



**VILLAGE OF WAKEMAN  
HURON COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2007**



**Mary Taylor, CPA**  
Auditor of State



VILLAGE OF WAKEMAN  
HURON COUNTY

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# Mary Taylor, CPA Auditor of State

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

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

September 2, 2008

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of Village of Wakeman, Huron County, (the Village) as of and for the years ended December 31, 2007 and 2006. 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2007 and 2006, or its changes in financial position or cash flow, where applicable for the years then ended.

Also, 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 Village of Wakeman, Huron County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2008, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Mary Taylor, CPA**  
Auditor of State

September 2, 2008



**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, 2007**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Local Taxes	\$41,371	\$37,336	\$78,707
Municipal Income Tax	137,086		137,086
Intergovernmental	99,043	52,973	152,016
Special Assessments	212		212
Fines, Licenses and Permits	38,345	526	38,871
Earnings on Investments	2,992	436	3,428
Miscellaneous	6,043	1,778	7,821
	<u>325,092</u>	<u>93,049</u>	<u>418,141</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	123,831	33,073	156,904
Public Health Services	1,068		1,068
Leisure Time Activities	7,842		7,842
Community Environment	1,406		1,406
Basic Utility Service	1,866		1,866
Transportation		21,013	21,013
General Government	108,785		108,785
Debt Service:			
Redemption of Principal	566	6,840	7,406
Interest and Fiscal Charges	282	1,656	1,938
	<u>245,646</u>	<u>62,582</u>	<u>308,228</u>
<b>Total Cash Disbursements</b>			
	<u>245,646</u>	<u>62,582</u>	<u>308,228</u>
<b>Total Receipts Over Disbursements</b>	<u>79,446</u>	<u>30,467</u>	<u>109,913</u>
<b>Other Financing Receipts:</b>			
Proceeds of Loan		18,302	18,302
Other Financing Sources	2,813	950	3,763
	<u>2,813</u>	<u>19,252</u>	<u>22,065</u>
<b>Total Other Financing Receipts</b>			
	<u>2,813</u>	<u>19,252</u>	<u>22,065</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	82,259	49,719	131,978
Fund Cash Balances, January 1	31,736	74,786	106,522
	<u>31,736</u>	<u>74,786</u>	<u>106,522</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$113,995</b></u>	<u><b>\$124,505</b></u>	<u><b>\$238,500</b></u>
Reserve for Encumbrances, December 31	\$1,584	\$222	\$1,806
	<u>\$1,584</u>	<u>\$222</u>	<u>\$1,806</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 - ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$453,472
Miscellaneous	1,819
	455,291
Total Operating Cash Receipts	455,291
<b>Operating Cash Disbursements:</b>	
Personal Services	38,908
Contractual Services	165,227
Supplies and Materials	4,352
Other	5,119
	213,606
Total Operating Cash Disbursements	213,606
Operating Income	241,685
<b>Non-Operating Cash Receipts:</b>	
Other Non-Operating Cash Receipts	922
	922
<b>Non-Operating Cash Disbursements:</b>	
Capital Outlay	16,070
Redemption of Principal	77,017
Interest and Other Fiscal Charges	105,512
	198,599
Total Non-Operating Cash Disbursements	198,599
Excess of Receipts Over Disbursements Before Interfund Transfers	44,008
Transfers-In	85,000
Transfers-Out	(85,000)
	44,008
Net Receipts Over Disbursements	44,008
Fund Cash Balances, January 1	230,980
	274,988
<b>Fund Cash Balances, December 31</b>	<b>\$274,988</b>
Reserve for Encumbrances, December 31	\$978
	\$978

