-	54,943
Sale of Capital Assets	2,851	-	-	-	2,851
Transfers In	-	-	7,200	-	7,200
Transfers Out	(7,200)	-	-	-	(7,200)
Other Financing Sources	-	4,469	-	-	4,469
<i>Total Other Financing Receipts</i>	<u>40,594</u>	<u>14,469</u>	<u>7,200</u>	<u>-</u>	<u>62,263</u>
<i>Net Change in Fund Cash Balances</i>	<u>(11,361)</u>	<u>20,261</u>	<u>5</u>	<u>-</u>	<u>8,905</u>
<i>Fund Cash Balances, January 1</i>	<u>218,313</u>	<u>83,155</u>	<u>171</u>	<u>41,272</u>	<u>342,911</u>
Fund Cash Balances, December 31					
Nonspendable	1,776	-	-	-	1,776
Restricted	-	103,416	-	41,272	144,688
Assigned	130,270	-	176	-	130,446
Unassigned	74,906	-	-	-	74,906
<i>Fund Cash Balances, December 31</i>	<u>\$ 206,952</u>	<u>\$ 103,416</u>	<u>\$ 176</u>	<u>\$ 41,272</u>	<u>\$ 351,816</u>

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

**VILLAGE OF WAYNESFIELD
AUGLAIZE 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, 2019**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$ 1,209,693	\$ -	\$ 1,209,693
Fines, Licenses and Permits	-	3,033	3,033
Miscellaneous	3,047	-	3,047
<i>Total Operating Cash Receipts</i>	<u>1,212,740</u>	<u>3,033</u>	<u>1,215,773</u>
Operating Cash Disbursements			
Personal Services	152,719	-	152,719
Fringe Benefits	62,718	-	62,718
Contractual Services	739,450	-	739,450
Supplies and Materials	62,910	-	62,910
Other	-	10,221	10,221
<i>Total Operating Cash Disbursements</i>	<u>1,017,797</u>	<u>10,221</u>	<u>1,028,018</u>
<i>Operating Income (Loss)</i>	<u>194,943</u>	<u>(7,188)</u>	<u>187,755</u>
Non-Operating Receipts (Disbursements)			
Miscellaneous Receipts	1,663	-	1,663
Capital Outlay	(32,458)	-	(32,458)
Excise Tax Payment - Electric	(33,300)	-	(33,300)
Principal Retirement	(87,030)	-	(87,030)
Interest and Other Fiscal Charges	(2,592)	-	(2,592)
Other Financing Sources	-	7,121	7,121
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(153,717)</u>	<u>7,121</u>	<u>(146,596)</u>
<i>Income (Loss) before Transfers</i>	41,226	(67)	41,159
Transfers In	83,953	-	83,953
Transfers Out	(83,953)	-	(83,953)
<i>Net Change in Fund Cash Balances</i>	41,226	(67)	41,159
<i>Fund Cash Balances, January 1</i>	<u>1,254,503</u>	<u>67</u>	<u>1,254,570</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,295,729</u>	<u>\$ -</u>	<u>\$ 1,295,729</u>

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

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Note 1 - Reporting Entity

The Village of Waynesfield (the Village), Auglaize County, is a body politic and corporate established to exercise 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 electric, water and sewer utilities, park operations, street repair and maintenance, and police services. The Village contracts with Wayne Township to receive fire protection and emergency medical services.

Joint Ventures, Jointly Governed Organizations, and Public Entity Risk Pools

The Village participates in two joint ventures, a jointly governed organization, and a public entity risk pool. Notes 11 through 13 to the financial statements provides additional information for these entities. These organizations are:

The Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5) - created to provide electricity to the Village.

The Municipal Energy Services Agency (MESA) – created to help reduce the cost of providing electricity to the Village.

The Auglaize County Regional Planning Commission.

The Ohio Municipal League Group Rating Plan.

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 – The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Permissive Motor Vehicle Fund – The fund receives motor vehicle license tax money for constructing, maintaining, and repairing Village streets.

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for outstanding debt service for projects. The Village had the following significant Debt Service Fund:

Osgood Loan – Park Enhancement Fund – This loan was acquired to purchase adjoining properties to the Village's park. Acquiring this land was also a part of the Park Enhancement Project.

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

North Westminster Street Project Fund – This fund received restricted receipts for the street repair project.

Wastewater Treatment Plant Project Fund – This fund received restricted receipts for the upgrade of the waste water treatment plant.

NorthTown Storm Sewer Project Fund – This fund received restricted receipts for the repairs and improvements of the storm sewer located on the north side of the Village.

Park Enhancement Project Fund – This fund received restricted receipts for the enhancement and improvements of the Village's park.

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

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

Electric Fund – The electric fund receives charges for services from residents and commercial users to cover electric service costs.

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 hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. Mayor's Court activity is also recorded in the Agency Fund.

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

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

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

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. 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 2019 budgetary activity appears in Note 3.

Deposits and Investments

The Village holds its deposits in an interest-bearing checking account.

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:

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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 years ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 288,960	\$ 339,684	\$ 50,724
Special Revenue	34,775	60,423	25,648
Debt Service	8,000	7,200	(800)
Capital Projects	104,802	92,863	(11,939)
Enterprise	1,358,179	1,298,356	(59,823)
Fiduciary	31,000	10,154	(20,846)
Total	<u>\$ 1,825,716</u>	<u>\$ 1,808,680</u>	<u>\$ (17,036)</u>

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

Note 3 – Budgetary Activity (Continued)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 427,468	\$ 353,109	\$ 74,359
Special Revenue	101,326	40,162	61,164
Debt Service	8,000	7,195	805
Capital Projects	146,073	92,863	53,210
Enterprise	1,869,799	1,259,696	610,103
Fiduciary	32,776	10,221	22,555
Total	\$ 2,585,442	\$ 1,763,246	\$ 822,196

Note 4 – Deposits and Investments

The Village maintains a deposit and investment 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:

	2019
Demand Deposits	\$ 1,647,345
Cash on Hand	200
Total deposits and cash on hand	\$ 1,647,545

Deposits

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Village.

