



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



VILLAGE OF WAKEMAN  
HURON COUNTY

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STATE OF OHIO  
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## REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Wakeman, Huron County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of management, Village Council, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

July 10, 2001

**VILLAGE OF WAKEMAN  
HURON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<b>Governmental Fund Types</b>		<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$165,825	\$19,783	\$185,608
Intergovernmental Receipts	112,055	61,045	173,100
Charges for Services	29		29
Fines, Licenses, and Permits	52,625	200	52,825
Earnings on Investments	5,425		5,425
Miscellaneous	17,635		17,635
	<u>353,594</u>	<u>81,028</u>	<u>434,622</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	113,197	13,006	126,203
Public Health Services	833		833
Leisure Time Activities	4,370		4,370
Community Environment	2,641		2,641
Basic Utility Services	1,658		1,658
Transportation		37,124	37,124
General Government	70,649	298	70,947
Capital Outlay	21,033	70,125	91,158
	<u>214,381</u>	<u>120,553</u>	<u>334,934</u>
<b>Total Cash Disbursements</b>			
Total Receipts Over/(Under) Disbursements	<u>139,213</u>	<u>(39,525)</u>	<u>99,688</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In		56,000	56,000
Transfers-Out	(109,000)		(109,000)
	<u>(109,000)</u>	<u>56,000</u>	<u>(53,000)</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	30,213	16,475	46,688
Fund Cash Balances, January 1	<u>217,874</u>	<u>45,142</u>	<u>263,016</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$248,087</u></b>	<b><u>\$61,617</u></b>	<b><u>\$309,704</u></b>
Reserves for Encumbrances, December 31	<u>\$8,511</u>	<u>\$650</u>	<u>\$9,161</u>

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

**VILLAGE OF WAKEMAN  
HURON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<b>Proprietary Fund Types</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$339,284
<b>Operating Cash Disbursements:</b>	
Personal Services	22,660
Contractual Services	105,260
Supplies and Materials	7,274
Capital Outlay	67,845
Total Operating Cash Disbursements	203,039
Operating Income	136,245
<b>Non-Operating Cash Receipts:</b>	
Other Non-Operating Receipts	1,600
<b>Non-Operating Cash Disbursements:</b>	
Debt Service	168,400
Other Non-Operating Cash Disbursements	900
Total Non-Operating Cash Disbursements	169,300
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(31,455)
Transfers-In	53,000
Net Receipts Over Disbursements	21,545
Fund Cash Balances, January 1	106,977
<b>Fund Cash Balances, December 31</b>	<b>\$128,522</b>
Reserve for Encumbrances, December 31	\$3,730

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



**VILLAGE OF WAKEMAN  
HURON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$150,433	\$20,255	\$170,688
Intergovernmental Receipts	141,418	50,738	192,156
Charges for Services	53		53
Fines, Licenses, and Permits	59,422		59,422
Earnings on Investments	4,675		4,675
Miscellaneous	8,239		8,239
	<u>364,240</u>	<u>70,993</u>	<u>435,233</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	117,850	17,235	135,085
Public Health Services	1,073		1,073
Leisure Time Activities	3,314		3,314
Community Environment	1,746		1,746
Basic Utility Services	1,808		1,808
Transportation		40,128	40,128
General Government	68,516	312	68,828
Capital Outlay	42,833	47,711	90,544
	<u>237,140</u>	<u>105,386</u>	<u>342,526</u>
<b>Total Cash Disbursements</b>			
	<u>127,100</u>	<u>(34,393)</u>	<u>92,707</u>
<b>Total Receipts Over/(Under) Disbursements</b>			
<b>Other Financing Disbursements:</b>			
Transfers-Out	<u>(59,770)</u>		<u>(59,770)</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements			
	67,330	(34,393)	32,937
Fund Cash Balances January 1	<u>150,544</u>	<u>79,535</u>	<u>230,079</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$217,874</b></u>	<u><b>\$45,142</b></u>	<u><b>\$263,016</b></u>
Reserves for Encumbrances, December 31	<u>\$5,392</u>	<u>\$1,851</u>	<u>\$7,243</u>

