



**VILLAGE OF WAKEMAN
HURON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2021-2020

VILLAGE OF WAKEMAN
HURON COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Village of Wakeman
Huron County
59 Hyde Street
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To the Village of Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Wakeman, Huron County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements 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, 2021 and 2020, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 11 to the 2021 and 2020 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2022, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's 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.



Keith Faber
Auditor of State
Columbus, Ohio

July 28, 2022

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Village of Wakeman
Huron County
Combined Statement of Receipts, Disbursements,
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$39,622	\$34,430		\$74,052
Municipal Income Tax	312,541			312,541
Intergovernmental	81,231	138,816		220,047
Special Assessments	5,257		\$6,495	11,752
Charges for Services		100		100
Fines, Licenses and Permits	30,152			30,152
Earnings on Investments	769	113		882
Miscellaneous	12,040	43,455		55,495
<i>Total Cash Receipts</i>	<u>481,612</u>	<u>216,914</u>	<u>6,495</u>	<u>705,021</u>
Cash Disbursements				
Current:				
Security of Persons and Property	108,615	68,035		176,650
Public Health Services	471			471
Leisure Time Activities	171,699	50,841		222,540
Basic Utility	8,547	75		8,622
Transportation		108,154		108,154
General Government	171,376	5,259		176,635
Capital Outlay			87,850	87,850
Debt Service:				
Principal Retirement		580		580
<i>Total Cash Disbursements</i>	<u>460,708</u>	<u>232,944</u>	<u>87,850</u>	<u>781,502</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>20,904</u>	<u>(16,030)</u>	<u>(81,355)</u>	<u>(76,481)</u>
Other Financing Receipts (Disbursements)				
Other Debt Proceeds			87,952	87,952
Sale of Capital Assets			19,800	19,800
Transfers In		75,000		75,000
Transfers Out	(75,000)			(75,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(75,000)</u>	<u>75,000</u>	<u>107,752</u>	<u>107,752</u>
<i>Net Change in Fund Cash Balances</i>	(54,096)	58,970	26,397	31,271
<i>Fund Cash Balances, January 1</i>	<u>357,551</u>	<u>233,423</u>	<u>25,506</u>	<u>616,480</u>
<i>Fund Cash Balances, December 31</i>	<u>\$303,455</u>	<u>\$292,393</u>	<u>\$51,903</u>	<u>\$647,751</u>

See accompanying notes to the financial statements

Village of Wakeman
Huron County
Combined Statement of Receipts, Disbursements,
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2021

	Enterprise
Operating Cash Receipts	
Charges for Services	\$510,922
 Operating Cash Disbursements	
Personal Services	76,826
Employee Fringe Benefits	10,491
Contractual Services	157,847
Supplies and Materials	17,017
Other	8,836
 <i>Total Operating Cash Disbursements</i>	 271,017
 <i>Operating Income</i>	 239,905
 Non-Operating Receipts (Disbursements)	
Special Assessments	3,979
Miscellaneous Receipts	351
Capital Outlay	(84,095)
Principal Retirement	(32,426)
Interest and Other Fiscal Charges	(10,668)
 <i>Total Non-Operating Receipts (Disbursements)</i>	 (122,859)
 <i>Income Before Transfers</i>	 117,046
 Transfers In	140,000
Transfers Out	(140,000)
 <i>Net Change in Fund Cash Balances</i>	 117,046
 <i>Fund Cash Balances, January 1</i>	 751,245
 <i>Fund Cash Balances, December 31</i>	 \$868,291

See accompanying notes to the financial statements

Village of Wakeman
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 - Reporting Entity

The Village of Wakeman, Huron 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. A publicly-elected six-member Council directs the Village. The Village provides general government services, street construction, repair, and maintenance, public health services, water and sewer utilities, park operations, and police services.

Public Entity Risk Pool and Jointly Governed Organizations

The Village participates in a public entity risk pool and three jointly governed organizations. Notes 6 and 10 to the financial statements provide additional information for these entities.

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

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 combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) for the proprietary fund type, 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 capital projects. The Village had the following significant Special Revenue Funds:

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.