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.

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 one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

Note 5 – Taxes (Continued)

Income Taxes (Continued)

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

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Note 7 - Defined Benefit Pension Plans

Retirement System

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. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. OP&F participants contributed 12.25% of their gross salaries and the Village contributed an amount equaling 19.5% of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

Social Security

The Mayor and Council Members contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019 OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

Note 9 - Debt

Debt outstanding at December 31, 2019 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC North/3rd Street Reconstruction CM08U	\$ 9,500	0.00%
OPWC S. Westminster St. Reconstruction CT40K	143,631	0.00%
OPWC Water Treatment Plant Improvements CM13I	134,006	0.00%
OMEGA JV5 Bond	49,122	Variable
AMP Loan (Electric Bucket Truck & Distribution)	11,123	0.00%
OPWC Northtown Storm Sewer Replacement CM10T	84,911	0.00%
OPWC N. Westminster Street Project CT27Q	267,243	0.00%
OPWC WWTP Upgrades CT43S	513,333	0.00%
OWDA WWTP Improvements 7198	363,069	0.29%
Osgood State Bank - Park Enhancement	93,919	3.49%
Lease-Purchase Agreement - Interceptor	28,725	8.50%
Total	<u>\$ 1,698,582</u>	

CM13I – During 2005, a loan was obtained from the Ohio Public Works Commission in the amount of \$297,790 for a new water treatment plant, water line replacements, and new water meter installation. The Village entered into the loan on July 5, 2005, the Village received \$193,479 of loan proceed during 2007 and the remaining amount of \$104,311 was received in 2008. This is a 0% interest 20-year loan and payments began January 2009. The debt will be financed through user charges.

CT40K – During 2008, a loan was obtained from the Ohio Public Works Commission in the amount of \$319,179 for the South Westminster Street Reconstruction project. This is a 0% interest 20-year loan and payments began July 2009. Due to the various aspects of the project, this loan will be repaid from the General fund (25%), Street Construction Maintenance and Repair fund (65%) and Water Operating fund (10%).

The OMEGA JV 5 project consists of governmental entities that joined together to finance a municipal electric generation facility. Bonded debt was issued in the amount of \$153,415,000 for the project. The amount listed above represents the Village’s participant share. The debt will be financed through user charges. No amortization data is available at this time. The JV5 debt is made up of two series, the 2001 BICS, which is an accretion bond, and the 2016 bond, which is paid monthly. Excess debt service is being collected ahead to be able to begin making the payments on the 2001 BICS, which will also allow rates billed to JV5 owners to remain stable. The difference due to these excess collections was \$2,614 in 2019.

AMP Loan – During 2011, a loan was approved from AMP Ohio in the amount of \$350,000 for Distribution Rebuild. No amortization data is available at this time. The debt will be financed through user charges.

CM10T – In 2016, a loan from the Ohio Public Works Commission was obtained to upgrade the replace the Northtown Storm Sewer located near the Industrial Park. The loan amount was for \$89,418 for a period of 20 years at a 0% interest rate. The project concluded in the Spring of 2018. The debt will be financed through assessments collected by the Auglaize County Auditor’s office.

CT27Q – In 2016, the Village received a \$310,000, 30-year loan at 0% interest from the Ohio Public Works Commission in an effort to reconstruct North Westminster Street. Reconstruction ended in late 2016 and change orders were made from ODOT, changing the final dollar amount. This is a 30-year loan with no interest.

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

Note 9 – Debt (Continued)

CT43S – During 2016, the Village was awarded a \$560,000 loan from the Ohio Public Works Commission for the Wastewater Treatment Plant upgrades. The loan is for 30 years at 0% interest. This project concluded in 2017.

Osgood Bank Loan – In 2017, the Village obtained a loan through Osgood State Bank for \$103,438 for 10 years with an interest rate of 3.49%. The loan was obtained in an effort to purchase properties directly connected to the park, to protect well heads and enlarge the “green space” area at the park. The Village is in the repayment process. No amortization schedule is available at this time.

7198 – In 2015, the Village encumbered a loan from Ohio Water Development Authority for a project. The Village drew additional funds in 2017 for a total of \$425,920. The 20-year loan is at 0.29% interest.

CM08U – In 2019, the Village encumbered a loan from Ohio Public Works Commission. The loan amount was \$10,000 for a period of 20 years at a 0% interest rate.

Lease-Purchase Agreement – Interceptor – In 2019, the Village entered into a lease-purchase agreement for the purchase of a police interceptor. The lease-purchase amount was \$48,655 for a period of 3 years at an 8.5% interest rate.

Amortization

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

Year ending December 31:	OPWC CM08U	OPWC CT40K	OPWC CM13I	OPWC CM10T
2020	\$ 500	\$ 15,959	\$ 14,890	\$ 4,469
2021	500	15,959	14,890	4,469
2022	500	15,959	14,890	4,469
2023	500	15,959	14,890	4,469
2024	500	15,959	14,890	4,469
2025-2029	2,500	63,836	59,556	22,345
2030-2034	2,500	-	-	22,345
2035-2039	2,000	-	-	17,876
Total	<u>\$ 9,500</u>	<u>\$ 143,631</u>	<u>\$ 134,006</u>	<u>\$ 84,911</u>

Year ending December 31:	OPWC CT27Q	OPWC CT43S	OWDA 7198	Lease- Purchase
2020	\$ 9,544	\$ 18,667	\$ 22,550	\$ 16,219
2021	9,544	18,667	22,551	16,219
2022	9,544	18,667	22,550	-
2023	9,544	18,667	22,550	-
2024	9,544	18,667	22,550	-
2025-2029	47,722	93,333	112,753	-
2030-2034	47,722	93,333	112,753	-
2035-2039	47,722	93,333	33,828	-
2040-2044	47,722	93,333	-	-
2045-2049	28,635	46,666	-	-
Total	<u>\$ 267,243</u>	<u>\$ 513,333</u>	<u>\$ 372,085</u>	<u>\$ 32,438</u>

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

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.

