



# **Balestra, Harr & Scherer, CPAs, Inc.**

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Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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VILLAGE OF WAYNESVILLE  
WARREN COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2014 and 2013  
Fiscal Years Audited Under GAGAS: 2014 and 2013





# Dave Yost • Auditor of State

Village Council  
Village of Waynesville  
1400 Lytle Road  
Waynesville, Ohio 45608

We have reviewed the *Independent Auditor's Report* of the Village of Waynesville, Warren County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2013 through December 31, 2014. 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 Waynesville is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost  
Auditor of State

September 22, 2015

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**VILLAGE OF WAYNESVILLE**  
**WARREN COUNTY, OHIO**

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**For the Years Ended December 31, 2014 and 2013**

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## Independent Auditor's Report

Village of Waynesville  
Warren County, Ohio  
1400 Lytle Rd.  
Waynesville, Ohio 45068

To the Village Council:

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Waynesville, Warren County, Ohio (the Village), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

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

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Waynesville, Warren County, Ohio, as of December 31, 2014 and 2013, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund, Police Levy Fund, and Street Levy Fund, thereof for the years then ended in accordance with the accounting basis described in Note 2.

***Accounting Basis***

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

***Other Matters***

***Supplemental and Other Information***

We applied no procedures to the Management's Discussion and Analysis presented on pages 4 through 10 of the report, and accordingly, we express no opinion or any other assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2015, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

*Balestra, Harr & Scherer, CPAs*

Balestra, Harr & Scherer, CPAs, Inc.  
Piketon, Ohio  
May 15, 2015

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**Village of Waynesville, Ohio**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2014 and 2013**  
**(Unaudited)**

This discussion and analysis of the Village of Waynesville's (the Village) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2014, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

**Highlights**

Key highlights for 2014 are as follows:

- A Village-wide 1.0 percent income tax with 100 percent credit began July 1, 2010.
- The Village's total net position increased \$346,679.
- Net position of governmental activities decreased \$94,861, net position of business-type activities increased by \$441,541.
- The General Fund reported a net change in fund balance of (\$92,922).
- Business-type operations reflected operating income of \$784,591.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's modified cash basis of accounting.

**Report Components**

The statement of net position and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

**Village of Waynesville, Ohio**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2014 and 2013**  
**(Unaudited)**

As a result of using the cash basis of accounting, certain assets and their related receipts (such as accounts receivable) and certain liabilities and their related disbursements (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

**Reporting the Village as a Whole**

The statements of net position-cash basis and the statements of activities-cash basis reflect how the Village did financially during 2014 and 2013, within the limitations of cash basis accounting. The statement of net position presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other nonfinancial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued maintenance and possibly growth in the major local receipts sources such as property and income taxes.

In the statement of net position-cash basis and the statement of activities-cash basis, we divide the Village into two types of activities:

Governmental activities. Most of the Village's basic services are reported here, including police, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activity. The Village has many business-type activities, including water, sewer, storm sewer, water tower, trash collection, street lights, water capital, sewer capital and utility deposits. Business-type activities are financed by a fee charged to the customers receiving the service.

**Reporting the Village's Most Significant Funds**

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into three categories: governmental, proprietary and fiduciary.

**Village of Waynesville, Ohio**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2014 and 2013**  
**(Unaudited)**

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General Fund, Police Levy Fund, and the Street Levy Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has nine enterprise funds: water, sewer, storm sewer, water tower, trash collection, street lights, water capital, sewer capital and utility deposits.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Village's programs. The only fiduciary fund is the Mayor's Court.

**The Village as a Whole**

Table 1 provides a summary of the Village's net position for 2014 compared to 2013 on a cash basis:

**Table 1**  
**Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets:						
Equity in Pooled Cash and Cash Equivalents	\$1,401,853	\$1,496,715	\$3,232,092	\$2,790,551	\$4,633,945	\$4,287,266
Total Assets	<u>1,401,853</u>	<u>1,496,715</u>	<u>3,232,092</u>	<u>2,790,551</u>	<u>4,633,945</u>	<u>4,287,266</u>
Net Position:						
Restricted for:						
Road Maintenance and Improvements	426,759	404,759	0	0	426,759	404,759
Capital Projects	0	0	246,752	194,715	246,752	194,715
Police Operations	207,422	233,181	0	0	207,422	233,181
Drug & Alcohol Education, and Enforcement	8,998	8,998	0	0	8,998	8,998
Permissive Tax	94,856	93,400	0	0	94,856	93,400
Other Purposes	38,389	38,026	0	0	38,389	38,026
Assigned for:						
Other Purposes	0	21,777	0	0	0	21,777
Unrestricted	<u>625,429</u>	<u>696,574</u>	<u>2,985,340</u>	<u>2,595,836</u>	<u>3,610,769</u>	<u>3,292,410</u>
Total Net Position	<u>\$1,401,853</u>	<u>\$1,496,715</u>	<u>\$3,232,092</u>	<u>\$2,790,551</u>	<u>\$4,633,945</u>	<u>\$4,287,266</u>

**Village of Waynesville, Ohio**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2014 and 2013**  
**(Unaudited)**

As mentioned previously, net position of governmental activities decreased during 2014. The primary reasons contributing to the decrease in cash balances are as follows:

- Intergovernmental revenues (grant monies) received decreased from 2013 to 2014.
- Disbursements were kept under strict control. Money was not expended unless absolutely necessary.

Table 2 reflects the changes in net position on a cash basis in 2014 and 2013 for governmental activities, business-type activities and total primary government.

**Table 2**  
**Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Program Receipts:</b>						
Charges for Services	\$71,744	\$90,808	\$1,621,263	\$2,146,232	\$1,693,007	\$2,237,040
Operating Grants & Contributions	227,717	226,075	0	0	227,717	226,075
<b>Total Program Receipts</b>	<b>299,461</b>	<b>316,883</b>	<b>1,621,263</b>	<b>2,146,232</b>	<b>1,920,724</b>	<b>2,463,115</b>
<b>General Receipts:</b>						
Income Taxes	457,925	406,084	0	0	457,925	406,084
Property Taxes	446,944	420,461	0	0	446,944	420,461
Grants & Entitlements	10,279	289,621	0	0	10,279	289,621
Investment Earnings	2,310	1,709	0	0	2,310	1,709
Cable Franchise Fees	36,958	38,421	0	0	36,958	38,421
Other Receipts	28,048	23,131	0	0	28,048	23,131
Transfers - Internal Activities	(20,000)	0	9,267	11,663	(10,733)	11,663
<b>Total General Receipts</b>	<b>962,464</b>	<b>1,179,427</b>	<b>9,267</b>	<b>11,663</b>	<b>971,731</b>	<b>1,191,090</b>
<b>Total Receipts</b>	<b>1,261,925</b>	<b>1,496,310</b>	<b>1,630,530</b>	<b>2,157,895</b>	<b>2,892,455</b>	<b>3,654,205</b>
<b>Disbursements:</b>						
General Government	248,872	246,832	0	0	248,872	246,832
Security of Persons & Property	288,281	277,592	0	0	288,281	277,592
Public Health Services	1,800	853	0	0	1,800	853
Recreation	1,000	0	0	0	1,000	0
Transportation	171,771	161,072	0	0	171,771	161,072
Other	34,305	0	0	0	34,305	0
Capital Outlay	62,907	75,524	0	0	62,907	75,524
<b>Debt Service:</b>						
Principal	534,569	311,400	0	0	534,569	311,400
Interest & Other Charges	13,282	32,902	0	0	13,282	32,902
Water Utility	0	0	313,570	877,728	313,570	877,728
Sewer Utility	0	0	579,508	568,795	579,508	568,795
Storm Sewer Utility	0	0	2,766	14,582	2,766	14,582
Water Tower Deposit	0	0	37,654	37,654	37,654	37,654
Trash Pickup	0	0	192,617	190,103	192,617	190,103
Street Light	0	0	26,086	28,305	26,086	28,305
Water Capital Improvement	0	0	15,108	317,032	15,108	317,032
Sewer Capital Improvement	0	0	21,680	30,374	21,680	30,374
<b>Total Disbursements</b>	<b>1,356,787</b>	<b>1,106,175</b>	<b>1,188,989</b>	<b>2,064,573</b>	<b>2,545,776</b>	<b>3,170,748</b>
<b>Change in Net Position</b>	<b>(94,862)</b>	<b>390,135</b>	<b>441,541</b>	<b>93,322</b>	<b>346,679</b>	<b>483,457</b>
<b>Net Position - Beginning of Year</b>	<b>1,496,715</b>	<b>1,106,580</b>	<b>2,790,551</b>	<b>2,697,229</b>	<b>4,287,266</b>	<b>3,803,809</b>
<b>Net Position - End of Year</b>	<b>\$1,401,853</b>	<b>\$1,496,715</b>	<b>\$3,232,092</b>	<b>\$2,790,551</b>	<b>\$4,633,945</b>	<b>\$4,287,266</b>

**Village of Waynesville, Ohio**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2014 and 2013**  
**(Unaudited)**

Program receipts represent only 24% of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 76% of the Village's total receipts, and of this amount, over 71% are from taxes receipts. Other receipts are very insignificant and somewhat unpredictable receipt sources.