Police Levy Fund The Police Levy Fund receives property tax money to fund a portion of the Village's police department operations.

Citizens Donations Fund The Citizens Donation Fund receives contributions and donations for various projects.

Village of Wakeman
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Capital Project Funds These funds account for and report financial resources that are restricted 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:

OPWCIP-Capital Project Fund The OPWCIP-Capital Project Fund accounts for loan proceeds from the State of Ohio received for the Abbott Street waterline improvement project.

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

Water Operating Fund The Water Operating Fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village and outside users.

Sewer Operating Fund The Sewer Operating Fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village and outside users.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Rev. Code Section 117.38 and Ohio Admin. Code Section 117-2-03(C). 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 Rev. Code Section 117.38 and Ohio Admin. Code Section 117-2-03(C) permit.

Budgetary Process

The Ohio Revised Code requires each fund be budgeted annually.

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.

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.

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. The Village did not encumber all commitments required by Ohio law. Management has included audit adjustments in the accompanying budgetary presentations for significant items that should have been encumbered.

A summary of 2021 budgetary activity appears in Note 3.

Village of Wakeman
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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's investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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.

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.

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 (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.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the General Fund is limited to encumbrances outstanding at year end.

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.

Village of Wakeman
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

Note 3 - Budgetary Activity

Budgetary activity for the year ended December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$368,084	\$481,612	\$113,528
Special Revenue	201,167	291,914	90,747
Capital Projects	110,614	114,247	3,633
Enterprise	527,200	655,252	128,052
Total	\$1,207,065	\$1,543,025	\$335,960

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$635,738	\$551,905	\$83,833
Special Revenue	387,822	270,251	117,571
Capital Projects	133,114	107,650	25,464
Enterprise	932,084	549,077	383,007
Total	\$2,088,758	\$1,478,883	\$609,875

Note 4 - Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

	2021
<i>Cash Management Pool:</i>	
Demand deposits	\$437,209
STAR Ohio	1,078,833
<i>Total carrying amount of deposits and investments held in the Pool</i>	\$1,516,042

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings.

Village of Wakeman
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Polled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

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.

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

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

Income Taxes

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.

Note 6 - Risk Management

Risk Pool Membership

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

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Village of Wakeman
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2021

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM’s property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM’s property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020 (the latest information available).

The Plan’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020 (the latest information available).

Assets	\$18,826,974
Liabilities	<u>(13,530,267)</u>
Members’ Equity	<u>\$ 5,296,707</u>

You can read the complete audited financial statements for OPRM at the Plan’s website, www.ohioplan.org

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some 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, 2021.

Ohio Police and Fire Retirement System

The Village’s full-time police officers belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members’ wages. The Village has paid all contributions required through December 31, 2021.

Village of Wakeman
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Social Security

Several of the Village Council members contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer 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. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 9 - Debt

Debt outstanding at December 31, 2021 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission		
North Hyde Street Culvert Replacement Loan #CT41M	\$10,728	0.00%
Maple St/Pleasant St. Waterline Replacement Loan #CI25P	116,611	0.00%
Clark, Hyde and SR20 Waterline Improvements Loan #CT31T	48,577	0.00%
Abbott Street Waterline Improvement Loan # CT05W	99,834	0.00%
Ohio Water Development Authority		
WWTP Improvement Loan #3773	184,007	4.84%
Railroad Street Waterline Replacement Loan #5892	67,268	2.00%
SR303/US20 Connector Waterline Loan #7644	54,875	1.83%
Abbott Street Waterline Improvement Loan # 8893	153,938	0.62%
Total	<u>\$735,838</u>	

The Ohio Public Works Commission (OPWC) loans relate to culvert and waterline replacement and improvement projects. The loans are interest free. The Village will repay the loans through semiannual installments through the year 2044.

Village of Wakeman
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2021

The Ohio Water Development Authority (OWDA) loans relate to various waterline hook-up, waste water, and waterline replacement and improvement projects. The Village will repay the loans through semiannual installments through the year 2041. The loans outstanding are collateralized by water and sewer receipts.