Note 11– Joint Ventures

A. Ohio Municipal Generation Agency Joint Venture 5 (OMEGA JV5)

The Village is a Financing Participant with an ownership percentage of .08 %, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

Pursuant to the OMEGA Joint Venture JV5 Agreement (Agreement), the participants jointly undertook as Financing Participants, the acquisition, construction, and equipping of OMEGA JV5, including such portions of OMEGA JV5 as have been acquired, constructed or equipped by AMP.

OMEGA JV5 was created to construct a 42 Megawatt (MW) run-of-the-river hydroelectric plant (including 40MW of backup generation) and associated transmission facilities (on the Ohio River near the Bellville, West Virginia Locks and Dam) and sells electricity from its operations to OMEGA JV5 Participants.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2019, the Village has met its debt coverage obligation.

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement to Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant's ownership share of the Project, in kilowatts ("Step Up Power") provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV5 Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting JV5 Participant's ownership share of the project prior to any such increases.

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

Note 11 - Joint Ventures (Continued)

A. Ohio Municipal Generation Agency Joint Venture 5 (OMEGA JV5) (Continued)

OMEGA JV5 is managed by AMP, which acts as the joint venture's agent. During 1993 and 2001 AMP issued \$153,415,000 and \$13,899,981 respectively of 30-year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024. On February 15, 2014, all of the 2004 BIRCs were redeemed from funds held under the trust agreement securing the 2004 BIRCs and the proceeds of a promissory note issued to AMP by OMEGA JV5. This was accomplished with a draw on AMP's revolving credit facility. The resulting balance was \$65,891,509 at February 28, 2014. On January 29, 2016, OMEGA JV5 issued the 2016 Beneficial Interest Certificates ("2016 Certificates") in the amount of \$49,745,000 for the purpose of refunding the promissory note to AMP in full. The outstanding amount on the promissory note had been reduced to \$49,243,377 at the time of refunding as compared to its value at December 31, 2015 of \$49,803,187. The promissory note represented the February 2014 redemption of the 2004 Certificates from funds held under the trust agreement securing the 2004 BIRCs.

The Village's net investment to date in OMEGA JV5 was \$2,490 at December 31, 2019. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

B. Municipal Energy Services Agency (MESA)

Municipal Energy services Agency ("MESA") was organized by 31 subdivisions of the State of Ohio (the "Participants") on December 31, 1996, pursuant to a Joint Venture Agreement (the "Agreement") under the Ohio Constitution and Section 715.02 of the Ohio Revised Code. As of December 31, 2007, there were 48 Participants in MESA. Its purpose is to provide access to a pool of personnel experienced in planning, engineering, construction, safety training, finance, administration and other aspects of the operations and maintenance of Municipal electric and other utility systems. The Participants are members of American Municipal Power-Ohio, Inc. ("AMP-Ohio). MESA also provides personnel and administrative services to AMP-Ohio, the Ohio Municipal Electric Generation Agency Joint Ventures: 1, 2, 4, 5, and 6 ("OMEGA JVs"), the Ohio Municipal Electric Association (OMEA") and the Ohio Public Power Educational Institute ("OPPEI"). The Agreement continues until December 31, 2006, and thereafter for successive terms of three years so long as at least two participants have not given notice.

Note 12 – Jointly Governed Organizations

The Village is associated with the Auglaize County Regional Planning Commission. The Village is responsible for sending an elected Council Member and alternate to sit on the board.

Note 13 – Public Entity Risk Pool

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

Note 14 – American Municipal Power

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project was intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's project share was 790 kilowatts (kW) of a total 771,281 kW, giving the Village a 0.10 percent project share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. All project costs incurred prior to the cancellation and related to the cancellation were therefore deemed *impaired* and participants were obligated to pay those incurred costs. In prior years, payment of these costs was not required due to AMP's pursuit of legal action to collect them from Bechtel. As a result of a March 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village's estimated share of the impaired costs at March 31, 2014 was \$136,923. The Village received a credit of \$42,984 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$35,728 related to the AMPGS costs deemed to have future benefit for the project participants, classified as Plant Held for Future Use (PHFU, leaving an estimated net impaired cost balance of 58,211. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact, either positively or negatively, the Village's net impaired cost balance. These amounts will be recorded as they become estimable.

In late 2016, AMP reached a Settlement in the Bechtel Corporation litigation. On December 8, 2016, at the AMPGS Participants meeting, options for the allocation of the Settlement funds were approved. The AMPGS Participants and the AMP Board of Trustees voted to allocate the Settlement among the participants and the AMP General Fund based on each participant's original project share in kW including the AMP General Fund's project share.

Since March 31, 2014 the Village has made payments of \$39,338 to AMP toward its net impaired cost estimate. Also since March 31, 2014, the Village's allocation of additional costs incurred by the project is \$1,659 and interest expense incurred on AMP's line-of-credit of \$4,792, resulting in a net impaired cost estimate at December 31, 2019 of \$25,324. The Village does have a potential PHFU Liability of \$35,497 resulting in a net total potential liability of \$60,821, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) have no value and also assuming the Village's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include items such as negative items as property taxes as well as positive items revenue from leases or sale of all or a portion of the Meigs County site property.

The Village intends to recover these costs and repay AMP over the next 4 years through a power cost adjustment.

Note 15 – Transfers

The Village transferred funds from the Water and Sewer Operations Funds to the Debt Service Fund in the amount of \$83,953.

Note 16 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be estimated.

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019
(Continued)**

Note 17 – Segment Information

To provide electric service to the citizens, the Village is a member of Ohio Municipal Electric Generation Agency (OMEGA) Joint Ventures as described in Note 11. The Village is liable for debt related to the financing of the OMEGA joint ventures. The activity is accounted for in the Village's Electric Fund, which is reported as part of the combined Enterprise Fund Type in the financial statements. Summary financial information for the Electric Fund is presented below:

	<u>2019</u>
Total Fund Cash Balance	\$687,537
Total Long-Term Debt	\$149,326
 Condensed Operating Information:	
Operating Receipts	
Charges for Services	\$944,077
Other Operating Receipts	<u>3,047</u>
Total Operating Receipts	947,124
 Operating Expenses	
Personal Services	56,989
Employee Fringe Benefits	28,287
Contractual Services	702,251
Supplies and Materials	<u>27,382</u>
Total Operating Expenses	814,909
 Operating Income (Loss)	 132,215
 Nonoperating Receipts (Disbursements)	
Excise Tax Payments	(33,300)
Capital Outlay	(2,769)
Principal Payments	(33,846)
Interest Payments	(1,866)
Other Nonoperating Receipts (Disbursements)	<u>1,009</u>
Change in Fund Cash Balance	61,443
Beginning Fund Cash Balance	<u>626,094</u>
Ending Fund Cash Balance	<u><u>\$687,537</u></u>
 Condensed Cash Flows Information:	
	<u>2019</u>
Net Cash Provided (Used) by:	
Operating Activities	\$132,215
 Capital and Related Financing Activities	
Principal Payments on Capital and Related Debt	(33,846)
Interest Payments on Capital and Related Debt	(1,866)
Other Capital and Related Financing Activities	<u>(35,060)</u>
Net Cash (Used) by Capital and Related Financing Activities	(70,772)
 Net Increase (Decrease)	 61,443
Beginning Fund Cash Balance	<u>626,094</u>
Ending Fund Cash Balance	<u><u>\$687,537</u></u>

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

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

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 44,639	\$ -	\$ -	\$ -	\$ 44,639
Municipal Income Tax	127,775	-	-	-	127,775
Intergovernmental	124,388	108,804	-	90,416	323,608
Charges for Services	225	-	-	-	225
Fines, Licenses and Permits	29,428	-	-	-	29,428
Earnings on Investments	22,893	1,244	-	-	24,137
Miscellaneous	3,651	129	-	-	3,780
<i>Total Cash Receipts</i>	<u>352,999</u>	<u>110,177</u>	<u>-</u>	<u>90,416</u>	<u>553,592</u>
Cash Disbursements					
Current:					
Security of Persons and Property	103,419	-	-	-	103,419
Public Health Services	26	-	-	-	26
Leisure Time Activities	85,597	-	-	-	85,597
Community Environment	-	10	-	-	10
Transportation	2,725	22,844	-	89,380	114,949
General Government	142,802	-	-	-	142,802
Capital Outlay	-	69,999	-	65,413	135,412
Debt Service:					
Principal Retirement	4,917	13,555	2,684	-	21,156
Interest and Fiscal Charges	872	-	2,713	-	3,585
<i>Total Cash Disbursements</i>	<u>340,358</u>	<u>106,408</u>	<u>5,397</u>	<u>154,793</u>	<u>606,956</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>12,641</u>	<u>3,769</u>	<u>(5,397)</u>	<u>(64,377)</u>	<u>(53,364)</u>
Other Financing Receipts (Disbursements)					
Other Debt Proceeds	-	-	-	45,650	45,650
Sale of Capital Assets	8,064	56	-	-	8,120
Transfers In	-	-	5,568	55,999	61,567
Transfers Out	(61,567)	-	-	-	(61,567)
Other Financing Sources	-	-	-	4,000	4,000
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(53,503)</u>	<u>56</u>	<u>5,568</u>	<u>105,649</u>	<u>57,770</u>
<i>Net Change in Fund Cash Balances</i>	<u>(40,862)</u>	<u>3,825</u>	<u>171</u>	<u>41,272</u>	<u>4,406</u>
<i>Fund Cash Balances, January 1 (Restated - See Note 18)</i>	<u>259,175</u>	<u>79,330</u>	<u>-</u>	<u>-</u>	<u>338,505</u>
Fund Cash Balances, December 31					
Nonspendable	1,776	-	-	-	1,776
Restricted	-	83,155	-	41,272	124,427
Assigned	118,508	-	171	-	118,679
Unassigned	98,029	-	-	-	98,029
<i>Fund Cash Balances, December 31</i>	<u>\$ 218,313</u>	<u>\$ 83,155</u>	<u>\$ 171</u>	<u>\$ 41,272</u>	<u>\$ 342,911</u>