The decrease in grants and entitlements for the village is due to the decrease in estate taxes.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, and the auditor, treasurer, and income tax departments, as well as internal services such as payroll and purchasing.

Security of Persons and Property is the cost of police protection; Public Health Services is fees paid to the county health department; Leisure Time Activities are the costs of maintaining the parks; the economic development department promotes the Village to industry and commerce as well as working with other governments in the area to attract new business; and Transportation is the cost of maintaining the roads.

**Governmental Activities**

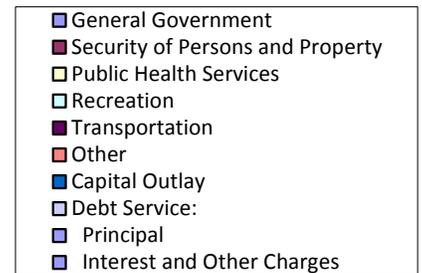
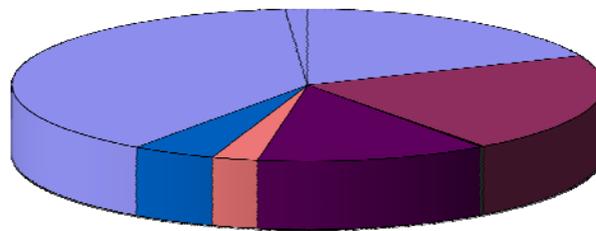
The Village has made continued efforts to attract large-scale employers to the village for the year 2014, thereby injecting the local economy with jobs and increasing the Village's commercial tax base. The 1.00% income tax is one of the largest sources of receipt for the Village. Receipts generated by the earnings tax represent approximately 47% of the City's governmental activities general receipts.

**Village of Waynesville, Ohio  
Management's Discussion and Analysis  
For the Years Ended December 31, 2014 and 2013  
(Unaudited)**

Governmental Activities  
Program Disbursements for 2014

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	Percentage
General Government	18.7%
Security of Persons and Property	21.2%
Public Health Services	0.1%
Recreation	0.1%
Transportation	12.6%
Other	2.5%
Capital Outlay	4.6%
Debt Service:	
Principal	39.0%
Interest and Other Charges	1.2%
<b>Total</b>	<b>100.0%</b>



General Government includes legislative and executive disbursements. The Village provides general government services, water and sewer utilities, maintenance of Village roads and bridges, park operations, and police services. Overall receipts for the Village remained relatively consistent from 2013 to 2014. Receipts decreased in 2014 as compared to 2013 mainly due to a decrease in estate tax collections. Principal payouts increased mainly due to the Village extinguishing the G.O. debt ahead of schedule.

**Business-type Activities**

The Village's business-type activities are the following: water, sewer, storm sewer, water tower, utility deposits, trash pickup, street lights, water capital improvement, and sewer capital improvement.

The infrastructure is beginning to age and the Village has begun discussing the need for major repairs and how these will be funded. We have also received notification from the Ohio EPA that improvements may be necessary to satisfy new water quality standards. The wastewater treatment plant is nearing capacity, so the Village will be looking into necessary upgrades to allow the plant to handle additional capacity.

**Village of Waynesville, Ohio**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2014 and 2013**  
**(Unaudited)**

**The Village's Funds**

Total governmental funds had receipts of \$1,281,925 and disbursements and other uses of \$1,376,787. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund decreased \$92,922 as the result of the decrease in estate tax receipts. The fund balance of the Police Levy and Street Levy Funds remained relatively consistent from 2013 to 2014.

**General Fund Budgeting Highlights**

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2014, the Village amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were equal to the original budgeted receipts. The difference between final budgeted receipts and actual receipts was \$97,597, due mostly to an understatement of income taxes.

Final disbursements were budgeted at \$816,253 while actual disbursements were \$776,177. These variations in the budget were due to the underestimating of general governmental disbursements.

**Debt Administration**

At December 31, 2014, the Village's total outstanding debt was \$1,929,986. For further information regarding the Village's debt, refer to Note 10 to the basic financial statements.

**Current Issues**

The challenge for all Villages is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base.

**Contacting the Village's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to the Finance Director, Village of Waynesville, 1400 Lytle Road, Waynesville, Ohio 45068.

Village of Waynesville, Ohio  
Statement of Net Position - Cash Basis  
December 31, 2014

	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$1,401,853	\$3,232,092	\$4,633,945
<b>Total Assets</b>	<b>1,401,853</b>	<b>3,232,092</b>	<b>4,633,945</b>
<b>Net Position:</b>			
<b>Restricted for:</b>			
Road Maintenance and Improvements	426,759	0	426,759
Capital Projects	0	246,752	246,752
Police Operations	207,422	0	207,422
Drug and Alcohol Education and Enforcement	8,998	0	8,998
Permissive Tax	94,856	0	94,856
Other Purposes	38,389	0	38,389
Unrestricted	625,429	2,985,340	3,610,769
<b>Total Net Position</b>	<b>\$1,401,853</b>	<b>\$3,232,092</b>	<b>\$4,633,945</b>

See accompanying notes to the basic financial statements.

Village of Waynesville, Ohio  
Statement of Activities - Cash Basis  
For the Fiscal Year Ended December 31, 2014

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position		
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>						
General Government	\$248,872	\$69,240	\$13,168	(\$166,464)	\$0	(\$166,464)
Security of Persons and Property	288,281	2,276	62,451	(223,554)	0	(223,554)
Public Health Services	1,800	0	0	(1,800)	0	(1,800)
Recreation	1,000	0	0	(1,000)	0	(1,000)
Transportation	171,771	228	152,098	(19,445)	0	(19,445)
Other	34,305	0	0	(34,305)	0	(34,305)
Capital Outlay	62,907	0	0	(62,907)	0	(62,907)
<b>Debt Service:</b>						
Principal	534,569	0	0	(534,569)	0	(534,569)
Interest and Other Charges	13,282	0	0	(13,282)	0	(13,282)
<b>Total Governmental Activities</b>	<b>1,356,787</b>	<b>71,744</b>	<b>227,717</b>	<b>(1,057,326)</b>	<b>0</b>	<b>(1,057,326)</b>
<b>Business-Type Activities:</b>						
Water Utility	313,570	477,465	0	0	163,895	163,895
Sewer Utility	579,508	646,076	0	0	66,568	66,568
Storm Sewer Utility	2,766	14,777	0	0	12,011	12,011
Water Tower Deposit	37,654	18,000	0	0	(19,654)	(19,654)
Trash Pickup	192,617	198,146	0	0	5,529	5,529
Street Light	26,086	32,602	0	0	6,516	6,516
Water Capital Improvement	15,108	160,480	0	0	145,372	145,372
Sewer Capital Improvement	21,680	73,717	0	0	52,037	52,037
<b>Total Business-Type Activities</b>	<b>1,188,989</b>	<b>1,621,263</b>	<b>0</b>	<b>0</b>	<b>432,274</b>	<b>432,274</b>
<b>Totals</b>	<b>\$2,545,776</b>	<b>\$1,693,007</b>	<b>\$227,717</b>	<b>(1,057,326)</b>	<b>432,274</b>	<b>(625,052)</b>
<b>General Receipts:</b>						
Income Taxes				457,925	0	457,925
<b>Property Taxes Levied for:</b>						
General Purposes				85,350	0	85,350
Police				316,141	0	316,141
Street				45,453	0	45,453
Grants and Entitlements, Not Restrict				10,279	0	10,279
Investment Earnings				2,310	0	2,310
Cable Franchise Fees				36,958	0	36,958
Other Receipts				28,048	9,267	37,315
Transfers-Internal Activities				(20,000)	0	(20,000)
<b>Total General Receipts</b>				<b>962,464</b>	<b>9,267</b>	<b>971,731</b>
<b>Change in Net Position</b>				<b>(94,862)</b>	<b>441,541</b>	<b>346,679</b>
<b>Net Position - Beginning of Year</b>				<b>1,496,715</b>	<b>2,790,551</b>	<b>4,287,266</b>
<b>Net Position - End of Year</b>				<b>\$1,401,853</b>	<b>\$3,232,092</b>	<b>\$4,633,945</b>

See accompanying notes to the basic financial statements.