The OPWC Abbott Street Waterline Improvements project is not complete as of December 31, 2021, therefore an amortization schedule for the repayment of the loan is currently not available. The loan amortization is not included in the schedule below.

Amortization

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

Year Ending December 31:	OPWC Loans	OWDA Loans
2022	\$8,916	\$39,049
2023	8,916	39,148
2024	8,916	39,252
2025	8,916	39,360
2026	8,916	39,475
2027-2031	44,583	195,385
2032-2036	44,583	102,208
2037-2041	33,376	41,742
2042-2044	8,794	
Total	\$175,916	\$535,619

Note 10 - Jointly Governed Organizations

Vermilion River Ambulance District

A four-member Board of Trustees governs Vermilion River Ambulance District (the Ambulance District). Each political subdivision within the Ambulance District appoints one member. Those subdivisions are the Village of Wakeman, Florence Township, Townsend Township, and Wakeman Township. The Ambulance District provides ambulance service within the Ambulance District by contracting with Citizens Ambulance Service. Financial information can be obtained from Brad Messenburg, Fiscal Officer, 2511 Wells Road, Collins, Ohio 44826.

Wakeman Township Fire District

Wakeman Township Fire District (the Fire District) is directed by an appointed four-member Board of Trustees. Two board members are appointed by each political subdivision within the Fire District. Those subdivisions are Wakeman Township and the Village of Wakeman. The Fire District provides fire protection and rescue services within the District and by contract to areas outside the Fire District. Financial information can be obtained from Trisha L. Summers, Clerk, 5171 State Route 303, P.O. Box 55, Wakeman, Ohio 44889-0055.

Village of Wakeman
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Regional Income Tax Agency

The Regional Income Tax Agency (RITA) is a regional council of governments formed to establish a central collection facility for the purpose of administering the income tax laws of the members and for the purpose of collecting income taxes on behalf of each member. RITA currently has approximately 350 members in the council of governments. Each member has one representative to the council of governments and is entitled to one vote on items under consideration. RITA is administered by a nine-member board of trustees elected by the members of the council of governments. The board exercises total control over RITA's operation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the council. For 2020, the Village paid RITA \$9,314 for income tax collection services.

Note 11 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 12 - Miscellaneous Receipts

Special Revenue Fund Type miscellaneous receipts consisted primarily of donations and contributions.

Note 13 - Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Enterprise	Total
Outstanding Encumbrances	\$16,197	\$37,307	\$19,800	\$10,871	\$84,175

The fund balance of Special Revenue funds is either restricted or committed. The fund balance of Capital Projects funds is restricted. These restricted and committed amounts in the Special Revenue and Capital Projects funds would include the outstanding encumbrances. In the General Fund, outstanding encumbrances are considered assigned.

Village of Wakeman
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 14 - Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Village of Wakeman
Huron County
Combined Statement of Receipts, Disbursements,
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$38,904	\$58,798		\$97,702
Municipal Income Tax	247,283			247,283
Intergovernmental	62,820	232,070	\$200,000	494,890
Special Assessments	202		5,277	5,479
Charges for Services		350	199	549
Fines, Licenses and Permits	24,598	204		24,802
Earnings on Investments	6,613	719		7,332
Miscellaneous	36,290	82,270		118,560
<i>Total Cash Receipts</i>	<u>416,710</u>	<u>374,411</u>	<u>205,476</u>	<u>996,597</u>
Cash Disbursements				
Current:				
Security of Persons and Property	119,233	86,724		205,957
Public Health Services	951			951
Leisure Time Activities	147,293	109,575		256,868
Basic Utility Services	7,375	11,574		18,949
Transportation		122,372		122,372
General Government	171,065	58,581		229,646
Capital Outlay			367,493	367,493
Debt Service:				
Principal Retirement		290		290
<i>Total Cash Disbursements</i>	<u>445,917</u>	<u>389,116</u>	<u>367,493</u>	<u>1,202,526</u>
<i>Excess of Disbursements Over Receipts</i>	<u>(29,207)</u>	<u>(14,705)</u>	<u>(162,017)</u>	<u>(205,929)</u>
Other Financing Receipts (Disbursements)				
Other Debt Proceeds			167,493	167,493
Transfers In		20,000		20,000
Transfers Out	(20,000)			(20,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(20,000)</u>	<u>20,000</u>	<u>167,493</u>	<u>167,493</u>
<i>Net Change in Fund Cash Balances</i>	(49,207)	5,295	5,476	(38,436)
<i>Fund Cash Balances, January 1</i>	<u>406,758</u>	<u>228,128</u>	<u>20,030</u>	<u>654,916</u>
<i>Fund Cash Balances, December 31</i>	<u>\$357,551</u>	<u>\$233,423</u>	<u>\$25,506</u>	<u>\$616,480</u>