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

**VILLAGE OF WAYNESFIELD
AUGLAIZE 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, 2018**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$ 1,318,157	\$ -	\$ 1,318,157
Fines, Licenses and Permits	-	18,270	18,270
Miscellaneous	3,313	-	3,313
<i>Total Operating Cash Receipts</i>	<u>1,321,470</u>	<u>18,270</u>	<u>1,339,740</u>
Operating Cash Disbursements			
Personal Services	166,326	-	166,326
Fringe Benefits	88,274	-	88,274
Contractual Services	815,515	-	815,515
Supplies and Materials	41,290	104	41,394
Other	42,950	24,958	67,908
<i>Total Operating Cash Disbursements</i>	<u>1,154,355</u>	<u>25,062</u>	<u>1,179,417</u>
<i>Operating Income (Loss)</i>	<u>167,115</u>	<u>(6,792)</u>	<u>160,323</u>
Non-Operating Receipts (Disbursements)			
Special Assessments	1,000	-	1,000
Sale of Fixed Assets	1,994	-	1,994
Miscellaneous Receipts	1,301	-	1,301
Capital Outlay	(55,978)	-	(55,978)
Excise Tax Payment - Electric	(5,490)	-	(5,490)
Principal Retirement	(170,539)	-	(170,539)
Interest and Other Fiscal Charges	(3,588)	-	(3,588)
Other Financing Sources	-	6,370	6,370
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(231,300)</u>	<u>6,370</u>	<u>(224,930)</u>
<i>Income (Loss) before Transfers</i>	<u>(64,185)</u>	<u>(422)</u>	<u>(64,607)</u>
Transfers In	130,443	-	130,443
Transfers Out	(130,443)	-	(130,443)
<i>Net Change in Fund Cash Balances</i>	<u>(64,185)</u>	<u>(422)</u>	<u>(64,607)</u>
<i>Fund Cash Balances, January 1 (Restated - See Note 18)</i>	<u>1,318,688</u>	<u>489</u>	<u>1,319,177</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,254,503</u>	<u>\$ 67</u>	<u>\$ 1,254,570</u>

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

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 1 - Reporting Entity

The Village of Waynesfield (the Village), Auglaize County, is a body politic and corporate established to exercise 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 electric, water and sewer utilities, park operations, street repair and maintenance, and police services. The Village contracts with Wayne Township to receive fire protection and emergency medical services.

Joint Ventures, Jointly Governed Organizations, and Public Entity Risk Pools

The Village participates in two joint ventures, a jointly governed organization, and a public entity risk pool. Notes 11 through 13 to the financial statements provides additional information for these entities. These organizations are:

The Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5) - created to provide electricity to the Village.

The Municipal Energy Services Agency (MESA) – created to help reduce the cost of providing electricity to the Village.

The Auglaize County Regional Planning Commission.

The Ohio Municipal League Group Rating Plan.

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 – The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Permissive Motor Vehicle Fund – The fund receives motor vehicle license tax money for constructing, maintaining, and repairing Village streets.

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Accounting (Continued)

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for outstanding debt service for projects. The Village had the following significant Debt Service Fund:

Osgood Loan – Park Enhancement Fund – This loan was acquired to purchase adjoining properties to the Village's park. Acquiring this land was also a part of the Park Enhancement Project.

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

North Westminster Street Project Fund – This fund received restricted receipts for the street repair project.

Wastewater Treatment Plant Project Fund – This fund received restricted receipts for the upgrade of the waste water treatment plant.

NorthTown Storm Sewer Project Fund – This fund received restricted receipts for the repairs and improvements of the storm sewer located on the north side of the Village.

Park Enhancement Project Fund – This fund received restricted receipts for the enhancement and improvements of the Village's park.

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

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

Electric Fund – The electric fund receives charges for services from residents and commercial users to cover electric service costs.

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 hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. Mayor's Court activity is also recorded in the Agency Fund.

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting

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

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

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. 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 2018 budgetary activity appears in Note 3.

Deposits and Investments

The Village holds its deposits in an interest-bearing checking account.

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:

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Balance (Continued)

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 years ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 402,548	\$ 361,063	\$ (41,485)
Special Revenue	104,680	110,233	5,553
Debt Service	5,568	5,568	-
Capital Projects	401,782	196,065	(205,717)
Enterprise	1,256,841	1,456,208	199,367
Fiduciary	28,645	24,640	(4,005)
Total	<u>\$ 2,200,064</u>	<u>\$ 2,153,777</u>	<u>\$ (46,287)</u>

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

Note 3 – Budgetary Activity (Continued)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 486,172	\$ 402,697	\$ 83,475
Special Revenue	176,823	106,459	70,364
Debt Service	5,568	5,397	171
Capital Projects	401,782	154,793	246,989
Enterprise	2,122,252	1,522,123	600,129
Fiduciary	28,749	25,959	2,790
Total	\$ 3,221,346	\$ 2,217,428	\$ 1,003,918

Note 4 – Deposits and Investments

The Village maintains a deposit and investment 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:

	2018
Demand Deposits	\$ 1,597,281
Cash on Hand	200
Total deposits and cash on hand	\$ 1,597,481

Deposits

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Village.

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.

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 one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

Note 5 – Taxes (Continued)

Income Taxes (Continued)

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

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Note 7 - Defined Benefit Pension Plans

Retirement System

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. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. OP&F participants contributed 12.25% of their gross salaries and the Village contributed an amount equaling 19.5% of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

Social Security

The Mayor and Council Members contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

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

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

Note 9 - Debt

Debt outstanding at December 31, 2018 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC S. Westminster St. Reconstruction CT40K	\$ 159,589	0.00%
OPWC Water Treatment Plant Improvements CM13I	148,895	0.00%
OMEGA JV5 Bond	53,568	Variable
AMP Loan (Electric Bucket Truck & Distribution)	34,727	0.00%
OPWC Northtown Storm Sewer Replacement CM10T	89,380	0.00%
OPWC N. Westminster Street Project CT27Q	276,788	0.00%
OPWC WWTP Upgrades CT43S	532,000	0.00%
OWDA WWTP Improvements 7198	377,921	0.29%
Osgood State Bank - Park Enhancement	97,963	3.49%
Total	<u>\$ 1,770,831</u>	

CM23D – During 2002 and 2003, loans were obtained from the Ohio Public Works Commission in the amount of \$29,981 and \$194,752, respectively, for the constructions of a new water tower and well. Both loans mature together after a period of 20 years. The entire debt was paid off in 2018.

CM23H – During 2004, a loan was obtained from the Ohio Public Works Commission in the amount of \$43,200 for a Wastewater UV Disinfection improvement project. The Village entered into this debt on August 1, 2004 but the money was not disbursed until January 1, 2005. The final payment to the contractor for the project was not made until July 8, 2005. This is a 0% interest 20 year loan. The entire debt was paid off in 2018.