Village of Waynesville, Ohio  
Statement of Assets and Fund Balances - Cash Basis  
Governmental Funds  
December 31, 2014

	General	Police Levy	Street Levy	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$625,429	\$207,422	\$243,438	\$325,564	\$1,401,853
<b>Total Assets</b>	<b>625,429</b>	<b>207,422</b>	<b>243,438</b>	<b>325,564</b>	<b>1,401,853</b>
Fund Balances:					
Restricted	0	207,422	243,438	325,564	776,424
Unassigned	625,429	0	0	0	625,429
<b>Total Fund Balances</b>	<b>\$625,429</b>	<b>\$207,422</b>	<b>\$243,438</b>	<b>\$325,564</b>	<b>\$1,401,853</b>

See accompanying notes to the basic financial statements.

Village of Waynesville, Ohio  
Statement of Receipts, Disbursements  
and Changes in Fund Balances - Cash Basis  
Governmental Funds  
For the Fiscal Year Ended December 31, 2014

	General	Police Levy	Street Levy	Other Governmental Funds	Total Governmental Funds
<b>Receipts:</b>					
Property and Other Taxes	\$85,350	\$316,141	\$45,453	\$0	\$446,944
Income Taxes	457,925	0	0	0	457,925
Charges for Services	5,257	2,549	0	0	7,806
Investment Earnings	2,310	0	0	0	2,310
Intergovernmental	32,341	50,335	7,523	147,797	237,996
Fines, Licenses & Permits	100,896	0	0	0	100,896
Other Receipts	19,176	7,634	0	1,238	28,048
<b>Total Receipts</b>	<b>703,255</b>	<b>376,659</b>	<b>52,976</b>	<b>149,035</b>	<b>1,281,925</b>
<b>Disbursements:</b>					
General Government	233,184	5,461	322	9,905	248,872
Security of Persons and Property	7,450	280,831	0	0	288,281
Public Health Services	1,800	0	0	0	1,800
Recreation	1,000	0	0	0	1,000
Transportation	533	28,169	35,781	107,288	171,771
Capital Outlay	0	38,011	24,896	0	62,907
<b>Debt Service:</b>					
Principal	524,069	10,500	0	0	534,569
Interest and Other Charges	8,141	5,141	0	0	13,282
<b>Total Disbursements</b>	<b>776,177</b>	<b>368,113</b>	<b>60,999</b>	<b>117,193</b>	<b>1,322,482</b>
Excess of Receipts Over (Under) Disbursemen	(72,922)	8,546	(8,023)	31,842	(40,557)
<b>Other Financing Sources (Uses):</b>					
Other	0	(34,305)	0	0	(34,305)
Transfers (Out)	(20,000)	0	0	0	(20,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(20,000)</b>	<b>(34,305)</b>	<b>0</b>	<b>0</b>	<b>(54,305)</b>
<b>Net Change in Fund Balance</b>	<b>(92,922)</b>	<b>(25,759)</b>	<b>(8,023)</b>	<b>31,842</b>	<b>(94,862)</b>
Fund Balance - Beginning of Year	718,351	233,181	251,461	293,722	1,496,715
Fund Balance - End of Year	\$625,429	\$207,422	\$243,438	\$325,564	\$1,401,853

See accompanying notes to the basic financial statements.

Village of Waynesville, Ohio  
Statement of Receipts, Disbursements and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2014

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Receipts:</b>				
Property Taxes and Other Local Taxes	\$73,062	\$73,062	\$85,350	\$12,288
Income Taxes	391,998	391,998	457,925	65,927
Charges for Services	4,500	4,500	5,257	757
Investment Earnings	1,977	1,977	2,310	333
Intergovernmental	31,346	31,346	32,341	995
Fines, Licenses & Permits	86,370	86,370	100,896	14,526
Other Receipts	16,415	16,415	19,176	2,761
<b>Total Receipts</b>	<b>605,668</b>	<b>605,668</b>	<b>703,255</b>	<b>97,587</b>
<b>Disbursements:</b>				
<b>Current:</b>				
General Government	190,418	271,488	233,184	38,304
Security of Persons and Property	6,083	8,673	7,450	1,223
Public Health Services	1,470	2,096	1,800	296
Transportation	435	621	533	88
Recreation	817	1,164	1,000	164
<b>Debt Service:</b>				
Principal	524,170	524,070	524,069	1
Interest and Other Charges	8,041	8,141	8,141	0
<b>Total Disbursements</b>	<b>731,434</b>	<b>816,253</b>	<b>776,177</b>	<b>40,076</b>
<b>Excess of Receipts Over (Under) Expenditures</b>	<b>(125,766)</b>	<b>(210,585)</b>	<b>(72,922)</b>	<b>137,663</b>
<b>Other Financing Sources (Uses):</b>				
Transfers (Out)	(16,332)	(23,285)	(20,000)	3,285
<b>Total Other Financing Sources (Uses)</b>	<b>(16,332)</b>	<b>(23,285)</b>	<b>(20,000)</b>	<b>3,285</b>
<b>Net Change in Fund Balance</b>	<b>(142,098)</b>	<b>(233,870)</b>	<b>(92,922)</b>	<b>140,948</b>
<b>Fund Balance beginning of Year</b>	<b>718,351</b>	<b>718,351</b>	<b>718,351</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$576,253</b>	<b>\$484,481</b>	<b>\$625,429</b>	<b>\$140,948</b>

See accompanying notes to the basic financial statements.

Village of Waynesville, Ohio  
Statement of Receipts, Disbursements and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2014

	Police Levy Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Receipts:</b>				
Property Taxes and Other Local Taxes	\$365,672	\$365,672	\$316,141	(\$49,531)
Charges for Services	2,948	2,948	2,549	(399)
Intergovernmental	54,228	54,228	50,335	(3,893)
Other Receipts	8,831	8,831	7,634	(1,197)
<b>Total Receipts</b>	<b>431,679</b>	<b>431,679</b>	<b>376,659</b>	<b>(55,020)</b>
<b>Disbursements:</b>				
<b>Current:</b>				
General Government	7,168	7,168	5,461	1,707
Security of Persons and Property	368,632	368,632	280,831	87,801
Transportation	36,976	36,976	28,169	8,807
Capital Outlay	49,895	49,895	38,011	11,884
<b>Debt Service:</b>				
Principal	7,500	10,500	10,500	0
Interest and Other Charges	8,141	5,141	5,141	0
<b>Total Disbursements</b>	<b>478,312</b>	<b>478,312</b>	<b>368,113</b>	<b>110,199</b>
Excess of Receipts Over (Under) Expenditures	(46,633)	(46,633)	8,546	55,179
<b>Other Financing Sources (Uses):</b>				
Other	(39,680)	(39,680)	(34,305)	5,375
<b>Total Other Financing Sources (Uses)</b>	<b>(39,680)</b>	<b>(39,680)</b>	<b>(34,305)</b>	<b>5,375</b>
<b>Net Change in Fund Balance</b>	<b>(86,313)</b>	<b>(86,313)</b>	<b>(25,759)</b>	<b>60,554</b>
Fund Balance Beginning of Year	233,181	233,181	233,181	0
<b>Fund Balance End of Year</b>	<b>\$146,868</b>	<b>\$146,868</b>	<b>\$207,422</b>	<b>\$60,554</b>

See accompanying notes to the basic financial statements.

Village of Waynesville, Ohio  
Statement of Receipts, Disbursements and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2014

	Street Levy Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Receipts:				
Property Taxes and Other Local Taxes	\$48,083	\$48,083	\$45,453	(\$2,630)
Intergovernmental	7,085	7,085	7,523	438
<b>Total Receipts</b>	<b>55,168</b>	<b>55,168</b>	<b>52,976</b>	<b>(2,192)</b>
Disbursements:				
Current:				
General Government	417	417	322	95
Transportation	46,340	46,340	35,781	10,559
Capital Outlay	32,243	32,243	24,896	7,347
<b>Total Disbursements</b>	<b>79,000</b>	<b>79,000</b>	<b>60,999</b>	<b>18,001</b>
<b>Net Change in Fund Balance</b>	<b>(23,832)</b>	<b>(23,832)</b>	<b>(8,023)</b>	<b>15,809</b>
<b>Fund Balance Beginning of Year</b>	<b>251,461</b>	<b>251,461</b>	<b>251,461</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$227,629</b>	<b>\$227,629</b>	<b>\$243,438</b>	<b>\$15,809</b>

See accompanying notes to the basic financial statements.

Village of Waynesville, Ohio  
Statement of Fund Net Position - Cash Basis  
Proprietary Funds  
December 31, 2014

	Business-Type Activities - Enterprise Funds						Governmental Activities- Internal Service Funds
	Water	Sewer	Trash Pickup	Water Capital Improvement	Other Enterprise Funds	Total Business-Type Activities	
Current Assets:							
Equity in Pooled Cash and Cash Equivalent	\$901,207	\$1,366,255	\$71,756	\$463,132	\$429,742	\$3,232,092	\$14,441
Total Current Assets	901,207	1,366,255	71,756	463,132	429,742	3,232,092	14,441
Net Position:							
Restricted for:							
Capital Projects	0	0	0	0	246,752	246,752	0
Unrestricted	901,207	1,366,255	71,756	463,132	182,990	2,985,340	14,441
Total Net Position	\$901,207	\$1,366,255	\$71,756	\$463,132	\$429,742	3,232,092	\$14,441

See accompanying notes to the basic financial statements.

Village of Waynesville, Ohio  
Statement of Receipts, Disbursements  
and Changes in Fund Net Position - Cash Basis  
Proprietary Funds  
For the Fiscal Year Ended December 31, 2014

	Business-Type Activities -Enterprise Funds						Governmental Activities- Internal Service Funds
	Water	Sewer	Trash Pickup	Water Capital Improvement	Other Enterprise Funds	Total Business-Type Activities	
Operating Receipts:							
Charges for Services	\$477,465	\$646,076	\$198,146	\$160,480	\$139,096	\$1,621,263	\$0
Other Receipts	5,109	1,777	0	1,684	697	9,267	0
<b>Total Operating Receipts</b>	<b>482,574</b>	<b>647,853</b>	<b>198,146</b>	<b>162,164</b>	<b>139,793</b>	<b>1,630,530</b>	<b>0</b>
Operating Disbursements:							
Personal Services	124,403	136,005	0	0	0	260,408	0
Contractual Services	72,189	92,120	192,617	1,071	22,487	380,484	5,559
Materials and Supplies	22,505	21,471	0	0	822	44,798	0
Other Disbursements	83,125	71,581	0	0	5,543	160,249	0
<b>Total Operating Disbursements</b>	<b>302,222</b>	<b>321,177</b>	<b>192,617</b>	<b>1,071</b>	<b>28,852</b>	<b>845,939</b>	<b>5,559</b>
<b>Operating Income (Loss)</b>	<b>180,352</b>	<b>326,676</b>	<b>5,529</b>	<b>161,093</b>	<b>110,941</b>	<b>784,591</b>	<b>(5,559)</b>
Non-Operating Receipts (Disbursements):							
Capital Outlay	(921)	0	0	0	0	(921)	0
Principal Retirement	(5,000)	(214,632)	0	(6,601)	(39,623)	(265,856)	0
Interest and Other Fiscal Charges	(5,427)	(43,699)	0	(7,436)	(19,711)	(76,273)	0
<b>Total Non-Operating Receipts (Disbursements)</b>	<b>(11,348)</b>	<b>(258,331)</b>	<b>0</b>	<b>(14,037)</b>	<b>(59,334)</b>	<b>(343,050)</b>	<b>0</b>
<b>Income (Loss) Before Transfers</b>	<b>169,004</b>	<b>68,345</b>	<b>5,529</b>	<b>147,056</b>	<b>51,607</b>	<b>441,541</b>	<b>(5,559)</b>
Transfers In	0	0	0	0	0	0	20,000
<b>Change in Net Position</b>	<b>169,004</b>	<b>68,345</b>	<b>5,529</b>	<b>147,056</b>	<b>51,607</b>	<b>441,541</b>	<b>14,441</b>
<b>Net Position - Beginning of Year</b>	<b>732,203</b>	<b>1,297,910</b>	<b>66,227</b>	<b>316,076</b>	<b>378,135</b>	<b>2,790,551</b>	<b>0</b>
<b>Net Position - End of Year</b>	<b>\$901,207</b>	<b>\$1,366,255</b>	<b>\$71,756</b>	<b>\$463,132</b>	<b>\$429,742</b>	<b>\$3,232,092</b>	<b>\$14,441</b>

See accompanying notes to the basic financial statements.

Village of Waynesville, Ohio  
Statement of Fiduciary Net Position - Cash Basis  
Fiduciary Fund  
December 31, 2014

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	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	<u>\$7,122</u>
Total Assets	<u><u>7,122</u></u>
Liabilities:	
Held on Behalf of Others	<u>7,122</u>
Total Liabilities	<u><u>\$7,122</u></u>

See accompanying notes to the basic financial statements.

Village of Waynesville  
Statement of Net Position - Cash Basis  
December 31, 2013

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	<u>\$1,496,715</u>	<u>\$2,790,551</u>	<u>\$4,287,266</u>
<b>Total Assets</b>	<u>1,496,715</u>	<u>2,790,551</u>	<u>4,287,266</u>
<b>Net Position:</b>			
<b>Restricted for:</b>			
Road Maintenance and Improvements	404,759	0	404,759
Capital Projects	0	194,715	194,715
Police Operations	233,181	0	233,181
Drug and Alcohol Education and Enforcement	8,998	0	8,998
Permissive Tax	93,400	0	93,400
Other Purposes	38,026	0	38,026
<b>Assigned to:</b>			
Other Purposes	21,777	0	21,777
Unrestricted	<u>696,574</u>	<u>2,595,836</u>	<u>3,292,410</u>
<b>Total Net Position</b>	<u>\$1,496,715</u>	<u>\$2,790,551</u>	<u>\$4,287,266</u>

See accompanying notes to the basic financial statements.

Village of Waynesville  
Statement of Activities - Cash Basis  
For the Fiscal Year Ended December 31, 2013

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position		Total
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
<b>Governmental Activities:</b>						
General Government	\$246,832	\$79,042	\$12,317	(\$155,473)	\$0	(\$155,473)
Security of Persons and Property	277,592	10,643	73,016	(193,933)	0	(193,933)
Public Health Services	853	0	0	(853)	0	(853)
Transportation	161,072	1,123	140,742	(19,207)	0	(19,207)
Capital Outlay	75,524			(75,524)	0	(75,524)
<b>Debt Service:</b>						
Principal	311,400	0	0	(311,400)	0	(311,400)
Interest and Other Charges	32,902	0	0	(32,902)	0	(32,902)
<b>Total Governmental Activities</b>	<b>1,106,175</b>	<b>90,808</b>	<b>226,075</b>	<b>(789,292)</b>	<b>0</b>	<b>(789,292)</b>
<b>Business-Type Activities:</b>						
Water Utility	877,728	804,524	0	0	(73,204)	(73,204)
Sewer Utility	568,795	660,161	0	0	91,366	91,366
Storm Sewer Utility	14,582	15,132	0	0	550	550
Water Tower Deposit	37,654	55,500	0	0	17,846	17,846
Trash Pickup	190,103	195,864	0	0	5,761	5,761
Street Light	28,305	32,673	0	0	4,368	4,368
Water Capital Improvement	317,032	297,601	0	0	(19,431)	(19,431)
Sewer Capital Improvement	30,374	84,777	0	0	54,403	54,403
<b>Total Business-Type Activities</b>	<b>2,064,573</b>	<b>2,146,232</b>	<b>0</b>	<b>0</b>	<b>81,659</b>	<b>81,659</b>
<b>Totals</b>	<b>\$3,170,748</b>	<b>\$2,237,040</b>	<b>\$226,075</b>	<b>(789,292)</b>	<b>81,659</b>	<b>(707,633)</b>
<b>General Receipts:</b>						
Income Taxes				406,084	0	406,084
<b>Property Taxes Levied for:</b>						
General Purposes				86,621	0	86,621
Police				295,206	0	295,206
Street				38,634	0	38,634
Grants and Entitlements, Not Restricted				289,621	0	289,621
Investment Earnings				1,709	0	1,709
Cable Franchise Fees				38,421	0	38,421
Other Revenues				23,131	11,663	34,794
<b>Total General Revenues and Transfers</b>				<b>1,179,427</b>	<b>11,663</b>	<b>1,191,090</b>
<b>Change in Net Position</b>				<b>390,135</b>	<b>93,322</b>	<b>483,457</b>
<b>Net Position - Beginning of Year</b>				<b>1,106,580</b>	<b>2,697,229</b>	<b>3,803,809</b>
<b>Net Position - End of Year</b>				<b>\$1,496,715</b>	<b>\$2,790,551</b>	<b>\$4,287,266</b>