See accompanying notes to the financial statements

Village of Wakeman
Huron County
Combined Statement of Receipts, Disbursements,
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2020

	Enterprise
Operating Cash Receipts	
Charges for Services	\$505,646
 Operating Cash Disbursements	
Personal Services	79,036
Employee Fringe Benefits	11,448
Contractual Services	148,003
Supplies and Materials	9,795
Other	10,818
 <i>Total Operating Cash Disbursements</i>	 259,100
 <i>Operating Income</i>	 246,546
 Non-Operating Disbursements	
Capital Outlay	(42,118)
Principal Retirement	(44,250)
Interest and Other Fiscal Charges	(11,593)
Other Financing Uses	(163)
 <i>Total Non-Operating Disbursements</i>	 (98,124)
 <i>Net Change in Fund Cash Balances</i>	 148,422
 <i>Fund Cash Balances, January 1</i>	 602,823
 <i>Fund Cash Balances, December 31</i>	 \$751,245

See accompanying notes to the financial statements

Village of Wakeman
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 - Reporting Entity

The Village of Wakeman, Huron 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. A publicly-elected six-member Council directs the Village. The Village provides general government services, street construction, repair, and maintenance, public health services, water and sewer utilities, park operations, and police services.

Public Entity Risk Pool and Jointly Governed Organizations

The Village participates in a public entity risk pool and three jointly governed organizations. Notes 6 and 10 to the financial statements provide additional information for these entities.

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

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 combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) for the proprietary fund type, 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 capital projects. The Village had the following significant Special Revenue Fund:

Coronavirus Relief Fund The Coronavirus Relief Fund received monies from the Coronavirus Aid, Relief, and Economic Security (CARES) Act to be used for eligible expenses.

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

OPWCIP-Capital Project Fund The OPWCIP-Capital Project Fund accounts for loan and grant proceeds from the State of Ohio received for the Abbott Street waterline improvement project.

Village of Wakeman
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2020

OEPA-WSRLA Capital Projects Fund The OEPA-WSRLA Capital Projects fund accounts for loan proceeds from the State of Ohio received for Abbott Street waterline improvement project.

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

Water Operating Fund The Water Operating Fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village and outside users.

Sewer Operating Fund The Sewer Operating Fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village and outside users.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Rev. Code Section 117.38 and Ohio Admin. Code Section 117-2-03(C). 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 Rev. Code Section 117.38 and Ohio Admin. Code Section 117-2-03(C) permit.

Budgetary Process

The Ohio Revised Code requires each fund be budgeted annually.

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.

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.

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 2020 budgetary activity appears in Note 3.

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.

Village of Wakeman
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2020

The Village's investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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.

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.

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 (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.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

Village of Wakeman
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 3 - Budgetary Activity

Budgetary activity for the year ended December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$329,862	\$416,710	\$86,848
Special Revenue	346,187	394,411	48,224
Capital Projects	612,196	372,969	(239,227)
Enterprise	437,550	505,646	68,096
Total	\$1,725,795	\$1,689,736	(\$36,059)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$638,442	\$471,355	\$167,087
Special Revenue	510,719	409,110	101,609
Capital Projects	629,696	367,493	262,203
Enterprise	816,460	361,107	455,353
Total	\$2,595,317	\$1,609,065	\$986,252

Note 4 - Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investments accounts are as follows:

	2020
<i>Cash Management Pool:</i>	
Demand deposits	\$289,774
STAR Ohio	1,077,951
<i>Total carrying amount of deposits and investments held in the Pool</i>	\$1,367,725

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Polled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Village of Wakeman
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Investments

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

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.

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

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

Income Taxes

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.

Note 6 - Risk Management

Risk Pool Membership

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

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Village of Wakeman
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2020

OPRM coverage programs are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM’s property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM’s property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Plan’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

Assets	\$18,826,974
Liabilities	<u>(13,530,267)</u>
Members’ Equity	<u>\$ 5,296,707</u>

You can read the complete audited financial statements for OPRM at the Plan’s website, www.ohioplan.org.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some 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, 2020.

Ohio Police and Fire Retirement System

The Village’s full-time police officers belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members’ wages. The Village has paid all contributions required through December 31, 2020.

Village of Wakeman
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Social Security

Several of the Village Council members contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer 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. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 9 - Debt

Debt outstanding at December 31, 2020 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission		
North Hyde Street Culvert Replacement Loan #CT41M	\$11,308	0.00%
Maple St./Pleasant St. Waterline Replacement Loan #CI25P	121,912	0.00%
Clark, Hyde and SR20 Waterline Improvements Loan #CT31T	51,613	0.00%
Abbot Street Waterline Improvements Loan #CT05W	87,760	0.00%
Ohio Water Development Authority		
WWTP Improvement Loan #3773	195,093	4.84%
Railroad Street Waterline Replacement Loan #5892	73,637	2.00%
SR303/US20 Connector Waterline Loan #7644	57,802	1.83%
Abbott Street Waterline Improvements Loan #8893	79,733	0.62%
Total	\$678,858	

The Ohio Public Works Commission (OPWC) loans relate to culvert and waterline replacement and improvement projects. The loans are interest free. The Village will repay the loans through semiannual installments through the year 2044.

Village of Wakeman
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2020

The Ohio Water Development Authority (OWDA) loans relate to various waterline hook-up, waste water, and waterline replacement and improvement projects. The Village will repay the loans through semiannual installments through the year 2041. The loans outstanding are collateralized by water and sewer receipts.

The OPWC Abbott Street Waterline Improvements project is not complete as of December 31, 2020, therefore an amortization schedule for the repayment of the loan is currently not available. The loan amortization is not included in the schedule below.

Amortization

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

Year Ending December 31:	OPWC Loans	OWDA Loans
2021	\$8,916	\$35,247
2022	8,916	39,049
2023	8,916	39,148
2024	8,916	39,252
2025	8,916	39,360
2026-2030	44,583	198,630
2031-2035	44,583	126,072
2036-2040	36,992	49,910
2041-2044	14,095	4,197
Total	\$184,833	\$570,865

Note 10 - Jointly Governed Organizations

Vermilion River Ambulance District

A four-member Board of Trustees governs Vermilion River Ambulance District (the Ambulance District). Each political subdivision within the Ambulance District appoints one member. Those subdivisions are the Village of Wakeman, Florence Township, Townsend Township, and Wakeman Township. The Ambulance District provides ambulance service within the Ambulance District by contracting with Citizens Ambulance Service. Financial information can be obtained from Brad Messenburg, Fiscal Officer, 2511 Wells Road, Collins, Ohio 44826.

Wakeman Township Fire District

Wakeman Township Fire District (the Fire District) is directed by an appointed four-member Board of Trustees. Two board members are appointed by each political subdivision within the Fire District. Those subdivisions are Wakeman Township and the Village of Wakeman. The Fire District provides fire protection and rescue services within the District and by contract to areas outside the Fire District. Financial information can be obtained from Trisha L. Summers, Clerk, 5171 State Route 303, P.O. Box 55, Wakeman, Ohio 44889-0055.

Village of Wakeman
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Regional Income Tax Agency

The Regional Income Tax Agency (RITA) is a regional council of governments formed to establish a central collection facility for the purpose of administering the income tax laws of the members and for the purpose of collecting income taxes on behalf of each member. RITA currently has approximately 350 members in the council of governments. Each member has one representative to the council of governments and is entitled to one vote on items under consideration. RITA is administered by a nine-member board of trustees elected by the members of the council of governments. The board exercises total control over RITA's operation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the council. For 2020, the Village paid RITA \$7,239 for income tax collection services.

Note 11 - COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Village received CARES Act Funding. Of the amounts received, \$33,000 was sub-granted to other governments and organizations. These amount are reflected as general government disbursements in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

Note 12 - Miscellaneous Receipts

General Fund miscellaneous receipts consisted primarily of worker's compensation rebates. Special Revenue Fund Type miscellaneous receipts consisted primarily of donations and contributions.

Note 13 - Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Enterprise	Total
Outstanding Encumbrances	\$5,438	\$19,994	\$3,883	\$29,315

The fund balance of Special Revenue funds is either restricted or committed. The fund balance of Capital Projects funds is restricted. These restricted and committed amounts in the Special Revenue and Capital Projects funds would include the outstanding encumbrances. In the General Fund, outstanding encumbrances are considered assigned.

Village of Wakeman
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 14 - Change in Accounting Principle

For 2020, the Village has made changes to its cash-basis reporting model. These changes include removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) - all governmental fund types.

Note 15 - Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

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

To the Village of Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements of the Village of Wakeman, Huron County, Ohio (the Village) and have issued our report thereon dated July 28, 2022, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures, which may impact subsequent period of the Village.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes 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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2021-001 that we consider to be a significant deficiency.

Report on 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 financial statements. 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2021-001.

Purpose of this Report

This 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.



Keith Faber
Auditor of State
Columbus, Ohio

July 28, 2022

**VILLAGE OF WAKEMAN
HURON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020**

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

FINDING NUMBER 2021-001

Noncompliance Citation and Significant Deficiency

Ohio Rev. Code § 5705.41(D)(1) provides that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required meet the obligation or, the case of continuing contract to be performed in whole or in part in an ensuing fiscal year, the amount required to meet the obligation in the fiscal year in which the contract is made has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a Fiscal Officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Ohio Rev. Code §§ 5705.41(D)(1) and 5705.41(D)(3), respectively.

1. "Then and Now" certificate - If the Fiscal Officer can certify both at the time the contract or order was made ("then"), and at the time the fiscal officer is completing the certification ("now"), sufficient funds were available or in the process of collection, to the credit of an appropriate fund, free from any previous encumbrances, the Village Council can authorize the drawing of a warrant for the payment of the amount due. The Village Council has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts less than \$100 in counties and less than \$3,000 in all other subdivisions or taxing units may be paid by the Fiscal Officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village Council.

2. Blanket Certificate - The Fiscal Officer may prepare "blanket" certificates for a certain sum of money, not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority, against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate - The Village Council may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the Fiscal Officer for most professional services, fuel, oil, food items, roadway materials, utilities, and any other specific recurring and reasonably predictable operating expense. This certification may, but need not, be limited to a specific vendor. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Due to deficiencies in internal controls, one of twelve (or eight percent) of the transactions tested at year-end were not certified by the Fiscal Officer at the time the commitment was incurred, and there was no evidence the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances. In addition, the Village had \$8,011 in outstanding purchase commitments as of December 31, 2021 that were not properly certified at year-end. The accompanying notes to the financial statements have been adjusted to reflect these amounts as budgetary expenditures in the Special Revenue Fund Type.

**FINDING NUMBER 2021-001
(CONTINUED)**

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to help ensure purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, the Fiscal Officer should certify the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

Officials' Response:

We did not receive a response from Officials to the finding reported above.



Village of Wakeman

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER, 2021 AND 2020

Finding Number	Finding Summary	Status	Additional Information
2019-001	Material weakness for errors in financial reporting.	Partially corrected and reissued in the Management Letter.	Errors noted during the current audit period were not material, thus reducing this to a Management Letter comment.

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF WAKEMAN

HURON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 8/9/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov