



Dave Yost • Auditor of State



VILLAGE OF WALBRIDGE  
WOOD COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Village of Walbridge  
Wood County  
705 North Main Street  
Walbridge, Ohio 43465

To the Village Council:

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

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Walbridge, Wood County, Ohio (the Village) as of and for the years ended December 31, 2015 and 2014.

### ***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 opinions.

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

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

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

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

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2015 and 2014, or changes in financial position 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 Walbridge, Wood County, Ohio as of December 31, 2015 and 2014, 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 1B.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2016, 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

December 19, 2016

**VILLAGE OF WALBRIDGE  
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$75,152			\$75,152
Municipal Income Tax	697,545		\$77,505	775,050
Intergovernmental	72,760	\$195,739	207,165	475,664
Special Assessments	441	31,017		31,458
Charges for Services	21,833			21,833
Fines, Licenses and Permits	36,223		1,338	37,561
Earnings on Investments	7,278	27		7,305
Miscellaneous	38,473			38,473
<i>Total Cash Receipts</i>	<u>949,705</u>	<u>226,783</u>	<u>286,008</u>	<u>1,462,496</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	405,942	24,925		430,867
Public Health Services	1,820			1,820
Leisure Time Activities	56,496			56,496
Transportation	16,490	125,947		142,437
General Government	456,445			456,445
Capital Outlay			644,501	644,501
Debt Service:				
Principal Retirement			7,753	7,753
Interest and Fiscal Charges			270	270
<i>Total Cash Disbursements</i>	<u>937,193</u>	<u>150,872</u>	<u>652,524</u>	<u>1,740,589</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>12,512</u>	<u>75,911</u>	<u>(366,516)</u>	<u>(278,093)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Other Debt Proceeds			31,127	31,127
Transfers In			200,000	200,000
Transfers Out	(200,000)			(200,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(200,000)</u>		<u>231,127</u>	
<i>Net Change in Fund Cash Balances</i>	(187,488)	75,911	(135,389)	(246,966)
<i>Fund Cash Balances, January 1</i>	<u>667,267</u>	<u>610,216</u>	<u>158,774</u>	<u>1,436,257</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		686,127	23,385	709,512
Unassigned	479,779			479,779
<i>Fund Cash Balances, December 31</i>	<u>\$479,779</u>	<u>\$686,127</u>	<u>\$23,385</u>	<u>\$1,189,291</u>

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

**VILLAGE OF WALBRIDGE  
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$76,897				\$76,897
Municipal Income Tax	674,156		\$20,848	\$87,150	782,154
Intergovernmental	74,707	\$191,327		203,196	469,230
Special Assessments	11,838	29,394			41,232
Charges for Services	19,858				19,858
Fines, Licenses and Permits	31,407	1,000		948	33,355
Earnings on Investments	6,408	680			7,088
Miscellaneous	39,196				39,196
<i>Total Cash Receipts</i>	<u>934,467</u>	<u>222,401</u>	<u>20,848</u>	<u>291,294</u>	<u>1,469,010</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	466,287	29,853			496,140
Public Health Services	1,821				1,821
Leisure Time Activities	34,792				34,792
Transportation	16,260	131,920			148,180
General Government	497,186				497,186
Capital Outlay				465,490	465,490
Debt Service:					
Principal Retirement	28,749		7,189	45,416	81,354
Interest and Fiscal Charges	1,137		873		2,010
<i>Total Cash Disbursements</i>	<u>1,046,232</u>	<u>161,773</u>	<u>8,062</u>	<u>510,906</u>	<u>1,726,973</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(111,765)</u>	<u>60,628</u>	<u>12,786</u>	<u>(219,612)</u>	<u>(257,963)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Transfers In	747,038			83,004	830,042
Transfers Out			(830,042)		(830,042)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>747,038</u>		<u>(830,042)</u>	<u>83,004</u>	
<i>Net Change in Fund Cash Balances</i>	635,273	60,628	(817,256)	(136,608)	(257,963)
<i>Fund Cash Balances, January 1</i>	<u>31,994</u>	<u>549,588</u>	<u>\$817,256</u>	<u>295,382</u>	<u>1,694,220</u>
<b>Fund Cash Balances, December 31</b>					
Restricted		610,216		158,774	768,990
Unassigned	667,267				667,267
<i>Fund Cash Balances, December 31</i>	<u>\$667,267</u>	<u>\$610,216</u>		<u>\$158,774</u>	<u>\$1,436,257</u>

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



**VILLAGE OF WALBRIDGE  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**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 Walbridge, Wood County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides street maintenance, repairs and construction, park operations, street lighting, and police services.

The Village participates in the Public Entities Pool of Ohio, a public entity risk pool. Note 8 to the financial statements provides additional information for this entity.

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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**C. Deposits 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.

The Village values certificates of deposit at cost.

**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:

**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**

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

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax

**VILLAGE OF WALBRIDGE  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Street Light Assessment Fund – This fund receives special assessment revenue and is used for the payment of street lighting.

**3. Debt Service Funds**

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

Note Retirement Fund – This fund is used to pay principal and interest on tax anticipation notes.

**4. Capital Project Funds**

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

Capital Project Fund – This fund receives proceeds of Village income tax. The proceeds are used for street construction and reconstruction.

**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 fund, function 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.

**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 2015 and 2014 budgetary activity appears in Note 3.

**F. Fund Balance**

**VILLAGE OF WALBRIDGE  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

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**

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.

**G. 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.

**H. 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.

**VILLAGE OF WALBRIDGE  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**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:

	2015	2014
Demand deposits	\$1,189,291	\$1,165,483
Certificates of deposit		270,774
Total deposits	\$1,189,291	\$1,436,257

**Deposits:** 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, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,092,279	\$949,705	(\$142,574)
Special Revenue	222,780	226,783	4,003
Capital Projects	820,577	517,135	(303,442)
Total	\$2,135,636	\$1,693,623	(\$442,013)

2015 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,221,651	\$1,137,193	\$84,458
Special Revenue	166,189	150,872	15,317
Debt Service	6,000		6,000
Capital Projects	804,665	652,524	152,141
Total	\$2,198,505	\$1,940,589	\$257,916

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,637,239	\$1,681,505	\$44,266
Special Revenue	217,366	222,401	5,035
Debt Service	122,000	20,848	(101,152)
Capital Projects	486,804	374,298	(112,506)
Total	\$2,463,409	\$2,299,052	(\$164,357)

**VILLAGE OF WALBRIDGE  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,106,967	\$1,046,232	\$60,735
Special Revenue	163,576	161,773	1,803
Debt Service	838,311	838,104	207
Capital Projects	661,176	510,906	150,270
Total	\$2,770,030	\$2,557,015	\$213,015

**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.

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 1.5 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.

**6. DEBT**

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
Truck Loan	\$29,168	2.8%

The loan was for the purchase of a 2015 GMC Sierra 2500 pickup truck for the street department. The original amount of the loan was for \$31,127, to be repaid in monthly installments of \$557, including interest, over 5 years. The truck is pledged as collateral for the loan.

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

**VILLAGE OF WALBRIDGE  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

Year ending December 31:	<u>Truck Loan</u>
2016	\$6,686
2017	6,686
2018	6,686
2019	6,686
2020	4,457
Total	<u><u>\$31,201</u></u>

**7. RETIREMENT SYSTEMS**

The Village's certified 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 2015 and 2014, OP&F participants contributed 10.75% of their wages until July 1, 2014, 11.5% of their wages until July 1, 2015, and then contributed 12.25% of their wages. For 2015 and 2014, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2015 and 2014, 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, 2015.

**8. RISK MANAGEMENT**

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2015, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2014 and

**VILLAGE OF WALBRIDGE  
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

2015:

	<u>2014</u>	<u>2015</u>
Assets	\$35,402,177	\$38,307,677
Liabilities	(12,363,257)	(12,759,127)
Net Position	<u>\$23,038,920</u>	<u>\$25,548,550</u>

At December 31, 2014 and 2015, respectively, the liabilities above include approximately 11.1 million and \$11.5 million of estimated incurred claims payable. The assets above also include approximately \$10.8 million and \$11.0 million of unpaid claims to be billed. The Pool's membership increased from 488 members in 2014 to 499 members in 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Village's share of these unpaid claims collectible in future years is approximately \$16,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
<u>2014</u>	<u>2015</u>
\$24,922	\$25,889

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

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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 Walbridge  
Wood County  
705 North Main Street  
Walbridge, Ohio 43465

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Walbridge, Wood County, Ohio (the Village) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated December 19, 2016 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2015-001 to be a material weakness.

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

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial

statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2015-002.

***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

December 19, 2016

**VILLAGE OF WALBRIDGE  
WOOD COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2015-001**

**Material Weakness**

**Monitoring Financial Statements**

Accurate financial reporting is the responsibility of the Fiscal Officer and Village Council and is essential to ensure the information provided to the readers of the financial statements accurately reflects the Village's activity.

The fiscal year 2015 and 2014 financial statements contained errors, such as the following.

- Ohio Public Works Commission grant on behalf activity in the amount of \$207,165 and \$203,196 in 2015 and 2014, respectively, was not recorded on the financial statements resulting in an understatement of intergovernmental revenues and capital outlay in the Capital Outlay Funds.
- Other Debt Proceeds receipts and Capital Outlay payments totaling \$31,127 were not posted when a new truck was purchased and financed by the Village in the Capital Projects Fund in 2015.
- Principal Retirement payments were posted as Capital Outlay expenditures in the amount of \$45,416 in the Capital Projects Fund in 2014.
- Principal Retirement and Interest and Fiscal Charges payments were posted as Security of Persons and Property and as General Government expenditures in the amount of \$29,886 in the General Fund in 2014.

The Village lacked a policy regarding financial review which contributed to these posting errors, occurring without detection. Adjusting entries were posted to the financial statements and the Village's financial records to correct these errors.

To help ensure the Village's financial statements and notes to the statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements to identify and correct errors and omissions. The Fiscal Officer should also review the UAN chart of accounts and the Village Officer's Handbook's chart of accounts to ensure that all accounts are being properly posted to the financial statements.

**FINDING NUMBER 2015-002**

**Finding For Recovery – Overpayment of Employees**

On March 5, 2014, the Village Council passed Ordinance 01-14, which provided for the 2014 wage compensation of personnel. Annual salaries were calculated over 26 even pay periods. However, during 2014 the Village incurred 27 pay periods resulting in salaried employees receiving an extra pay during the year.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code §117.28, a Finding for Recovery for public monies illegally expended is hereby issued against the following individuals and their bonding companies in the amounts identified, and in favor of the Village of Walbridge's General Fund.

Village of Walbridge  
 Wood County  
 Schedule of Findings  
 Page 2

Individual Applicable Bonding Company	Approved Salary	Actual Salary	Variance	Repaid
Patricia Crawford Western Surety Company	\$45,911.00	\$47,677.14	\$1,766.14	Yes
Kenneth Frost Western Surety Company	62,180.00	65,226.06	2,416.06	No
Jeffery Goetz	28,935.12	30,048.00	1,112.88	No
Pamela Klotz Western Surety Company	7,885.79	8,189.17	303.38	Yes
Matthew Simon	41,200.00	44,784.74	1,584.74	No

The Village should review all pay amounts for all employees and verify that payments are made in accordance with the amounts approved by Council. Failure to do so could result in future payroll overpayments and findings for recovery.

**VILLAGE OF WALBRIDGE  
WOOD COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2015 AND 2014**

Finding Number	Finding Summary	Status	Additional Information
2013-001	Significant deficiency for failing to record council approved appropriations and estimated resources in the accounting system.	Partially Corrected and moved to the Management Letter.	Recurrence occurred due to inadequate policies and procedures in reviewing the accounting records throughout the audit period. Village Council will perform detailed reviews of financial information to ensure budgetary amounts are properly posted.
2013-002	Ohio Rev. Code § 5705.41(D)(1) for not properly certifying the availability of funds.	Corrected	
2013-003	Ohio Rev. Code § 5705.41(B) for expenditures in excess of appropriations.	Corrected	
2013-004	Ohio Rev. Code § 5705.41(B) for expenditures in excess of appropriations.	Corrected	
2013-005	Significant deficiency due to errors in financial reporting.	Not corrected and reissued as Finding 2015-001 in this report.	Recurrence occurred due to inadequate policies and procedures in reviewing the financial statements and accounting records throughout the audit period. Village Council will perform detailed reviews of financial information to ensure monies are properly posted.

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# Dave Yost • Auditor of State

VILLAGE OF WALBRIDGE

WOOD 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  
JANUARY 31, 2017