CM13I – During 2005, a loan was obtained from the Ohio Public Works Commission in the amount of \$297,790 for a new water treatment plant, water line replacements, and new water meter installation. The Village entered into the loan on July 5, 2005, the Village received \$193,479 of loan proceed during 2007 and the remaining amount of \$104,311 was received in 2008. This is a 0% interest 20-year loan and payments began January 2009. The debt will be financed through user charges.

CT40K – During 2008, a loan was obtained from the Ohio Public Works Commission in the amount of \$319,179 for the South Westminster Street Reconstruction project. This is a 0% interest 20-year loan and payments began July 2009. Due to the various aspects of the project, this loan will be repaid from the General fund (25%), Street Construction Maintenance and Repair fund (65%) and Water Operating fund (10%).

The OMEGA JV 5 project consists of governmental entities that joined together to finance a municipal electric generation facility. Bonded debt was issued in the amount of \$153,415,000 for the project. The amount listed above represents the Village's participant share. The debt will be financed through user charges. No amortization data is available at this time. In 2017, the balance for this loan was reported as \$42,386 when it should have been \$60,798. The JV5 debt is made up of two series, the 2001 BICS, which is an accretion bond, and the 2016 bond, which is paid monthly. Excess debt service is being collected ahead to be able to begin making the payments on the 2001 BICS, which will also allow rates billed to JV5 owners to remain stable. The difference due to these excess collections was (\$243) in 2018.

AMP Loan – During 2011, a loan was approved from AMP Ohio in the amount of \$350,000 for Distribution Rebuild. No amortization data is available at this time. The debt will be financed through user charges.

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

Note 9 – Debt (Continued)

CM10T – In 2016, a loan from the Ohio Public Works Commission was obtained to upgrade the replace the Northtown Storm Sewer located near the Industrial Park. The loan amount was for \$89,418 for a period of 20 years at a 0% interest rate. The project concluded in the Spring of 2018. The debt will be financed through assessments collected by the Auglaize County Auditor’s office.

CT27Q – In 2016, the Village received a \$310,000, 30-year loan at 0% interest from the Ohio Public Works Commission in an effort to reconstruct North Westminster Street. Reconstruction ended in late 2016 and change orders were made from ODOT, changing the final dollar amount. This is a 30-year loan with no interest.

CT43S – During 2016, the Village was awarded a \$560,000 loan from the Ohio Public Works Commission for the Wastewater Treatment Plant upgrades. The loan is for 30 years at 0% interest. This project concluded in 2017.

Osgood Bank Loan – In 2017, the Village obtained a loan through Osgood State Bank for \$103,438 for 10 years with an interest rate of 3.49%. The loan was obtained in an effort to purchase properties directly connected to the park, to protect well heads and enlarge the “green space” area at the park. The Village is in the repayment process. No amortization schedule is available at this time.

7198 – In 2015, the Village encumbered a loan from Ohio Water Development Authority for a project. The Village drew additional funds in 2017 for a total of \$425,920. The 20-year loan is at 0.29% interest.

Amortization

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

Year ending December 31:	OPWC	OPWC	OPWC
	CT40K	CM13I	CM10T
2019	\$ 15,959	\$ 14,890	\$ 4,469
2020	15,959	14,890	4,469
2021	15,959	14,890	4,469
2022	15,959	14,890	4,469
2023	15,959	14,890	4,469
2024-2028	79,794	74,445	22,345
2029-2033	-	-	22,345
2034-2038	-	-	22,345
Total	<u>\$ 159,589</u>	<u>\$ 148,895</u>	<u>\$ 89,380</u>

Year ending December 31:	OPWC	OPWC	OWDA
	CT27Q	CT43S	7198
2019	\$ 9,544	\$ 18,667	\$ 15,951
2020	9,544	18,667	22,550
2021	9,544	18,667	22,551
2022	9,544	18,667	22,550
2023	9,544	18,667	22,550
2024-2028	47,722	93,333	112,753
2029-2033	47,722	93,333	112,753
2034-2038	47,722	93,333	56,379
2039-2043	47,722	93,333	-
2044-2048	38,180	65,333	-
Total	<u>\$ 276,788</u>	<u>\$ 532,000</u>	<u>\$ 388,037</u>

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

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.

Note 11– Joint Ventures

A. Ohio Municipal Generation Agency Joint Venture 5 (OMEGA JV5)

The Village is a Financing Participant with an ownership percentage of .08 %, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

Pursuant to the OMEGA Joint Venture JV5 Agreement (Agreement), the participants jointly undertook as Financing Participants, the acquisition, construction, and equipping of OMEGA JV5, including such portions of OMEGA JV5 as have been acquired, constructed or equipped by AMP.

OMEGA JV5 was created to construct a 42 Megawatt (MW) run-of-the-river hydroelectric plant (including 40MW of backup generation) and associated transmission facilities (on the Ohio River near the Bellville, West Virginia Locks and Dam) and sells electricity from its operations to OMEGA JV5 Participants.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2018, the Village has met its debt coverage obligation.

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement to Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant's ownership share of the Project, in kilowatts ("Step Up Power") provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV5 Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting JV5 Participant's ownership share of the project prior to any such increases.