*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, 2006**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Local Taxes	\$35,041	\$16,898	\$51,939
Municipal Income Tax	136,167		136,167
Intergovernmental	103,009	55,847	158,856
Charges for Services	6,950		6,950
Fines, Licenses and Permits	37,959	503	38,462
Earnings on Investments	5,982	298	6,280
Miscellaneous	12,902		12,902
	<u>338,010</u>	<u>73,546</u>	<u>411,556</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	154,647	7,967	162,614
Leisure Time Activities	7,195		7,195
Community Environment	1,353		1,353
Transportation		26,598	26,598
General Government	149,005		149,005
Debt Service:			
Redemption of Principal	431	1,724	2,155
Interest and Fiscal Charges	417	1,669	2,086
Capital Outlay	24,572		24,572
	<u>337,620</u>	<u>37,958</u>	<u>375,578</u>
<b>Total Cash Disbursements</b>			
Total Receipts Over Disbursements	<u>390</u>	<u>35,588</u>	<u>35,978</u>
<b>Other Financing Receipts / (Disbursements):</b>			
Sale of Fixed Assets	26,725	2,625	29,350
Transfers-In		3,376	3,376
Transfers-Out	(3,376)		(3,376)
Other Financing Sources	15,883		15,883
	<u>39,232</u>	<u>6,001</u>	<u>45,233</u>
<b>Total Other Financing Receipts / (Disbursements)</b>			
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	39,622	41,589	81,211
Fund Cash Balances, January 1	(7,886)	33,197	25,311
<b>Fund Cash Balances, December 31</b>	<u><b>\$31,736</b></u>	<u><b>\$74,786</b></u>	<u><b>\$106,522</b></u>
Reserve for Encumbrances, December 31	<u>\$971</u>	<u>\$38</u>	<u>\$1,009</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 - ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$455,654
<b>Operating Cash Disbursements:</b>	
Personal Services	33,255
Contractual Services	163,314
Supplies and Materials	9,247
Other	2,130
Total Operating Cash Disbursements	207,946
Operating Income	247,708
<b>Non-Operating Cash Disbursements:</b>	
Capital Outlay	7,375
Redemption of Principal	80,660
Interest and Other Fiscal Charges	110,309
Total Non-Operating Cash Disbursements	198,344
Net of Receipts Over Disbursements	49,364
Fund Cash Balances, January 1	181,616
<b>Fund Cash Balances, December 31</b>	<b>\$230,980</b>
Reserve for Encumbrances, December 31	\$231

*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, 2007 AND 2006**

**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, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services

The Village participates in two jointly governed organizations and the (insert name of) public entity risk pool. Notes 9 and 10 to the financial statements provides additional information for these entities. These organizations are:

Jointly Governed Organizations:

The Vermilion River Ambulance District provides ambulance services.

The Wakeman Township Fire District provides fire services.

Public Entity Risk Pool:

The Village participates in Ohio Government Risk Management Plan, a public entity risk pool. This organization provides property liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages for its members.

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. Cash and Investments**

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds are recorded at share values the mutual funds report.

**D. 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:

**VILLAGE OF WAKEMAN  
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds account for proceeds from specific sources that are restricted to expenditure for specific purposes. 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.

Police Levy Fund – This fund receives property tax monies to fund some of the operations of the Villages Police Department.

**3. Enterprise Funds**

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

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

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

Utility Reserve/Replacement Funds – The Water Reserve / Replacement receives \$1000 a month to be reserved for the replacement of the water infrastructure. The Sewer Reserve / Replacement receive \$500 a month to be reserved for the replacement or repair of the sewer infrastructure as mandated by the EPA. A separate ordinance is needed for expenditure of these funds.

**E. 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 object level of control, and appropriations may not exceed estimated resources. The Village 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.

**VILLAGE OF WAKEMAN  
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (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 also 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 to the subsequent year and need not be reappropriated.

A summary of 2007 and 2006 budgetary activity appears in Note 4.

**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. RESTATEMENT OF FUND BALANCE**

The fund balances previous reported at December 31, 2005 have been restated as the result of disbursements recorded in prior period that were voided during 2006 and 2007. The effect on fund balances is as follows:

	General	Enterprise
Fund Balances as reported at December 31, 2005	(\$13,346)	\$181,210
Adjustments	<u>5,460</u>	<u>406</u>
Restated Fund Balances at January 1, 2006	<u><u>(\$7,886)</u></u>	<u><u>\$181,616</u></u>

**VILLAGE OF WAKEMAN  
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**3. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	2007	2006
Demand deposits	\$409,754	\$237,196
Money Market Mutual fund	103,734	100,306
Total deposits and investments	\$513,488	\$337,502

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

**Investments:** Investments in mutual funds are not evidenced by securities that exist in physical or book-entry form.

**4. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31 follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$308,501	\$327,905	\$19,404
Special Revenue	117,827	112,301	(5,526)
Enterprise	508,583	541,213	32,630
Total	\$934,911	\$981,419	\$46,508

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$323,299	\$247,230	\$76,069
Special Revenue	124,715	62,804	61,911
Enterprise	522,598	498,183	24,415
Total	\$970,612	\$808,217	\$162,395



**VILLAGE OF WAKEMAN  
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**4. BUDGETARY ACTIVITY – (CONTINUED)**

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$372,905	\$380,618	\$7,713
Special Revenue	67,126	79,547	12,421
Enterprise	432,169	455,654	23,485
Total	\$872,200	\$915,819	\$43,619

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$362,828	\$341,967	\$20,861
Special Revenue	49,060	37,996	11,064
Enterprise	429,190	406,521	22,669
Total	\$841,078	\$786,484	\$54,594

**5. 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.

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.

**6. 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.

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.

**VILLAGE OF WAKEMAN  
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**7. DEBT**

Debt outstanding at December 31, 2007, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$50,967	4.25%
General Obligation Notes	13,727	4.63%
Ohio Water Development Authority Loan:		
Loan - 1956	855,737	7.14%
Loan - 1957	11,496	6.58%
Loan - 2978	360,180	6.72%
Loan - 3773	299,863	4.84%
Total	<u>\$1,591,970</u>	

The Ohio Water Development Authority (OWDA) loan 1956 relates to a sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency. The loan will be repaid in semiannual installments through the year 2018. OWDA loans 2978 and 1957 relate to water line projects. The loans will be repaid in semiannual installments through the years 2023 and 2006, respectively. OWDA loan 3773 relates to a wastewater treatment plant improvement project. The loan will be repaid over 30 years in semiannual installments starting in the year 2004 and running through 2034. The OWDA loans are collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover the OWDA debt service requirements.

The General Obligation Bond relate to the purchase of the road servicing vehicle. The bond will be repaid in semiannual installments through the year 2015. The General Obligation Note relates to the purchase of a police cruiser and will be repaid in semiannual installment through the year 2009.

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

Year ending December 31:	<u>OWDA Loan</u>	<u>General Obligation Bonds</u>	<u>General Obligation Notes</u>
2008	\$178,934	\$7,332	\$9,881
2009	178,934	7,101	4,681
2010	178,934	6,871	
2011	178,934	6,640	
2012	178,934	6,409	
2013 - 2017	894,670	20,615	
2018 - 2022	324,786		
2023 - 2027	101,977		
2028 - 2032	101,977		
2033 - 2037	20,395		
Total	<u>\$2,338,475</u>	<u>\$54,968</u>	<u>\$14,562</u>

**VILLAGE OF WAKEMAN  
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**8. RETIREMENT SYSTEMS**

The Village's full-time law enforcement 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 2007 and 2006, OP&F participants contributed 10% of their wages. For 2007 and 2006, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2007 and 2006, OPERS members contributed 9.5 and 9%, respectively, of their gross salaries and the Village contributed an amount equaling 13.85 and 13.7%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2007.

**9. RISK MANAGEMENT**

**Risk Pool Membership**

The Government belongs to 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 over 550 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except the Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

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:

	<b>2007</b>	<b>2006</b>
Assets	\$11,136,455	\$9,620,148
Liabilities	<u>(4,273,553)</u>	<u>(3,329,620)</u>
Members' Equity	<u>\$6,862,902</u>	<u>\$6,290,528</u>

**VILLAGE OF WAKEMAN  
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**9. RISK MANAGEMENT – (CONTINUED)**

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**10. 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 Cal Canfield, Clerk, Vermilion River Ambulance District, 5325 Fitchville River Road, Wakeman, Ohio 44889-8920.

**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 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.



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' 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 the financial statements of Village of Wakeman, Huron County, (the Village) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated September 2, 2008, wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

#### **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, providing an opinion 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*.

We did note certain noncompliance matters that we reported to the Village's management in a separate letter dated September 2, 2008.

We intend this report solely for the information and use of the audit committee, management and Village Council. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

September 2, 2008

**VILLAGE OF WAKEMAN  
HURON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2005-001	Finding for Recovery for payments to Ohio Edison in excess of amount due.	Yes	
2005-002	Finding for Recovery for electricity that should have been paid by the New Harvest Baptist Church.	No	The Church Repaid \$1,000 and Council has allowed the Church to repay the balance in monthly payments of \$75.
2005-003	Overpayment of health insurance premiums	Yes	
2005-004	ORC 5705.41 (D) -- The former Fiscal Officer did not certify availability of funds.	Yes	
2005-005	ORC 733.28 and 733.43 – The former Fiscal Officer did not maintain accurate statements of all monies received or expended.	Yes	
2005-006	ORC 149.351 (A) – The former Fiscal Officer did not maintain ledgers, vouchers or checks.	Yes	
2005-007	ORC 5705.10 – The General Fund and Police Levy Fund had deficit balances at year end.	Yes	
2005-008	ORC 5705.41(B) – Numerous funds had expenditures exceeding appropriations.	Yes	
2005-009	The former Fiscal Officer issued checks which were not approved by Council; payments that were approved by Council were not paid or were for a different amount.	Yes	
2005-010	The former Fiscal Officer was the only one signing checks.	Yes	
2005-011	Numerous deficiencies were noted in expenditures, such as checks altered, hand written, not signed, check amount differed from invoice amount, no voucher, no invoice, invoices altered, past due amounts and late fees.	Yes	







**Mary Taylor, CPA**  
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  
OCTOBER 7, 2008**