



Dave Yost • Auditor of State



VILLAGE OF WAKEMAN  
HURON COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Village of Wakeman  
Huron County  
59 Hyde Street, P.O. Box 107  
Wakeman, Ohio 44889-0107

To the Village Council:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2014, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

July 30, 2014

**VILLAGE OF WAKEMAN  
HURON COUNTY**

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

	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$32,566	\$31,846		\$64,412
Municipal Income Tax	162,008			162,008
Intergovernmental	50,516	74,262	\$1,430	126,208
Fines, Licenses and Permits	45,737	2,825		48,562
Earnings on Investments	108			108
Miscellaneous	12,563	300		12,863
<i>Total Cash Receipts</i>	<u>303,498</u>	<u>109,233</u>	<u>1,430</u>	<u>414,161</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	108,716	57,520		166,236
Public Health Services	949			949
Leisure Time Activities	31,709			31,709
Community Environment	1,385			1,385
Basic Utility Services	3,695			3,695
Transportation		146,267		146,267
General Government	119,474			119,474
Capital Outlay			160,445	160,445
Debt Service:				
Principal Retirement		580		580
<i>Total Cash Disbursements</i>	<u>265,928</u>	<u>204,367</u>	<u>160,445</u>	<u>630,740</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>37,570</u>	<u>(95,134)</u>	<u>(159,015)</u>	<u>(216,579)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Other Debt Proceeds			159,015	159,015
Transfers In		100,100	5,000	105,100
Transfers Out	(105,100)			(105,100)
Other Financing Sources	2,039			2,039
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(103,061)</u>	<u>100,100</u>	<u>164,015</u>	<u>161,054</u>
<i>Net Change in Fund Cash Balances</i>	(65,491)	4,966	5,000	(55,525)
<i>Fund Cash Balances, January 1</i>	<u>389,336</u>	<u>118,391</u>	<u>15,000</u>	<u>522,727</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		122,477		122,477
Committed	1,000	880	20,000	21,880
Assigned	16,396			16,396
Unassigned	306,449			306,449
<i>Fund Cash Balances, December 31</i>	<u>\$323,845</u>	<u>\$123,357</u>	<u>\$20,000</u>	<u>\$467,202</u>

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

**VILLAGE OF WAKEMAN  
HURON COUNTY**

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

	<b>Enterprise</b>
<b>Operating Cash Receipts</b>	
Charges for Services	\$467,464
<b>Operating Cash Disbursements</b>	
Personal Services	52,098
Employee Fringe Benefits	7,870
Contractual Services	153,844
Supplies and Materials	5,476
Other	5,986
<i>Total Operating Cash Disbursements</i>	<i>225,274</i>
<i>Operating Income</i>	<i>242,190</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Intergovernmental	1,674
Miscellaneous Receipts	92
Capital Outlay	(58,865)
Principal Retirement	(119,963)
Interest and Other Fiscal Charges	(70,905)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(247,967)</i>
<i>Net Change in Fund Cash Balances</i>	<i>(5,777)</i>
<i>Fund Cash Balances, January 1</i>	<i>428,181</i>
<i>Fund Cash Balances, December 31</i>	<i>\$422,404</i>

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

**VILLAGE OF WAKEMAN  
HURON COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$38,401	\$35,489		\$73,890
Municipal Income Tax	160,776			160,776
Intergovernmental	112,162	55,695		167,857
Special Assessments	666			666
Fines, Licenses and Permits	42,121	1,310		43,431
Earnings on Investments	142			142
Miscellaneous	7,403			7,403
<i>Total Cash Receipts</i>	<u>361,671</u>	<u>92,494</u>		<u>454,165</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	103,358	81,113		184,471
Public Health Services	1,076			1,076
Leisure Time Activities	53,388			53,388
Community Environment	1,397			1,397
Basic Utility Services	4,089			4,089
Transportation		83,226		83,226
General Government	121,418			121,418
Capital Outlay			\$65,861	65,861
Debt Service:				
Principal Retirement		580		580
<i>Total Cash Disbursements</i>	<u>284,726</u>	<u>164,919</u>	<u>65,861</u>	<u>515,506</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>76,945</u>	<u>(72,425)</u>	<u>(65,861)</u>	<u>(61,341)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Other Debt Proceeds			65,861	65,861
Transfers In		56,580	5,000	61,580
Transfers Out	(61,580)			(61,580)
Other Financing Sources	5,811	1,000		6,811
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(55,769)</u>	<u>57,580</u>	<u>70,861</u>	<u>72,672</u>
<i>Net Change in Fund Cash Balances</i>	21,176	(14,845)	5,000	11,331
<i>Fund Cash Balances, January 1</i>	<u>368,160</u>	<u>133,236</u>	<u>10,000</u>	<u>511,396</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		118,391		118,391
Committed			15,000	15,000
Assigned	8,737			8,737
Unassigned	380,599			380,599
<i>Fund Cash Balances, December 31</i>	<u>\$389,336</u>	<u>\$118,391</u>	<u>\$15,000</u>	<u>\$522,727</u>

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

**VILLAGE OF WAKEMAN  
HURON COUNTY**

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

	<b>Enterprise</b>
<b>Operating Cash Receipts</b>	
Charges for Services	\$468,917
 <b>Operating Cash Disbursements</b>	
Personal Services	46,779
Employee Fringe Benefits	7,129
Contractual Services	164,136
Supplies and Materials	7,946
Other	6,424
 <i>Total Operating Cash Disbursements</i>	 232,414
 <i>Operating Income</i>	 236,503
 <b>Non-Operating Receipts (Disbursements)</b>	
Intergovernmental	11,224
Special Assessments	1,244
Miscellaneous Receipts	110
Capital Outlay	(37,027)
Principal Retirement	(111,429)
Interest and Other Fiscal Charges	(78,088)
Other Financing Uses	(252)
 <i>Total Non-Operating Receipts (Disbursements)</i>	 (214,218)
 <i>Net Change in Fund Cash Balances</i>	 22,285
 <i>Fund Cash Balances, January 1</i>	 405,896
 <i>Fund Cash Balances, December 31</i>	 \$428,181

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

**VILLAGE OF WAKEMAN  
HURON COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Wakeman, Huron County, Ohio (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government services, public health services, road maintenance, water and sewer utilities, park operations, and police services.

The Village participates in a public entity risk pool and two jointly governed organizations. Notes 8 and 9 to the financial statements provides additional information for these entities. These organizations are:

**Public Entity Risk Pool:**

The Ohio Plan Risk Management, Inc. provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members.

**Jointly Governed Organizations:**

Vermilion River Ambulance District provides ambulance services.

Wakeman Township Fire District provides fire protection services.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

**VILLAGE OF WAKEMAN  
HURON COUNTY**

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

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

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

Policy Levy Fund – This fund receives property tax money to fund a portion of the Village's Police Department operations.

**3. Capital Project Funds**

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

Ohio Public Works Commission Capital Improvement Fund - The Village received a loan from the State of Ohio to replace waterlines on Maple Street and Pleasant Street.

Ohio EPA WSRLA Fund - The Village received a loan from the State of Ohio to replace a waterline on Railroad Street.

**4. Enterprise Funds**

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

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

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

**D. Budgetary Process**

The Ohio Revised Code requires each fund be budgeted annually.

**1. Appropriations**

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

**VILLAGE OF WAKEMAN  
HURON COUNTY**

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

**2. Estimated Resources**

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

**3. Encumbrances**

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

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

**E. Fund Balance**

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

**1. Nonspendable**

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

**2. Restricted**

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

**3. Committed**

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

**4. Assigned**

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

**5. Unassigned**

**VILLAGE OF WAKEMAN  
HURON COUNTY**

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

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

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

**F. Property, Plant, and Equipment**

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

**G. Accumulated Leave**

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

**2. EQUITY IN POOLED DEPOSITS**

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

	2013	2012
Demand deposits	\$794,908	\$856,318
Other time deposits (savings accounts)	94,698	94,590
Total deposits	\$889,606	\$950,908

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

**3. BUDGETARY ACTIVITY**

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

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$237,482	\$305,537	\$68,055
Special Revenue	197,866	209,333	11,467
Capital Projects	401,190	165,445	(235,745)
Enterprise	425,100	469,230	44,130
Total	\$1,261,638	\$1,149,545	(\$112,093)

**VILLAGE OF WAKEMAN  
HURON COUNTY**

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

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$490,112	\$380,121	\$109,991
Special Revenue	244,715	205,214	39,501
Capital Projects	416,190	160,445	255,745
Enterprise	594,737	483,185	111,552
Total	<u>\$1,745,754</u>	<u>\$1,228,965</u>	<u>\$516,789</u>

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$243,131	\$367,482	\$124,351
Special Revenue	139,786	150,074	10,288
Capital Projects	284,129	70,861	(213,268)
Enterprise	420,150	481,495	61,345
Total	<u>\$1,087,196</u>	<u>\$1,069,912</u>	<u>(\$17,284)</u>

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$472,839	\$355,043	\$117,796
Special Revenue	215,102	165,985	49,117
Capital Projects	294,129	264,671	29,458
Enterprise	590,476	521,237	69,239
Total	<u>\$1,572,546</u>	<u>\$1,306,936</u>	<u>\$265,610</u>

**4. PROPERTY TAX**

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

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

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

**5. LOCAL INCOME TAX**

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

**VILLAGE OF WAKEMAN  
HURON COUNTY**

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

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

**6. DEBT**

Debt outstanding at December 31, 2013 was as follows:

	Principal	Interest Rate
<b>Ohio Public Works Commission</b>		
North Hyde Street Culvert Replacement Loan #CT41M	\$15,077	0.00%
Maple and Pleasant Street Waterline Replacement Loan #CI25P	156,365	0.00%
<b>Ohio Water Development Authority</b>		
Sewer Loan #1956	469,397	7.14%
Sewer Loan #1957	6,220	6.58%
Regional Water System Hook-Up Loan #2978	223,022	6.72%
WWTP Improvements Loan #3773	259,474	4.84%
Railroad Street Waterline Replacement Loan #5892	113,402	2.00%
Total	\$1,242,957	

The Ohio Public Works Commission (OPWC) loans relate to a North Hyde Street culvert replacement and Maple Street and Pleasant Street waterline replacement projects. The loans are interest free. The Village will repay the loans through semiannual installments through the year 2043.

The Ohio Water Development Authority (OWDA) loans relate to sewer plant improvements, regional water system hook-up, wastewater treatment plant improvements, and waterline replacement projects, some of which were ordered by the Ohio Environmental Protection Agency. The Village will repay the loans through semiannual installments through the year 2033. The five loans outstanding are collateralized by water and sewer receipts.

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

**VILLAGE OF WAKEMAN  
HURON COUNTY**

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

Year ending December 31:	<u>OPWC Loans</u>	<u>OWDA Loans</u>
2014	\$5,880	\$180,329
2015	5,880	180,329
2016	5,880	180,329
2017	5,880	180,329
2018	5,880	180,289
2019-2023	29,402	167,248
2024-2028	29,402	101,977
2029-2033	29,402	101,977
2034-2038	29,402	
2039-2043	24,434	
Total	<u>\$171,442</u>	<u>\$1,272,807</u>

OWDA loan 5892 for Railroad Street Waterline Replacement has not been completed and no amortization schedule is available at this time. Accordingly, the schedule above does not reflect future debt service payments for this loan. As of December 31, 2013 the Village has borrowed \$128,682, and remitted principal payments totaling \$15,280, for a net outstanding balance of \$113,402. The Village was the recipient of \$23,713 in OWDA loan principal forgiveness associated with this loan during 2011. The Village is required to follow the guidelines of the loan agreements. The failure to do so could result in the Village being liable for the principal forgiven.

**7. RETIREMENT SYSTEMS**

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

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

**8. RISK MANAGEMENT**

**Risk Pool Membership**

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

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine

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

and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 the plan increased its retention to 50% of the first \$250,000 casualty treaty. 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 767 and 774 members as of December 31, 2012 and 2013 respectively.

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and members' equity at December 31, 2012 and 2013:

	<b>2012</b>	<b>2013</b>
Assets	\$13,100,381	\$13,774,304
Liabilities	(6,687,193)	(7,698,395)
Members' Equity	\$6,413,188	\$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).

**9. JOINTLY GOVERNED ORGANIZATIONS**

**Vermilion River Ambulance District**

A four-member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are the Village of Wakeman, Florence Township, Townsend Township, and Wakeman Township. The District provides ambulance service within the District by contracting with Citizens Ambulance Service. Financial information can be obtained from Brad Messenburg, Clerk/Treasurer, Vermilion River Ambulance District, 2407 Wells Road, Collins, Ohio 44826.

**Wakeman Township Fire District**

The District is directed by an appointed four-member Board of Trustees. Two board members are appointed by each political subdivision within the District. Those subdivisions are Wakeman

**VILLAGE OF WAKEMAN  
HURON COUNTY**

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

Township and the Village of Wakeman. The District provides fire protection and rescue services within the District and by contract to areas outside the District. Financial information can be obtained from Trisha L. Summers, Clerk, Wakeman Township Fire District, 5171 State Route 303, P. O. Box 55, Wakeman, Ohio 44889-0055.

**10. CONTINGENT LIABILITIES**

The Village is defendant in a lawsuit. Although management cannot presently determine the outcome of this suit, management believes that the resolution of this matter will not materially adversely affect the Village's financial condition.

**11. INTERFUND TRANSFERS**

During 2013 the following transfers were made:

Fund Type / Fund	Transfer In	Transfer Out
General		\$105,100
Special Revenue:		
Street Construction, Maintenance, and Repair	\$78,100	
Police Levy	22,000	
Capital Project:		
Sidewalk Repair Reconstruction	5,000	
<b>Total</b>	<b>\$105,100</b>	<b>\$105,100</b>

During 2012 the following transfers were made:

Fund Type / Fund	Transfer In	Transfer Out
General		\$61,580
Special Revenue:		
Street Construction, Maintenance, and Repair	\$8,580	
Police Levy	48,000	
Capital Project:		
Sidewalk Repair Reconstruction	5,000	
<b>Total</b>	<b>\$61,580</b>	<b>\$61,580</b>

Transfers are used to (1) move receipts from the fund that statute or budget required to collect them to the fund that statute or budget requires to disburse them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted receipts collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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# Dave Yost • Auditor of State

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

Village of Wakeman  
Huron County  
59 Hyde Street, P.O. Box 107  
Wakeman, Ohio 44889-0107

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Wakeman, Huron County, Ohio (the Village) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated July 30, 2014 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

### ***Compliance and Other Matters***

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

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

July 30, 2014



# Dave Yost • Auditor of State

**VILLAGE OF WAKEMAN**

**HURON 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  
AUGUST 14, 2014**