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

Note 11 - Joint Ventures (Continued)

A. Ohio Municipal Generation Agency Joint Venture 5 (OMEGA JV5) (Continued)

OMEGA JV5 is managed by AMP, which acts as the joint venture's agent. During 1993 and 2001 AMP issued \$153,415,000 and \$13,899,981 respectively of 30-year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024. On February 15, 2014, all of the 2004 BIRCs were redeemed from funds held under the trust agreement securing the 2004 BIRCs and the proceeds of a promissory note issued to AMP by OMEGA JV5. This was accomplished with a draw on AMP's revolving credit facility. The resulting balance was \$65,891,509 at February 28, 2014. On January 29, 2016, OMEGA JV5 issued the 2016 Beneficial Interest Certificates ("2016 Certificates") in the amount of \$49,745,000 for the purpose of refunding the promissory note to AMP in full. The outstanding amount on the promissory note had been reduced to \$49,243,377 at the time of refunding as compared to its value at December 31, 2015 of \$49,803,187. The promissory note represented the February 2014 redemption of the 2004 Certificates from funds held under the trust agreement securing the 2004 BIRCs.

The Village's net investment to date in OMEGA JV5 was \$2,490 at December 31, 2018. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

B. Municipal Energy Services Agency (MESA)

Municipal Energy services Agency ("MESA") was organized by 31 subdivisions of the State of Ohio (the "Participants") on December 31, 1996, pursuant to a Joint Venture Agreement (the "Agreement") under the Ohio Constitution and Section 715.02 of the Ohio Revised Code. As of December 31, 2007, there were 48 Participants in MESA. Its purpose is to provide access to a pool of personnel experienced in planning, engineering, construction, safety training, finance, administration and other aspects of the operations and maintenance of Municipal electric and other utility systems. The Participants are members of American Municipal Power-Ohio, Inc. ("AMP-Ohio). MESA also provides personnel and administrative services to AMP-Ohio, the Ohio Municipal Electric Generation Agency Joint Ventures: 1, 2, 4, 5, and 6 ("OMEGA JVs"), the Ohio Municipal Electric Association (OMEA") and the Ohio Public Power Educational Institute ("OPPEI"). The Agreement continues until December 31, 2006, and thereafter for successive terms of three years so long as at least two participants have not given notice.

Note 12 – Jointly Governed Organizations

The Village is associated with the Auglaize County Regional Planning Commission. The Village is responsible for sending an elected Council Member and alternate to sit on the board.

Note 13 – Public Entity Risk Pool

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

Note 14 – American Municipal Power

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project was intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's project share was 790 kilowatts (kW) of a total 771,281 kW, giving the Village a 0.10 percent project share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. All project costs incurred prior to the cancellation and related to the cancellation were therefore deemed *impaired* and participants were obligated to pay those incurred costs. In prior years, payment of these costs was not required due to AMP's pursuit of legal action to collect them from Bechtel. As a result of a March 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village's estimated share of the impaired costs at March 31, 2014 was \$136,923. The Village received a credit of \$42,984 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$35,728 related to the AMPGS costs deemed to have future benefit for the project participants, classified as Plant Held for Future Use (PHFU, leaving an estimated net impaired cost balance of 58,211. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact, either positively or negatively, the Village's net impaired cost balance. These amounts will be recorded as they become estimable.

In late 2016, AMP reached a Settlement in the Bechtel Corporation litigation. On December 8, 2016, at the AMPGS Participants meeting, options for the allocation of the Settlement funds were approved. The AMPGS Participants and the AMP Board of Trustees voted to allocate the Settlement among the participants and the AMP General Fund based on each participant's original project share in kW including the AMP General Fund's project share.

Since March 31, 2014 the Village has made payments of \$27,885 to AMP toward its net impaired cost estimate. Also since March 31, 2014, the Village's allocation of additional costs incurred by the project is \$1,642 and interest expense incurred on AMP's line-of-credit of \$3,833, resulting in a net impaired cost estimate at December 31, 2018 of \$35,801. The Village does have a potential PHFU Liability of \$34,466 resulting in a net total potential liability of \$70,267, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) have no value and also assuming the Village's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include items such as negative items as property taxes as well as positive items revenue from leases or sale of all or a portion of the Meigs County site property.

The Village intends to recover these costs and repay AMP over the next 4 years through a power cost adjustment.

Note 15 – Transfers

The Village transferred funds from the Water and Sewer Operations Funds to the Debt Service Fund in the amount of \$130,443.

Note 16 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be estimated.

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

Note 17 – Segment Information

To provide electric service to the citizens, the Village is a member of Ohio Municipal Electric Generation Agency (OMEGA) Joint Ventures as described in Note 11. The Village is liable for debt related to the financing of the OMEGA joint ventures. The activity is accounted for in the Village's Electric Fund, which is reported as part of the combined Enterprise Fund Type in the financial statements. Summary financial information for the Electric Fund is presented below:

	<u>2018</u>
Total Fund Cash Balance	\$626,094
Total Long-Term Debt	\$180,558
 Condensed Operating Information:	
Operating Receipts	
Charges for Services	\$1,051,341
Other Operating Receipts	<u>3,313</u>
Total Operating Receipts	1,054,654
Operating Expenses	
Personal Services	67,039
Employee Fringe Benefits	40,182
Contractual Services	786,461
Supplies and Materials	<u>16,484</u>
Total Operating Expenses	910,166
Operating Income (Loss)	144,488
Nonoperating Receipts (Disbursements)	
Excise Tax Payments	(5,490)
Capital Outlay	(28,747)
Principal Payments	(30,169)
Interest Payments	(2,283)
Other Nonoperating Receipts (Disbursements)	2,647
Transfers	<u>(6,000)</u>
Change in Fund Cash Balance	74,446
Beginning Fund Cash Balance	<u>551,648</u>
Ending Fund Cash Balance	<u><u>\$626,094</u></u>
 Condensed Cash Flows Information:	
	<u>2018</u>
Net Cash Provided (Used) by:	
Operating Activities	\$144,488
Capital and Related Financing Activities	
Principal Payments on Capital and Related Debt	(30,169)
Interest Payments on Capital and Related Debt	(2,283)
Other Capital and Related Financing Activities	<u>(37,590)</u>
Net Cash (Used) by Capital and Related Financing Activities	(70,042)
Net Increase (Decrease)	74,446
Beginning Fund Cash Balance	<u>551,648</u>
Ending Fund Cash Balance	<u><u>\$626,094</u></u>