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

**VILLAGE OF WAKEMAN  
HURON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<b>Proprietary Fund Types</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$339,144
Miscellaneous	2,111
	341,255
Total Operating Cash Receipts	341,255
<b>Operating Cash Disbursements:</b>	
Personal Services	21,604
Contractual Services	102,707
Supplies and Materials	5,173
Capital Outlay	79,704
	209,188
Total Operating Cash Disbursements	209,188
Operating Income	132,067
<b>Non-Operating Cash Disbursements:</b>	
Debt Service	168,400
Other Non-Operating Cash Disbursements	1,846
	170,246
Total Non-Operating Cash Disbursements	170,246
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(38,179)
Transfers-In	59,770
Net Receipts Over Disbursements	21,591
Fund Cash Balances, January 1	85,386
<b>Fund Cash Balances, December 31</b>	<b>\$106,977</b>
Reserve for Encumbrances, December 31	\$16,523

*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, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Wakeman, Huron County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), and police services.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

**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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Fund:

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

**VILLAGE OF WAKEMAN  
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**3. Enterprise Funds**

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

*Water Fund* - This fund receives charges for services from residents to cover the cost of providing this utility.

*Sewer Fund* - This fund receives charges for services from residents to cover the cost of providing this utility.

**D. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

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

**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 also approve estimated resources.

**3. Encumbrances**

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

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**E. Property, Plant and Equipment**

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

**F. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

**VILLAGE OF WAKEMAN  
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**2. EQUITY IN POOLED CASH**

The Village maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amounts of the cash pool [demand deposits] at December 31, 2000 and 1999 were \$438,226 and \$369,993, respectively. The deposits are either 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, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$266,717	\$353,594	\$86,877
Special Revenue	144,127	137,028	(7,099)
Enterprise	406,700	393,884	(12,816)
Total	<u>\$817,544</u>	<u>\$884,506</u>	<u>\$66,962</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$471,890	\$331,892	\$139,998
Special Revenue	188,487	121,203	67,284
Enterprise	427,760	376,069	51,691
Total	<u>\$1,088,137</u>	<u>\$829,164</u>	<u>\$258,973</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$190,304	\$364,240	\$173,936
Special Revenue	66,741	70,993	4,252
Enterprise	396,770	401,025	4,255
Total	<u>\$653,815</u>	<u>\$836,258</u>	<u>\$182,443</u>

**VILLAGE OF WAKEMAN  
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$348,086	\$302,302	\$45,784
Special Revenue	145,358	107,237	38,121
Enterprise	464,499	395,957	68,542
Total	\$957,943	\$805,496	\$152,447

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, 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.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. DEBT**

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan - 1091	\$1,143,669	7.14%
Ohio Water Development Authority Loan - 3045	465,271	6.72%
Ohio Water Development Authority Loan - 6018	45,448	6.04%
Total	\$1,654,388	

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency and a water line project completed within the Village. The loans will be repaid in semiannual installments through the year 2020.

**VILLAGE OF WAKEMAN  
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

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

<u>Year ending December 31:</u>	<u>OWDA Loan</u>
2001	\$168,400
2002	168,400
2003	168,400
2004	168,400
2005	168,400
Subsequent	<u>2,129,871</u>
Total	<u><u>\$2,971,871</u></u>

**6. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Fund (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of OP&F contributed 10% of their wages to the OP&F. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 10.84 % for 2000, and 13.55% for 1999, of participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

**7. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Error and omissions;
- Public officials liability; and
- Law Enforcement.

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OFFICE OF THE AUDITOR

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON  
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Wakeman, Huron County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated July 10, 2001. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the Village in a separate letter dated July 10, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the Village in a separate letter dated July 10, 2001.

Village of Wakeman  
Huron County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
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This report is intended for the information and use of management and the Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

July 10, 2001



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**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 21, 2001**