See accompanying notes to the basic financial statements.

Village of Waynesville  
Statement of Assets and Fund Balances - Cash Basis  
Governmental Funds  
December 31, 2013

	General	Police Levy	Street Levy	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$718,351	\$233,181	\$251,461	\$293,722	\$1,496,715
Fund Balances:					
Restricted	0	233,181	251,461	293,722	778,364
Assigned	21,777	0	0	0	21,777
Unassigned	696,574	0	0	0	696,574
Total Fund Balances	718,351	233,181	251,461	293,722	1,496,715
Total Liabilities, Deferred Inflows and Fund Balan	\$718,351	\$233,181	\$251,461	\$293,722	\$1,496,715

See accompanying notes to the basic financial statements.

Village of Waynesville  
Statement of Receipts, Disbursements  
and Changes in Fund Balances - Cash Basis  
Governmental Funds  
For the Fiscal Year Ended December 31, 2013

	General	Police Levy	Street Levy	Other Governmental Funds	Total Governmental Funds
Receipts:					
Property Taxes and Other Local Taxes	\$86,621	\$295,206	\$38,634	\$0	\$420,461
Income Taxes	406,084	0	0	0	406,084
Charges for Services	3,288	12,014	0	0	15,302
Investment Earnings	1,709	0	0	0	1,709
Intergovernmental	206,485	161,889	13,756	133,566	515,696
Fines, Licenses & Permits	113,927	0	0	0	113,927
Other Revenues	20,370	2,191	0	570	23,131
<b>Total Receipts</b>	<b>838,484</b>	<b>471,300</b>	<b>52,390</b>	<b>134,136</b>	<b>1,496,310</b>
Disbursements:					
Current:					
General Government	233,076	6,221	480	7,055	246,832
Security of Persons and Property	10,198	267,394	0	0	277,592
Public Health Services	853	0	0	0	853
Transportation	16,286	28,227	38,183	78,376	161,072
Capital Outlay	0	59,824	15,700	0	75,524
Debt Service:					
Principal	239,700	71,700	0	0	311,400
Interest and Other Charges	18,706	14,196	0	0	32,902
<b>Total Disbursements</b>	<b>518,819</b>	<b>447,562</b>	<b>54,363</b>	<b>85,431</b>	<b>1,106,175</b>
Net Change in Fund Balance	319,665	23,738	(1,973)	48,705	390,135
Fund Balance - Beginning of Year	398,686	209,443	253,434	245,017	1,106,580
<b>Fund Balance - End of Year</b>	<b>\$718,351</b>	<b>\$233,181</b>	<b>\$251,461</b>	<b>\$293,722</b>	<b>\$1,496,715</b>

See accompanying notes to the basic financial statements.

Village of Waynesville  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2013

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Receipts:				
Property Taxes and Other Local Taxes	\$56,827	\$56,827	\$86,621	\$29,794
Income Taxes	266,406	266,406	406,084	139,678
Charges for Services	2,157	2,157	3,288	1,131
Investment Earnings	1,121	1,121	1,709	588
Intergovernmental	155,031	155,031	206,485	51,454
Fines, Licenses & Permits	74,740	74,740	113,927	39,187
Other Revenues	13,363	13,363	20,370	7,007
<b>Total Receipts</b>	<b>569,645</b>	<b>569,645</b>	<b>838,484</b>	<b>268,839</b>
Disbursements:				
Current:				
General Government	289,691	294,902	233,076	61,826
Security of Persons and Property	12,675	12,903	10,198	2,705
Public Health Services	1,060	1,079	853	226
Transportation	20,242	20,606	16,286	4,320
Debt Service:				
Principal	239,700	239,700	239,700	0
Interest and Other Charges	18,706	18,706	18,706	0
<b>Total Disbursements</b>	<b>582,074</b>	<b>587,896</b>	<b>518,819</b>	<b>69,077</b>
<b>Net Change in Fund Balance</b>	<b>(12,429)</b>	<b>(18,251)</b>	<b>319,665</b>	<b>337,916</b>
<b>Fund Balance Beginning of Year</b>	<b>398,686</b>	<b>398,686</b>	<b>398,686</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$386,257</b>	<b>\$380,435</b>	<b>\$718,351</b>	<b>\$337,916</b>

See accompanying notes to the basic financial statements.

Village of Waynesville  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2013

	Police Levy Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Receipts:</b>				
Property Taxes and Other Local Taxes	\$346,727	\$346,727	\$295,206	(\$51,521)
Charges for Services	12,196	12,196	12,014	(182)
Intergovernmental	83,669	83,669	161,889	78,220
Other Revenues	2,224	2,224	2,191	(33)
<b>Total Receipts</b>	<b>444,816</b>	<b>444,816</b>	<b>471,300</b>	<b>26,484</b>
<b>Disbursements:</b>				
<b>Current:</b>				
General Government	6,754	6,754	6,221	533
Security of Persons and Property	290,301	290,301	267,394	22,907
Transportation	30,645	30,645	28,227	2,418
Capital Outlay	64,949	64,949	59,824	5,125
<b>Debt Service:</b>				
Principal	71,700	71,700	71,700	0
Interest and Other Charges	14,196	14,196	14,196	0
<b>Total Disbursements</b>	<b>478,545</b>	<b>478,545</b>	<b>447,562</b>	<b>30,983</b>
<b>Net Change in Fund Balance</b>	<b>(33,729)</b>	<b>(33,729)</b>	<b>23,738</b>	<b>57,467</b>
<b>Fund Balance Beginning of Year</b>	<b>209,443</b>	<b>209,443</b>	<b>209,443</b>	<b>0</b>
<b>Fund Balance End of Year</b>	<b>\$175,714</b>	<b>\$175,714</b>	<b>\$233,181</b>	<b>\$57,467</b>

See accompanying notes to the basic financial statements.

Village of Waynesville  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended December 31, 2013

	Street Levy Fund		
	Final Budget	Actual	Variance from Final Budget
Receipts:			
Property Taxes and Other Local Taxes	\$53,953	\$38,634	(\$15,319)
Intergovernmental	0	13,756	13,756
<b>Total Receipts</b>	<b>53,953</b>	<b>52,390</b>	<b>(1,563)</b>
Disbursements:			
Current:			
General Government	469	480	(11)
Transportation	37,271	38,183	(912)
Capital Outlay	15,325	15,700	(375)
<b>Total Disbursements</b>	<b>53,065</b>	<b>54,363</b>	<b>(1,298)</b>
<b>Net Change in Fund Balance</b>	<b>888</b>	<b>(1,973)</b>	<b>(2,861)</b>
Fund Balance Beginning of Year	253,434	253,434	0
<b>Fund Balance End of Year</b>	<b>\$254,322</b>	<b>\$251,461</b>	<b>(\$2,861)</b>

See accompanying notes to the basic financial statements.

Village of Waynesville  
Statement of Fund Net Position - Cash Basis  
Proprietary Funds  
December 31, 2013

	Business-Type Activities -Enterprise Funds					
	Water	Sewer	Trash Pickup	Water Capital Improvement	Other Enterprise Funds	Total Business-Type Activities
Current Assets:						
Equity in Pooled Cash and Cash Equival	<u>\$732,203</u>	<u>\$1,297,910</u>	<u>\$66,227</u>	<u>\$316,076</u>	<u>\$378,135</u>	<u>\$2,790,551</u>
Total Assets	<u>732,203</u>	<u>1,297,910</u>	<u>66,227</u>	<u>316,076</u>	<u>378,135</u>	<u>2,790,551</u>
Net Position:						
Restricted for:						
Capital Projects	0	0	0	0	194,715	194,715
Unrestricted	<u>732,203</u>	<u>1,297,910</u>	<u>66,227</u>	<u>316,076</u>	<u>183,420</u>	<u>2,595,836</u>
Total Net Position	<u>\$732,203</u>	<u>\$1,297,910</u>	<u>\$66,227</u>	<u>\$316,076</u>	<u>\$378,135</u>	<u>\$2,790,551</u>

See accompanying notes to the basic financial statements.

Village of Waynesville  
Statement of Receipts, Disbursements  
and Changes in Fund Net Position - Cash Basis  
Proprietary Funds  
For the Fiscal Year Ended December 31, 2013

	Business-Type Activities -Enterprise Funds					Total Business-Type Activities
	Water	Sewer	Trash Pickup	Water Capital Improvement	Other Enterprise Funds	
Operating Receipts:						
Charges for Services	\$804,524	\$660,161	\$195,864	\$297,601	\$188,082	\$2,146,232
Other Revenues	0	0	0	0	11,663	11,663
<b>Total Operating Receipts</b>	<b>804,524</b>	<b>660,161</b>	<b>195,864</b>	<b>297,601</b>	<b>199,745</b>	<b>2,157,895</b>
Operating Disbursements:						
Personal Services	117,280	141,599	0	0	0	258,879
Travel and Transportation	92	49	0	0	0	141
Contractual Services	72,992	64,476	190,103	17,464	30,483	375,518
Supplies and Materials	31,951	28,645	0	0	714	61,310
Other Expenses	81,224	74,177	0	0	5,690	161,091
<b>Total Operating Disbursements</b>	<b>303,539</b>	<b>308,946</b>	<b>190,103</b>	<b>17,464</b>	<b>36,887</b>	<b>856,939</b>
<b>Operating Income (Loss)</b>	<b>500,985</b>	<b>351,215</b>	<b>5,761</b>	<b>280,137</b>	<b>162,858</b>	<b>1,300,956</b>
Non-Operating Receipts (Disbursements):						
Capital Outlay	(563,937)	(649)	0	(285,530)	(14,694)	(864,810)
Principal Retirement	(3,993)	(210,859)	0	(5,979)	(37,496)	(258,327)
Interest and Other Fiscal Charges	(6,259)	(48,341)	0	(8,059)	(21,838)	(84,497)
<b>Total Non-Operating Receipts (Disbursements)</b>	<b>(574,189)</b>	<b>(259,849)</b>	<b>0</b>	<b>(299,568)</b>	<b>(74,028)</b>	<b>(1,207,634)</b>
<b>Change in Net Position</b>	<b>(73,204)</b>	<b>91,366</b>	<b>5,761</b>	<b>(19,431)</b>	<b>88,830</b>	<b>93,322</b>
<b>Net Position - Beginning of Year</b>	<b>805,407</b>	<b>1,206,544</b>	<b>60,466</b>	<b>335,507</b>	<b>289,305</b>	<b>2,697,229</b>
<b>Net Position - End of Year</b>	<b>\$732,203</b>	<b>\$1,297,910</b>	<b>\$66,227</b>	<b>\$316,076</b>	<b>\$378,135</b>	<b>\$2,790,551</b>

See accompanying notes to the basic financial statements.

Village of Waynesville  
Statement of Fiduciary Net Position - Cash Basis  
Fiduciary Fund  
December 31, 2013

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	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	<u>\$5,449</u>
Total Assets	<u>5,449</u>
Net Position:	
Held on Behalf of Others	<u>5,449</u>
Total Net Position	<u>\$5,449</u>

See accompanying notes to the basic financial statements.

**Village of Waynesville, Ohio**  
**Warren County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2014 and 2013**

**Note 1 - Reporting Entity**

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The municipal corporation existing as the Village of Waynesville (Village) was established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio and the Charter of the Village. The Charter of the Village provides for a "Council-Manager Plan" form of government. The powers and functions of the Village are distributed among the Municipality, its citizens, and the various officers, bodies, board and commissions as provided in the Charter. The legislative powers of the Village are vested in a Council of seven members including the mayor.

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements of the Village are not misleading.

**Primary Government**

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Village. The primary government of the Village of Waynesville provides the following services to its citizens: general government services, police protection, parks and recreation, street maintenance and repairs, water, sewer and refuse collection services.

**Component Units**

Council has direct responsibility for these Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board; and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Village is obligated for the debt of the organization. Component units may also include organizations for which the Village authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Village. The Village of Waynesville does not have any component units.

**Public Entity Risk Pools**

The Village participates in a public entity risk pool. This organization is presented in Note 12 to the financial statements.

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

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As discussed further in the "Basis of Accounting" section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Village's accounting policies.

**Village of Waynesville, Ohio**  
**Warren County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2014 and 2013**

**Basis of Presentation**

The Village's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The statement of net position – cash basis and the statement of activities – cash basis display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net position presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities – cash basis compares disbursements with program receipts for each program or function of the Village's governmental activities and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program or business activity is self-financing on a cash basis or draws from the general receipts of the Village.

**Fund Financial Statements**

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from non-operating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as non-operating.

**Village of Waynesville, Ohio**  
**Warren County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2014 and 2013**

**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 in three categories: governmental, proprietary, and fiduciary.

**Governmental Funds**

Governmental funds are those through which most governmental functions of the Village are financed. The following are the Village's major governmental funds:

**General** – 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.

**Police Levy Fund** – The Police Levy revenues come from a 5.5 mil levy approved by voters on November 4, 2003. The levy language reads as follows:

A replacement tax for the benefit of Waynesville Village, Warren County, Ohio, for the purpose of PROVIDING AND MAINTAINING MOTOR VEHICLES, COMMUNICATIONS, AND OTHER EQUIPMENT USED DIRECTLY IN THE OPERATIONS OF A POLICE DEPARTMENT, AND THE PAYMENT OF SALARIES AND BENEFITS OF PERMANENT POLICE PERSONNEL, at a rate not exceeding five and five-tenths (5.5) mills for each one dollar of valuation, which amounts to fifty-five (\$0.55) cents for each one hundred dollars of valuation, for a period of five (5) years, commencing in 2004, first due in calendar year 2005.

Village residents passed a replacement levy on November 4, 2008 and renewed this levy in 2013 modifying the levy millage to 7.0 mills.

**Street Levy Fund** – The Street Levy revenues come from a 2.5 mil levy approved by voters on November 4, 2003. The levy language reads as follows:

A renewal of a tax for the benefit of the Village of Waynesville for the purpose of THE GENERAL CONSTRUCTION, RECONSTRUCTION, RESURFACING, AND REPAIR OF STREETS, ROADS, AND BRIDGES, at a rate not to exceed two and five-tenths (2.5) mills for each one dollar of valuation, which amounts to twenty-five (\$0.25) cents for each one hundred dollars of valuation, for a period of five (5) years, commencing in 2004, first due in calendar year 2005.

Village residents passed a replacement levy on November 4, 2008 and renewed this levy in 2013 modifying the levy millage to 1.0 mill.

The other governmental funds of the Village account for and report grants and other resources, whose use is restricted, committed or assigned to a particular purpose.

**Village of Waynesville, Ohio**  
**Warren County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2014 and 2013**

**Proprietary Funds**

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise funds or internal service funds.

**Enterprise Funds** – Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the Village’s major 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, as well as specific geographic areas in Warren County and these funds are the secondary source used to maintain the infrastructure necessary for the delivery of those services.

**Sewer Fund** – The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village as well as specific geographic areas in Warren County, and these funds are the secondary source used to maintain the infrastructure necessary for the delivery of those services.

**Trash Pick-up Fund** – The trash pick-up fund accounts for providing trash removal to its residents and commercial users located in the Village.

**Water Capital Improvement Fund** – The water capital improvement fund accounts for the provision of water treatment and distribution to the residents and commercial users served by the Village, and these funds are the primary source used to maintain the infrastructure necessary for the delivery of those services.

**Internal Service Funds** – Internal Service funds may be used to account for services to all departments of the Village. The Internal Service fund accounts for the activity of the Village’s Health Reimbursement Account.

**Fiduciary Funds**

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Village under a trust agreement for individuals, private organizations, or other governments and are not available to support the Village’s own programs. The Village does not have any trust funds. Agency funds are purely custodial in nature and are used to account for assets held by the Village for individuals, other governments, or other organizations. The Village’s agency fund accounts for monies collected and distributed for court fines and forfeitures.

**Village of Waynesville, Ohio**  
**Warren County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2014 and 2013**

**Basis of Accounting**

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when received in cash rather than when earned, and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Village Council may appropriate. The appropriations ordinance is Village Council's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by Village Council. The legal level of control has been established by Village Council at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Financial Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Village Council during the year.

**Cash and Investments**

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

**Village of Waynesville, Ohio**  
**Warren County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2014 and 2013**

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2014 and 2013 were \$2,310 and \$1,709, respectively.

**Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. The Village does not have any restricted assets as of December 31, 2014 and 2013.

**Inventory and Prepaid Items**

The Village reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

**Interfund Receivables/Payables**

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**Accumulated Leave**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's cash basis of accounting.

**Employer Contributions to Cost-Sharing Pension Plans**

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**Village of Waynesville, Ohio**  
**Warren County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2014 and 2013**

**Long-Term Obligations**

The Village's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither and other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

**Net Position**

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Village's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

**Fund Balance**

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

**Nonspendable** – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

**Restricted** – Fund balance is reported as 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.

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

**Village of Waynesville, Ohio**  
**Warren County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2014 and 2013**

**Committed** –The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** – Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

**Unassigned** – Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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.

**Interfund Transactions**

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**Village of Waynesville, Ohio**  
**Warren County**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2014 and 2013**

**Note 3 - Budgetary Basis of Accounting**

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The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund, police levy fund and street levy fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance. The encumbrances outstanding at 2014 year end (budgetary basis) amounted to \$0 for the general fund, the police levy fund, and the street levy fund. The encumbrances outstanding at 2013 year end (budgetary basis) amounted to \$21,777 for the general fund, \$1,946 for the police levy fund, and \$2,350 for the street levy fund.

**Note 4 – Deposits and Investments**

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Monies held by the Village are classified by State statute into three categories.

Active deposits are public deposits determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

### **Deposits**

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At 2014 and 2013 year end, \$3,889,800 and \$3,883,100, respectively of the Village's bank balance of \$4,139,800 and \$4,133,100, respectively were exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

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**Investments**

As of December 31, 2014 and 2013 the Village had \$501,211 and \$500,211 invested in STAR Ohio, respectively.

**Interest Rate Risk** – Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Village’s investment policy addresses interest rate risk by requiring the Village’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

**Credit Risk** – STAR Ohio carries a rating of AAAM by Standard and Poor’s. The Village has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

**Custodial Credit Risk** – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Village has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, “Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee.” All of the Villages securities are either insured and registered in the name of the Village or at least registered in the name of the Village.

**Concentration of Credit Risk** – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The Village’s investment policy allows investments as outlined above. The Village’s investment policy does not limit the amount it may invest in a single issuer. The Village has invested 100% in STAR Ohio.

**Note 5 – Income Taxes**

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The Village began levying an income tax, effective July 1, 2010. The Village asked residents for a 1% earnings tax with 100% credit for amounts paid to another municipality. This issue was on the ballot November 3, 2009 and was defeated 68.84% against (690 votes) and 31.14% for (312 votes). Due to the necessity of a working Fiscal Emergency Recovery Plan, Council imposed the income tax for five years, starting July 1, 2010. A referendum was filed, and the issue was placed on the ballot May 3, 2010. The results were as follows:

FOR the income tax 425 votes (57.67%)  
AGAINST the income tax 312 votes (42.33%)

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Village Council contracted with Regional Income Tax Agency (RITA) for the collection of the income tax. RITA keeps a 3% administrative fee for the administration, collection, and customer service related to the Village's income tax. RITA collected \$457,925 and \$406,084 in income tax for the Village for 2014 and 2013, respectively.

**Note 6 - Property Taxes**

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Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2014 for real and public utility property taxes represents collections of 2013 taxes

2014 real property taxes are levied after October 1, 2014, on the assessed value as of January 1, 2014, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2014 real property taxes are collected in and intended to finance 2015.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2014 public utility property taxes, which became a lien December 31, 2013, are levied after October 1, 2014, and are collected in 2015 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2014, was \$9.84 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2014 property tax receipts were based are as follows:

Real Property	\$51,295,440
Public Utility Personal Property	<u>1,026,400</u>
Total Valuation	<u><u>\$52,321,840</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

**Note 7 - Risk Management**

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The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2014, the Village contracted with companies for various types of insurance as follows:

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<u>Type of Coverage</u>	<u>Coverage</u>
Hylant Administrative Services/ Ohio Plan Risk Mgmt	
Commercial Property	\$12,296,812
General Liability	5,000,000
Commercial Crime	100,000
Inland Marine	248,200
Vehicle	5,000,000
Public Officials	5,000,000
Fidelity and Deposit	250,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there was no significant reduction in coverage from the prior year.

The Village pays the State Workers' Compensation System a premium based on a rate of \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

**Note 8 – Pension Plans**

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**Ohio Public Employees Retirement System**

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans, a Traditional Pension Plan (TP), a Member-Directed Plan (MD) and a Combined Plan (CO). The TP Plan is a cost-sharing multiple-employer defined benefit pension plan. The MD Plan is a defined contribution plan in which member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings. The CO Plan is a cost sharing, multiple-employer defined benefit pension plan. Under the CO Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the TP Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the TP and CO Plans. Members of the MD Plan do not qualify for the ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to the OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-5601 or 800-222-7377, or by visiting the OPERS website at [www.opers.org](http://www.opers.org).

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The Ohio Revised Code provides statutory authority for member and employer contributions. Plan members and employer contributions rates were consistent across all three plans. Plan members are required to contribute 10% of their annual covered salary to fund pension obligations. The employer pension contribution rate for the Village is 14% of covered payroll. The contribution rates are determined actuarially. The Village's required contributions to OPERS for the years ended December 31, 2014, 2013 and 2012 were \$55,599, \$51,468, and \$57,546 respectively. The full amount has been contributed for 2014, 2013 and 2012.

**Ohio Police and Fire Pension Fund**

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer defined benefit pension plan. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164, or by visiting the OP&F website at [www.op-f.org](http://www.op-f.org).

Plan members are required to contribute 11.5% of their annual covered salary, while employers (the Village) are required to contribute 19.5% for police officers and 24.0% for firefighters. The Village's contributions to OP&F for the years ending December 31, 2014, 2013 and 2012 were \$24,912, \$29,000, and \$29,341, respectively. The 94% (police) has actually been contributed for 2014 and the full amount has been contributed for 2013 and 2012.

**Note 9 – Post Employment Benefits**

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**Ohio Public Employees Retirement System**

Plan Description

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

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The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377, or by visiting the OPERS website at [www.opers.org](http://www.opers.org).

Funding Policy

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, the Village contributed at 14% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of covered payroll. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determined the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to the health care for members in the Traditional Plan was 1.0% during calendar year 2014. The portion of employer contributions allocated to health care for members in the Combined Plan was 1.0% during calendar year 2014. Effective January 1, 2014, the portion of the employer contributions allocated to healthcare was raised to 2.0% for both plans, as recommended by the OPERS Actuary. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Information from Village's Records

The rates stated in Funding Policy, above, are the contractually required contribution rates for OPERS. The Village's actual contributions for the current year, which were used to fund postemployment benefits, were \$3,970 for 2014, \$3,676 for 2013, and \$22,477 for 2012. The full amount has been contributed for 2014, 2013 and 2012.

OPERS Board of Trustees Adopt Changes to the Health Care Plan

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

**Village of Waynesville, Ohio**  
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**Ohio Police and Fire Pension Fund**

Plan Description

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost sharing, multiple-employer defined post-employment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The healthcare coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164, or by visiting the OP&F website at [www.op-f.org](http://www.op-f.org).

Funding Policy

The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% and 24.0% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5% of the covered payroll for police employer units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and Section 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2014, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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The OP&F Board of Trustees also is authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Information from Village's Records

The Village's contributions to OP&F for the year ending December 31, 2014 was \$4,596; and was \$19,575 for year ending December 31, 2013; and was approximately \$10,000 for the year ending December 31, 2012, and were allocated to the healthcare plan. The actual contributions for 2014, 2013 and 2012 were 100%.

**Note 10 – Debt**

The changes in the Village's long-term debt during 2014 were as follows:

	Amount Outstanding <u>12/31/2013</u>	<u>Additions</u>	<u>Deletions</u>	Amount Outstanding <u>12/31/2014</u>	Amounts Due in <u>One Year</u>
<b>Governmental Activities</b>					
General Obligation Bonds					
2004 Issue	\$544,569	\$0	\$544,569	\$0	\$0
<b>Total Governmental Activities</b>	<u>544,569</u>	<u>0</u>	<u>544,569</u>	<u>0</u>	<u>0</u>
<b>Business-Type Activities</b>					
OWDA Loan #2566	1,582,934	0	209,632	1,373,302	214,906
OWDA Loan #3235	311,922	0	17,943	293,979	19,112
OWDA Loan #3984	150,066	0	6,601	143,465	6,936
OPWC Loan #CJ08B	140,920	0	21,680	119,240	21,680
<b>Total Business-Type Activities</b>	<u>\$2,185,842</u>	<u>\$0</u>	<u>\$255,856</u>	<u>\$1,929,986</u>	<u>\$262,634</u>

The general obligation bonds are supported by the full faith and credit of the Village and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments. During 2014, the remaining balance was paid toward the general obligation bond and this payment was made from the general fund.

The Ohio Water Development (OWDA) Loan #2566 relates to wastewater treatment plant improvements required to maintain the system. The loan will be repaid in semiannual installments of \$123,952, including interest over 20 years. The loan is secured by sewer receipts and sewer capital improvement receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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The Ohio Water Development (OWDA) Loan #3235 relates to an elevated storage tank for retaining water. The loan will be repaid in semiannual installments of \$18,827, including interest over 20 years. The loan is secured by water tower receipts and tap-in fees. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development (OWDA) Loan #3984 relates to well field improvement. The loan will be repaid in semiannual installments of \$7,019, including interest over 20 years. The loan is secured by water receipts and water capital improvement receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) Loan #CJ08B relates to wastewater treatment plant improvements required to maintain the system. The loan will be repaid by semiannual payments of \$10,840 over 20 years. The loan is secured by sewer receipts and sewer capital improvement receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The following is a summary of the Village's future annual debt service requirements:

Year Ending December 31	Business-Type Activities			
	OWDA Loan		OPWC Loan	
	Principal	Interest	Principal	Interest
2015	\$240,954	\$58,642	\$21,680	\$0
2016	247,956	51,639	21,680	0
2017	255,194	44,402	21,680	0
2018	262,676	36,919	21,680	0
2019	270,413	29,183	21,680	0
2020-2024	441,700	64,664	10,840	0
2025-2029	91,853	8,972	0	0
Total	<u>\$1,810,746</u>	<u>\$294,421</u>	<u>\$119,240</u>	<u>\$0</u>

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation.

**Note 11 – Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

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For 2014:

Fund Balances	General Fund	Police Levy Fund	Street Levy Fund	Other Governmental Funds	Total
<b>Restricted for:</b>					
Road Maintenance & Improvements	\$0	\$0	\$243,438	\$183,321	\$426,759
Police Operations	0	207,422	0	0	207,422
Drug & Alcohol Education & Enforcement	0	0	0	8,998	8,998
Permissive Tax	0	0	0	94,856	94,856
Other Purposes	0	0	0	38,389	38,389
<b>Total Restricted</b>	<b>0</b>	<b>207,422</b>	<b>243,438</b>	<b>325,564</b>	<b>776,424</b>
Unassigned:	625,429	0	0	0	625,429
<b>Total Fund Balances</b>	<b>\$625,429</b>	<b>\$207,422</b>	<b>\$243,438</b>	<b>\$325,564</b>	<b>\$1,401,853</b>

For 2013:

Fund Balances	General Fund	Police Levy Fund	Street Levy Fund	Other Governmental Funds	Total
<b>Restricted for:</b>					
Road Maintenance & Improvements	\$0	\$0	\$251,461	\$153,298	\$404,759
Police Operations	0	233,181	0	0	233,181
Drug & Alcohol Education & Enforcement	0	0	0	8,998	8,998
Permissive Tax	0	0	0	93,400	93,400
Other Purposes	0	0	0	38,026	38,026
<b>Total Restricted</b>	<b>0</b>	<b>233,181</b>	<b>251,461</b>	<b>293,722</b>	<b>778,364</b>
<b>Assigned to:</b>					
Other Purposes	21,777	0	0	0	21,777
<b>Total Assigned</b>	<b>21,777</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21,777</b>
Unassigned (deficits):	696,574	0	0	0	696,574
<b>Total Fund Balances</b>	<b>\$718,351</b>	<b>\$233,181</b>	<b>\$251,461</b>	<b>\$293,722</b>	<b>\$1,496,715</b>

**Note 12 – Public Entity Risk Pool**

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

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

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OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss, except OPRM retains 50% of the premium and losses on the first \$50,000 casualty treaty and 10% of the first \$1,000,000 property treaty (effective November 1, 2014). The Plan’s property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had over 760 as of December 31, 2014.

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

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

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2013.

	2013
Assets	\$13,774,304
Liabilities	(7,968,395)
Members' Equity	\$5,805,909

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

**Note 13 – Going Concern - Termination**

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The Village began experiencing financial difficulties and requested assistance from the Auditor of State. Upon further review of the Village’s records, the Village was placed in fiscal emergency by the Auditor of State on April 15, 2008.

On March 25, 2014, the fiscal emergency for the Village of Waynesville was terminated.



# Balestra, Harr & Scherer, CPAs, Inc.

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## Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Village of Waynesville  
Warren County  
1400 Lytle Rd.  
Waynesville, Ohio 45068

To the Members of 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Waynesville, Warren County, (the Village) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated May 15, 2015, wherein we noted that the Village uses a comprehensive accounting basis other than generally accepted accounting principles.

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

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2014-001 described in the accompanying schedule of findings to be a material weakness.

***Compliance and Other Matters***

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

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

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

***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.

*Balestra, Harr & Scherer, CPAs*

Balestra, Harr & Scherer, CPAs, Inc.  
Piketon, Ohio  
May 15, 2015

**Village of Waynesville  
Warren County, Ohio**

**Schedule of Findings and Responses  
For the Years Ended December 31, 2014 and 2013**

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**FINDING NUMBER 2014-001**

**MATERIAL WEAKNESS**

Sound financial reporting is the responsibility of the Finance Director and Village Council and is essential to ensure information provided to readers of the financial statements is accurate and complete.

Material and immaterial misstatements were identified during the course of the audit which have not been prevented or detected by the Village's internal controls over financial reporting. Misstatements were identified in the following areas:

- Property Tax Receipts
- Intergovernmental Receipts
- Utility Receipts
- Principal and Interest Disbursements

Misstatements have been posted to the financial statements. Adjustments have been made to the Village's accounting system.

To ensure the Village's financial statements are accurate and complete, we recommend the Village review the prepared financial report or hire someone knowledgeable of the financial reporting process and accounting standards to assist in the preparation and/or review of the financial report. We further recommend the Village posts financial activity in accordance with the Village Officer's Handbook.

**Officials Response:**

This will be corrected with the 2015 financials. During 2014, the Village contracted with the Uniform Accounting Network (UAN) for the recording of financial transactions. A CPA firm was hired to prepare the financial statements and notes in the proper format and file within the current established deadline.

VILAGE OF WAYNESVILLE  
 WARREN COUNTY, OHIO

**SCHEDULE OF PRIOR AUDIT FINDINGS  
 FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b>
2012-001	Material Weakness- Financial Statement Preparation	No	Reissued as 2014-001
2012-002	Significant Deficiency/Questioned Cost	Yes	

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# Dave Yost • Auditor of State

**VILLAGE OF WAYNESVILLE**

**WARREN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
OCTOBER 6, 2015**