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

Note 18 – Restatement of Fund Balances

The Village's fund cash balances at January 1, 2018 have been restated for the General, Enterprise, and Agency Funds for prior year receipts not posted until Fiscal Year 2018, prior year checks voided in Fiscal Year 2018, and a portion of the Unclaimed Monies Fund balance that was not included in the Fiscal Year 2017 ending balance of the General Fund. The items noted above resulted in the following changes in fund balances at January 1, 2018:

	<u>General Fund</u>	<u>Enterprise Funds</u>	<u>Agency Funds</u>
Fund Balance at December 31, 2017 as Previously Reported	\$ 256,343	\$ 1,215,097	\$ 104
December 2017 utilities receipts recorded in January 2018	-	103,591	-
December 2017 Mayor's Court transactions recorded in January 2018	1,260	-	385
Unclaimed Monies Fund balance unreported in December 2017 ending balance	1,168	-	-
Fiscal Year 2017 checks voided in Fiscal Year 2018	404	-	-
Fund Balance January 1, 2018 as Restated	<u>\$ 259,175</u>	<u>\$ 1,318,688</u>	<u>\$ 489</u>

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

May 31, 2021

Village of Waynesfield
Auglaize County
300 North Westminster Street
Waynesfield, Ohio 45896

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 Waynesfield**, Auglaize County, (the Village) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated May 31, 2021, 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 and we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings that we consider a material weakness. We consider finding 2019-001 to be a material weakness.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations
Members: American Institute of Certified Public Accountants
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

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 financial statements. 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 communication is not suitable for any other purpose.



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

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

FINDING NUMBER 2019-001

Material Weakness

Financial Reporting

Accurate financial reporting is the responsibility of the Fiscal Officer and is essential to ensure information provided to the readers of the financial statements is accurate. Fund balances should be properly classified based on Governmental Accounting Standards Board (GASB) Statement No. 54: Fund Balance Reporting and Governmental Fund Type Definitions. Footnote disclosures should be accurate based on underlying source documentation and governmental accounting standards.

The following errors with the Village's annual financial report were noted:

- Utilities receipts and Mayor's Court receipts were not posted to the Village's accounting system until the following month. As a result, the receipts for December 2017 were posted in January 2018, the receipts for December 2018 were posted in January 2019, and the receipts for December 2019 were posted in January 2020. Adjustments have been made to record these receipts in the proper Fiscal Year;
- The Unclaimed Monies Fund was not properly mapped to the General Fund in 2019 or 2018 and, as a result, was reported as part of the Agency Fund. The fund balance of the Unclaimed Monies Fund was also not properly reported as Nonspendable. Adjustments have been made to record the Unclaimed Monies Fund activity as a part of the General Fund;
- Various errors were noted in the Village's debt payments made in 2019 and 2018 which included incorrect allocations between principal and interest, recording debt payments as Capital Outlay, Contractual Services, Transportation, or Security of Persons and Property, and not recording Other Debt Proceeds and Capital Outlay for new debt properly;
- OPWC passthrough expense was recorded in 2018 whereas the receipt portion was recorded in 2019 and the receipt portion was posted to Miscellaneous instead of Other Debt Proceeds in the Street Construction Maintenance & Repair Fund;
- An intergovernmental receipt was recorded as Loans Issued in the Park Enhancement Project Fund in 2018; and
- The balance of the General Fund should have been partially Assigned in 2019 and 2018 due to subsequent year appropriations exceeding estimated receipts.

Not posting receipts and disbursements accurately resulted in the financial statements requiring several reclassifications and adjusting entries. The financial statements reflect all reclassifications and adjustments. The Village has posted all adjustments to its accounting system.

The following reclassification was inconsequential to the overall financial statements of the Village for December 31, 2019 and 2018 and was not posted to the financial statements or ledgers:

- In 2019, special assessments assessed on the second half real estate settlement were recorded as Property and Other Taxes in the General Fund.

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

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

FINDING NUMBER 2019-001 (Continued)

Material Weakness (Continued)

Financial Reporting (Continued)

The following changes were made to the notes to the financial statements:

- Updated Budgetary Activity Note to agree to final amended certificate of estimated resources, final appropriations resolution, and audited receipt and disbursement amounts;
- Updated Deposits and Investments Note to properly disclose the cash on hand held by the District;
- Updated Postemployment Benefits Note to report the proper percentages for 2019 and 2018;
- Updated Debt Note to include correct principal balances and to correct the amortization schedule;
- Updated AMP disclosures based on most up to date information provided by AMP;
- Updated Segment Information Note for audit adjustments made to the Electric Fund and to report the Condensed Cash Flows Information in 2019 and 2018;
- Added Restatement of Fund Balances Note in 2018;
- Added Subsequent Events Note for COVID-19; and
- Other minor updates and wording corrections.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and expenses are properly identified and classified on the financial statements. Such review should also ensure that all receipts are timely posted into the accounting system to ensure receipts are posted in the correct year. The Village should also ensure all applicable footnote disclosures are accurately reported.

We also recommend the Fiscal Officer refer to the Ohio Village Handbook and other Auditor of State resources for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements.

Officials' Response – We did not receive a response from Officials to this finding.

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

Finding Number	Finding Summary	Status	Additional Information
2017-001	Posting Receipts, Disbursements and Fund Balance Classifications	Not Corrected	Repeated as Finding 2019-001
2017-002	Ohio Rev. Code Section 5705.41(D)	Partially Corrected	Moved to Verbal Recommendation

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF WAYNESFIELD

AUGLAIZE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 7/6/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov