

***VILLAGE OF WALDO***

**MARION COUNTY**

**AUDIT REPORT**

**FOR THE YEARS ENDED DECEMBER 31, 2017 and 2016**







# Dave Yost • Auditor of State

Village Council  
Village of Waldo  
PO Box 202  
Waldo, OH 43356

We have reviewed the *Independent Auditor's Report* of the Village of Waldo, Marion County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2016 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Waldo is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

October 26, 2018

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**VILLAGE OF WALDO  
MARION COUNTY  
AUDIT REPORT  
For Years Ending December 31, 2017 and 2016**

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***Charles E. Harris & Associates, Inc.***  
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**INDEPENDENT AUDITOR'S REPORT**

Village of Waldo  
Marion County  
P.O. Box202  
Waldo, Ohio 43356

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 Waldo, Marion County, (the Village) as of and for the years ended December 31, 2017 and 2016.

***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 2 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***

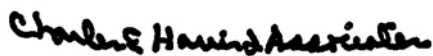
In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2017 and 2016, or changes in financial position and cash flows thereof for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Waldo, Marion County as of December 31, 2017 and 2016, 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 2.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2018, 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.



***Charles E. Harris & Associates, Inc.***  
August 30, 2018



Village of Waldo, Ohio  
Marion County  
Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2017

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 32,749	\$ -	\$ -	\$ 32,749
Intergovernmental	26,769	19,481	-	46,250
Fines, Licenses and Permits	406	-	-	406
Earnings on Investments	23	4	3	30
Miscellaneous	1,996	-	-	1,996
<i>Total Cash Receipts</i>	<u>61,943</u>	<u>19,485</u>	<u>3</u>	<u>81,431</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	7,590	-	-	7,590
Public Health Services	3,008	-	-	3,008
Community Environment	24,416	-	-	24,416
Transportation	57,230	10,500	-	67,730
General Government	30,643	-	-	30,643
Capital Outlay	59	-	-	59
<i>Total Cash Disbursements</i>	<u>122,946</u>	<u>10,500</u>	<u>-</u>	<u>133,446</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(61,003)	8,985	3	(52,015)
<i>Fund Cash Balances, January 1</i>	<u>151,953</u>	<u>31,743</u>	<u>30,386</u>	<u>214,082</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	40,728	30,386	71,114
Unassigned	90,950	-	-	90,950
<i>Fund Cash Balances, December 31</i>	<u>\$ 90,950</u>	<u>\$ 40,728</u>	<u>\$ 30,386</u>	<u>\$ 162,064</u>

See accompanying notes to the basic financial statements

Village of Waldo, Ohio  
Marion County  
Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
All Proprietary Fund Types  
For the Year Ended December 31, 2017

	Proprietary Fund Types
	Enterprise
<b>Operating Cash Disbursements</b>	
Personal Services	\$ 18,012
Contractual Services	37,203
Supplies and Materials	841
<i>Total Operating Cash Disbursements</i>	56,056
<i>Operating Income (Loss)</i>	(56,056)
<b>Non-Operating Receipts (Disbursements)</b>	
Special Assessments	102,450
Principal Retirement	(63,000)
Interest and Other Fiscal Charges	(9,140)
<i>Total Non-Operating Receipts (Disbursements)</i>	30,310
<i>Net Change in Fund Cash Balances</i>	(25,746)
<i>Fund Cash Balances, January 1</i>	88,348
<i>Fund Cash Balances, December 31</i>	\$ 62,602

*See accompanying notes to the basic financial statements*

**Village of Waldo, Ohio**  
*Marion County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 1 - Reporting Entity**

The Village of Waldo, Marion County, Ohio (the Village), is a body politic and corporate 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 six-member Council elected at large for four year terms. The Village provides general governmental services, road repair and maintenance and sewer services.

The Village's management believes these financial statements included in this report represent all of the funds of the Village over which the Village has the ability to exercise direct operating control.

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

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a statement of receipts, disbursements and changes in fund balance (regulatory cash basis) for all proprietary fund types which are organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

***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 Fund:

***Street Construction Maintenance and Repair Fund*** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***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/Sewer Fund*** – This fund receives proceeds of loans and grants. The proceeds are used to construct a new waste water treatment plant.

**Village of Waldo, Ohio**  
*Marion County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

Proprietary Fund Types:

**Enterprise Funds** - To account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

The Village has the following significant Enterprise Funds:

**Sewer Fund** - This fund receives special assessments, charges for services and loan proceeds to establish the Village sewer system

**Sewer Operating, OWDA** - This fund receives loan proceeds to establish the Village sewer system.

***Basis of Accounting***

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. Council 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.

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**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. 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.

**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.

**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.

**Village of Waldo, Ohio**  
*Marion County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

A summary of 2017 budgetary activity appears in Note 3.

***Deposits and Investments***

The Village's cash is deposited in a checking account.

***Capital Assets***

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

***Fund Balance***

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

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

***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.

***Committed*** Council can *commit* amounts via formal action (ordinance or resolution). The Village must adhere to these commitments unless the Council amends the ordinance or 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.

***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. Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget.

***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.

**Village of Waldo, Ohio**  
*Marion County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 3 – Budgetary Activity**

Budgetary activity for the year ending 2017 follows:

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 151,953	\$ 61,943	\$ (90,010)
Special Revenue	31,743	19,485	(12,258)
Capital Projects	30,386	3	(30,383)
Enterprise Fund	188,348	102,450	(85,898)

Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 151,825	\$ 122,946	\$ 28,879
Special Revenue	30,610	10,500	20,110
Capital Projects	-	-	-
Enterprise Fund	138,000	128,196	9,804

**Note 4 – Deposits and Investments**

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

Demand deposits	<u>2017</u> \$224,666
Total deposits	\$224,666

***Deposits***

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

**Village of Waldo, Ohio**  
*Marion County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 5 – Taxes**

***Property Taxes***

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.

**Note 6 - Risk Management**

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

During 2017 the Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions

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

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

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

The Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. 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, 2017.

**Village of Waldo, Ohio**  
*Marion County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 8 - Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 1 percent of the employer contribution to fund these benefits.

**Note 9 - Debt**

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
OPWC Loan # CP24N	\$85,000	0%
USDA	326,600	2.375%
Total	\$411,600	

The Village entered into a loan (CP24N) with the Ohio Public Works Commission for construction of the Wastewater treatment plan. The total loan amount is \$100,000 at 0% interest.

The Village entered into a loan with United State Department of Agriculture (USDA) to finance Wastewater treatment plan. The total loan amount is \$500,000 at 2.375% interest.

***Amortization***

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

Year ending December 31:	USDA	OPWC
2018	\$17,140	\$5,000
2019	17,140	5,000
2020	17,140	5,000
2021	17,140	5,000
2022	17,140	5,000
2023-2027	85,700	25,000
2028-2032	85,700	25,000
2033-2037	85,700	10,000
2038-2041	54,479	-
Total	\$397,279	\$85,000



**Village of Waldo, Ohio**  
*Marion County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 10 – Contingent Liabilities**

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

Village of Waldo, Ohio  
Marion County  
Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
All Governmental Fund Types  
For the Year Ended December 31, 2016

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$ 32,622	\$ -	\$ -	\$ 32,622
Intergovernmental	15,380	19,087	-	34,467
Fines, Licenses and Permits	1,156	-	-	1,156
Earnings on Investments	27	2	3	32
Miscellaneous	2,765	-	-	2,765
<i>Total Cash Receipts</i>	<u>51,950</u>	<u>19,089</u>	<u>3</u>	<u>71,042</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	6,980	-	-	6,980
Community Environment	9,305	-	-	9,305
Transportation	20,303	-	-	20,303
General Government	37,195	-	-	37,195
<i>Total Cash Disbursements</i>	<u>73,783</u>	<u>-</u>	<u>-</u>	<u>73,783</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(21,833)	19,089	3	(2,741)
<i>Fund Cash Balances, January 1</i>	<u>173,786</u>	<u>12,654</u>	<u>30,383</u>	<u>216,823</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	31,743	30,386	62,129
Unassigned	151,953	-	-	151,953
<i>Fund Cash Balances, December 31</i>	<u>\$ 151,953</u>	<u>\$ 31,743</u>	<u>\$ 30,386</u>	<u>\$ 214,082</u>

See accompanying notes to the basic financial statements

Village of Waldo, Ohio  
Marion County  
Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)  
All Proprietary Fund Types  
For the Year Ended December 31, 2016

	<u>Proprietary Fund Types</u>
	<u>Enterprise</u>
<b>Operating Cash Disbursements</b>	
Personal Services	\$ 9,509
Contractual Services	15,675
Supplies and Materials	643
	<u>25,827</u>
<i>Total Operating Cash Disbursements</i>	<u>25,827</u>
<i>Operating Income (Loss)</i>	(25,827)
<b>Non-Operating Receipts (Disbursements)</b>	
Special Assessments	91,748
Principal Retirement	(42,800)
Interest and Other Fiscal Charges	(10,114)
	<u>38,834</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>38,834</u>
<i>Net Change in Fund Cash Balances</i>	13,007
<i>Fund Cash Balances, January 1</i>	<u>75,341</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 88,348</u>
<i>See accompanying notes to the basic financial statements</i>	

**Village of Waldo, Ohio**  
*Marion County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 1 - Reporting Entity**

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***Basis of Presentation***

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**Village of Waldo, Ohio**  
*Marion County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

Proprietary Fund Types:

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**Sewer Operating, OWDA** - This fund receives loan proceeds to establish the Village sewer system.

***Basis of Accounting***

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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.

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**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. 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.

**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.

**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.

**Village of Waldo, Ohio**  
*Marion County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

A summary of 2016 budgetary activity appears in Note 3.

***Deposits and Investments***

The Village's cash is deposited in a checking account.

***Capital Assets***

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

***Fund Balance***

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

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

***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.

***Committed*** Council can *commit* amounts via formal action (ordinance or resolution). The Village must adhere to these commitments unless the Council amends the ordinance or 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.

***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. Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget.

***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.

**Village of Waldo, Ohio**  
*Marion County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 173,786	\$ 51,950	\$ (121,836)
Special Revenue	14,654	19,089	4,435
Capital Projects	30,423	3	(30,420)
Enterprise Fund	70,229	91,748	21,519

Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 167,585	\$ 73,783	\$ 93,802
Special Revenue	14,300	-	14,300
Capital Projects	40	-	40
Enterprise Fund	160,100	78,741	81,359

**Note 4 – Deposits and Investments**

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

Demand deposits	2016 \$302,430
Total deposits	\$302,430

***Deposits***

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

**Village of Waldo, Ohio**  
*Marion County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 5 – Taxes**

***Property Taxes***

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.

**Note 6 - Risk Management**

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

During 2016 the Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions

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

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

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

The Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. 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, 2016.



**Village of Waldo, Ohio**  
*Marion County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 8 - Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**Note 9 - Debt**

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
OPWC Loan # CP24N	\$90,000	0%
USDA	384,600	2.375%
Total	\$474,600	

The Village entered into a loan (CP24N) with the Ohio Public Works Commission for construction of the Wastewater treatment plan. The initial loan amount was \$100,000 at 0% interest.

The Village entered into a loan with United State Department of Agriculture (USDA) to finance Wastewater treatment plan. The initial loan amount was \$500,000 at 2.375% interest.

***Amortization***

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

Year ending December 31:	USDA	OPWC
2017	\$58,000	\$5,000
2018	17,140	5,000
2019	17,140	5,000
2020	17,140	5,000
2021	17,140	5,000
2022-2026	85,700	25,000
2027-2031	85,700	25,000
2032-2036	85,700	15,000
2037-2041	71,619	-
Total	\$455,279	\$90,000

**Village of Waldo, Ohio**  
*Marion County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 10 – Contingent Liabilities**

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

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Village of Waldo  
Marion County  
P.O. Box 202  
Waldo, Ohio 43356

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 Waldo, Marion County, (the Village) as of and for the years ended December 31, 2017 and 2016 and the related notes to the financial statements and have issued our report thereon dated August 30, 2018, 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**

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider to be a material weakness. We consider finding 2017-001 to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain matters not requiring inclusion in this report that we reported to management of the Village in a separate letter dated August 30, 2018.

### **Entity's Response to Finding**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Charles E. Harris & Associates, Inc.**

August 30, 2018

VILLAGE OF WALDO  
MARION COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

**FINDING NUMBER 2017-001  
MATERIAL WEAKNESS**

**Incorrect Accounting Transactions**

The Village's management is responsible for the fair presentation of the financial statements. Errors were noted in the financial statements which resulted in several audit adjustments.

In 2017 and 2016, we noted several transactions and payments for debt service, that were incorrectly reported in the annual financial report. We also noted that proceeds from a loan and subsequent debt service payments were not correctly reported in the financial statements for each year.

The financial statements have been adjusted to present the accounting information correctly and the Village has agreed with the required reclassifications.

Sound financial reporting is the responsibility of the Village and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. We recommend management use the Village Officer's Handbook, the Uniform Accounting Network Manual, and other Auditor of State guidance to aid in properly identifying account classifications categories when preparing annual financial statements. We also recommend that all entries be reviewed and approved by Village Council monthly.

Management Response:

See Corrective Action Plan.

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VILLAGE OF WALDO  
MARION COUNTY

CORRECTIVE ACTION PLAN – Prepared by Management  
December 31, 2017 and 2016

FINDING NUMBER	PLANNED CORRECTIVE ACTION	ANTICIPATED COMPLETION DATE	RESPONSIBLE CONTACT PERSON
2017-001	The Fiscal Officer will closely review all loan transactions to ensure that each is properly recorded.	Immediately	Shirley Groll, Fiscal Officer

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# Dave Yost • Auditor of State

VILLAGE OF WALDO

MARION 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  
NOVEMBER 8, 2018