

**VILLAGE OF WALBRIDGE
WOOD COUNTY**

AUDITED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2013 AND 2012



Dave Yost • Auditor of State

Village Council
Village of Walbridge
111 North Main Street
Walbridge, Ohio 43465

We have reviewed the *Independent Auditor's Report* of the Village of Walbridge, Wood County, prepared by LublinSussman Group LLP, for the audit period January 1, 2012 through December 31, 2013. 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 Walbridge is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 6, 2015

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INDEPENDENT AUDITOR'S REPORT

Village of Walbridge
Wood County
111 North Main Street
Walbridge, OH 43465-1095

To the Village Council

Report on the Financial Statements

We have audited the accompanying combined statements of cash receipts, cash disbursements, and changes in fund cash balances - all governmental fund types, of the Village of Walbridge, Wood County (the Village) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(d); this includes 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.

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 Government'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 Government'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 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 1 of the financial statements, the Government 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, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

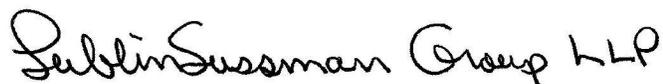
In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2013 and 2012, or changes in financial position there of for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Village of Walbridge, Wood County, as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the year then ended in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(d) permits, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 3, 2014, 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 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 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.



September 3, 2014
Toledo, Ohio

**VILLAGE OF WALBRIDGE
WOOD COUNTY**
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013

| | Governmental Fund Types | | | | |
|---|-------------------------|----------------------------|-------------------------|-----------------------------|--------------------------------|
| | <u>General</u> | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Totals (Memo. Only)</u> |
| Cash Receipts: | | | | | |
| Property Tax and Other Local Taxes | \$ 69,164 | \$ 0 | \$ 0 | \$ 0 | \$ 69,164 |
| Municipal Income Taxes | 595,486 | 0 | 119,097 | 136,112 | 850,695 |
| Special Assessments | 2,304 | 28,902 | 0 | 0 | 31,206 |
| Intergovernmental Receipts | 78,927 | 188,224 | 0 | 0 | 267,151 |
| Charges for Services | 9,926 | 0 | 0 | 0 | 9,926 |
| Fines, Licenses, and Permits | 37,299 | 0 | 0 | 1,240 | 38,539 |
| Earnings on Investments | 10,202 | 21 | 0 | 0 | 10,223 |
| Miscellaneous | <u>30,331</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>30,331</u> |
| Total Cash Receipts | <u>833,639</u> | <u>217,147</u> | <u>119,097</u> | <u>137,352</u> | <u>1,307,235</u> |
| Cash Disbursements: | | | | | |
| Current: | | | | | |
| Security of Persons and Property | 447,309 | 28,000 | 0 | 0 | 475,309 |
| Public Health Services | 1,465 | 0 | 0 | 0 | 1,465 |
| Leisure Time Activities | 66,670 | 0 | 0 | 0 | 66,670 |
| Community Environment | 0 | 0 | 0 | 0 | 0 |
| Transportation | 14,014 | 133,544 | 0 | 0 | 147,558 |
| General Government | 528,322 | 0 | 0 | 0 | 528,322 |
| Debt Service: | | | | | |
| Principal Payments | 0 | 0 | 5,527 | 0 | 5,527 |
| Interest Payments | 0 | 0 | 4,171 | 0 | 4,171 |
| Capital Outlay | <u>0</u> | <u>0</u> | <u>0</u> | <u>150,976</u> | <u>150,976</u> |
| Total Cash Disbursements | <u>1,057,780</u> | <u>161,544</u> | <u>9,698</u> | <u>150,976</u> | <u>1,379,998</u> |
| Total Receipts Over/(Under) Disbursements | <u>(224,141)</u> | <u>55,603</u> | <u>109,399</u> | <u>(13,624)</u> | <u>(72,763)</u> |
| Excess of Cash Receipts Over/(Under) Cash Disbursements | (224,141) | 55,603 | 109,399 | (13,624) | (72,763) |
| Fund Cash Balances, January 1 | <u>256,135</u> | <u>493,985</u> | <u>707,857</u> | <u>309,006</u> | <u>1,766,983</u> |
| Fund Cash Balances, December 31: | | | | | |
| Non-spendable | 0 | 0 | 0 | 0 | 0 |
| Restricted | 0 | 545,012 | 817,256 | 258,425 | 1,620,693 |
| Committed | 5,192 | 495 | 0 | 36,957 | 42,644 |
| Assigned | 0 | 0 | 0 | 0 | 0 |
| Unassigned | <u>26,802</u> | <u>4,081</u> | <u>0</u> | <u>0</u> | <u>30,883</u> |
| Fund Cash Balances, December 31 | <u>\$ 31,994</u> | <u>\$ 549,588</u> | <u>\$ 817,256</u> | <u>\$ 295,382</u> | <u>\$ 1,694,220</u> |

See Notes to Financial Statements

**VILLAGE OF WALBRIDGE
WOOD COUNTY**
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012

| | Governmental Fund Types | | | | |
|---|--------------------------|----------------------------|--------------------------|-----------------------------|--------------------------------|
| | <u>General</u> | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Totals (Memo. Only)</u> |
| Cash Receipts: | | | | | |
| Property Tax and Other Local Taxes | \$ 69,399 | \$ 0 | \$ 0 | \$ 0 | \$ 69,399 |
| Municipal Income Taxes | 603,242 | 0 | 120,648 | 137,884 | 861,774 |
| Special Assessments | 2,536 | 29,152 | 0 | 0 | 31,688 |
| Intergovernmental Receipts | 119,334 | 190,144 | 0 | 0 | 309,478 |
| Charges for Services | 24,662 | 0 | 0 | 0 | 24,662 |
| Fines, Licenses, and Permits | 40,651 | 0 | 0 | 1,799 | 42,450 |
| Earnings on Investments | 9,782 | 29 | 0 | 0 | 9,811 |
| Miscellaneous | <u>102,744</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>102,744</u> |
| Total Cash Receipts | <u>972,350</u> | <u>219,325</u> | <u>120,648</u> | <u>139,683</u> | <u>1,452,006</u> |
| Cash Disbursements: | | | | | |
| Current: | | | | | |
| Security of Persons and Property | 490,227 | 27,209 | 0 | 0 | 517,436 |
| Public Health Services | 3,466 | 0 | 0 | 0 | 3,466 |
| Leisure Time Activities | 58,481 | 0 | 0 | 0 | 58,481 |
| Community Environment | 17 | 0 | 0 | 0 | 17 |
| Transportation | 10,797 | 130,506 | 0 | 0 | 141,303 |
| General Government | 430,887 | 0 | 0 | 0 | 430,887 |
| Debt Service: | | | | | |
| Principal Payments | 0 | 0 | 211,547 | 0 | 211,547 |
| Interest Payments | 0 | 0 | 5,210 | 0 | 5,210 |
| Capital Outlay | <u>0</u> | <u>0</u> | <u>0</u> | <u>160,201</u> | <u>160,201</u> |
| Total Cash Disbursements | <u>993,875</u> | <u>157,715</u> | <u>216,757</u> | <u>160,201</u> | <u>1,528,548</u> |
| Total Receipts Over/(Under) Disbursements | <u>(21,525)</u> | <u>61,610</u> | <u>(96,109)</u> | <u>(20,518)</u> | <u>(76,542)</u> |
| Other Financing Receipts: | | | | | |
| Sale of Assets | <u>44,777</u> | <u>0</u> | <u>192,661</u> | <u>0</u> | <u>237,438</u> |
| Total Other Financing Receipts | <u>44,777</u> | <u>0</u> | <u>192,661</u> | <u>0</u> | <u>237,438</u> |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements | 23,252 | 61,610 | 96,552 | (20,518) | 160,896 |
| Fund Cash Balances, January 1 | <u>232,883</u> | <u>432,375</u> | <u>611,305</u> | <u>329,524</u> | <u>1,606,087</u> |
| Fund Cash Balances, December 31: | | | | | |
| Non-spendable | 0 | 0 | 0 | 0 | 0 |
| Restricted | 0 | 488,555 | 707,857 | 231,073 | 1,427,485 |
| Committed | 26,742 | 1,085 | 0 | 77,933 | 105,760 |
| Assigned | 0 | 0 | 0 | 0 | 0 |
| Unassigned | <u>229,393</u> | <u>4,345</u> | <u>0</u> | <u>0</u> | <u>233,738</u> |
| Fund Cash Balances, December 31 | <u>\$ 256,135</u> | <u>\$ 493,985</u> | <u>\$ 707,857</u> | <u>\$ 309,006</u> | <u>\$ 1,766,983</u> |

See Notes to Financial Statements

VILLAGE OF WALBRIDGE
WOOD COUNTY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

ORGANIZATION

The Village of Walbridge, Wood County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides street maintenance, repairs and construction, park operations, street lighting, and police services.

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

CASH AND INVESTMENTS

Certificates of deposit are reported in the fund cash balances at cost. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

FUND ACCOUNTING

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

a. General Fund

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

b. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

VILLAGE OF WALBRIDGE
WOOD COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Special Revenue Funds (Continued)

Street Light Assessment Fund - This fund receives Village special assessments and is used for the payment of street lighting.

c. Debt Service Funds

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service funds:

Debt Service Fund - This fund is used to pay principal and interest on tax anticipation notes.

d. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

Capital Project Fund - This fund receives proceeds of Village income tax and is used for street construction and reconstruction.

BUDGETARY PROCESS

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

a. Appropriations

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

b. 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.

c. 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.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

VILLAGE OF WALBRIDGE
WOOD COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY, PLANT, AND EQUIPMENT

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

ACCUMULATED LEAVE

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

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:

1. Non-Spendable

The Village classifies assets as non-spendable when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Council can commit amounts via formal action (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.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification of 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 WALBRIDGE
WOOD COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND BALANCE (CONTINUED)

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.

(2) EQUITY IN POOLED CASH

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

| | <u>2013</u> | <u>2012</u> |
|-------------------------|---------------------|---------------------|
| Demand Deposits | \$ 1,614,220 | \$ 1,686,983 |
| Certificates of Deposit | <u>80,000</u> | <u>80,000</u> |
| Total Deposits | <u>\$ 1,694,220</u> | <u>\$ 1,766,983</u> |

DEPOSITS

Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

VILLAGE OF WALBRIDGE
WOOD COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(3) BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2013 and 2012 follows:

2013 BUDGETED VS. ACTUAL RECEIPTS

| <u>Fund Type</u> | <u>Budgeted Receipts</u> | <u>Actual Receipts</u> | <u>Variance</u> |
|------------------|------------------------------|----------------------------|---------------------|
| General | \$ 971,803 | \$ 833,639 | \$ (138,164) |
| Special Revenue | 220,215 | 217,147 | (3,068) |
| Debt Service | 123,061 | 119,097 | (3,964) |
| Capital Projects | <u>142,475</u> | <u>137,352</u> | <u>(5,123)</u> |
| Total | <u>\$ 1,457,554</u> | <u>\$ 1,307,235</u> | <u>\$ (150,319)</u> |

2013 BUDGETED VS. ACTUAL BUDGETARY BASIS EXPENDITURES

| <u>Fund Type</u> | <u>Appropriation Authority</u> | <u>Budgetary Expenditures</u> | <u>Variance</u> |
|------------------|------------------------------------|-----------------------------------|------------------|
| General | \$ 1,118,038 | \$ 1,057,780 | \$ 60,258 |
| Special Revenue | 165,897 | 161,544 | 4,353 |
| Debt Service | 12,804 | 9,698 | 3,106 |
| Capital Projects | <u>110,000</u> | <u>150,976</u> | <u>(40,976)</u> |
| Total | <u>\$ 1,406,739</u> | <u>\$ 1,379,998</u> | <u>\$ 26,741</u> |

2012 BUDGETED VS. ACTUAL RECEIPTS

| <u>Fund Type</u> | <u>Budgeted Receipts</u> | <u>Actual Receipts</u> | <u>Variance</u> |
|------------------|------------------------------|----------------------------|-------------------|
| General | \$ 873,721 | \$ 1,017,127 | \$ 143,406 |
| Special Revenue | 200,012 | 219,325 | 19,313 |
| Debt Service | 97,000 | 313,309 | 216,309 |
| Capital Projects | <u>188,821</u> | <u>139,683</u> | <u>(49,138)</u> |
| Total | <u>\$ 1,359,554</u> | <u>\$ 1,689,444</u> | <u>\$ 329,890</u> |

2012 BUDGETED VS. ACTUAL BUDGETARY BASIS EXPENDITURES

| <u>Fund Type</u> | <u>Appropriation Authority</u> | <u>Budgetary Expenditures</u> | <u>Variance</u> |
|------------------|------------------------------------|-----------------------------------|--------------------|
| General | \$ 1,055,169 | \$ 993,875 | \$ 61,294 |
| Special Revenue | 164,231 | 157,715 | 6,516 |
| Debt Service | 28,020 | 216,757 | (188,737) |
| Capital Projects | <u>242,675</u> | <u>160,201</u> | <u>82,474</u> |
| Total | <u>\$ 1,490,095</u> | <u>\$ 1,528,548</u> | <u>\$ (38,453)</u> |

VILLAGE OF WALBRIDGE
WOOD COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(4) PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semi-annual payments, the first half is due December 31. The second half is due the following June 20.

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

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

(5) LOCAL INCOME TAX

The Village levies a municipal income tax of 1.5% on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

(6) DEBT

Debt outstanding at December 31, 2013 and 2012 was as follows:

| | Beginning Balance <u>01/01/13</u> | <u>Additions</u> | <u>Reductions</u> | Ending Balance <u>12/31/13</u> | Amounts Due Within <u>One Year</u> |
|-----------------------------------|---|------------------|-------------------|--------------------------------------|--|
| Commercial Building Note | \$ 64,468 | \$ 0 | \$ 2,630 | \$ 61,838 | \$ 61,838 |
| Ohio Public Works Commission Note | <u>14,486</u> | <u>0</u> | <u>2,897</u> | <u>11,589</u> | <u>5,794</u> |
| Total | <u>\$ 78,954</u> | <u>\$ 0</u> | <u>\$ 5,527</u> | <u>\$ 73,427</u> | <u>\$ 67,632</u> |
| | | | | | |
| | Beginning Balance <u>01/01/12</u> | <u>Additions</u> | <u>Reductions</u> | Ending Balance <u>12/31/12</u> | Amounts Due Within <u>One Year</u> |
| Commercial Building Note | \$ 73,180 | \$ 0 | \$ 8,712 | \$ 64,468 | \$ 2,630 |
| Coy Family Farmland Property Note | 197,041 | 0 | 197,041 | 0 | 0 |
| Ohio Public Works Commission Note | <u>20,280</u> | <u>0</u> | <u>5,794</u> | <u>14,486</u> | <u>5,794</u> |
| Total | <u>\$ 290,501</u> | <u>\$ 0</u> | <u>\$ 211,547</u> | <u>\$ 78,954</u> | <u>\$ 8,424</u> |

VILLAGE OF WALBRIDGE
WOOD COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(6) DEBT (CONTINUED)

The Ohio Public Works Commission note relates to the construction of street improvements in the Village. The note was issued for \$57,944 and will be repaid in semi-annual installments of \$2,897, at 0% interest over 10 years, due July 1, 2015. No assets are pledged to secure this note.

The Coy Family Farmland Property note relates to the purchase of property by the Village during the year ended December 31, 2010 for \$204,044. The note was to be repaid in 59 monthly installments of \$1,268 and one final payment of \$169,222 due on November 17, 2015. This note was secured by real estate. During the year ended December 31, 2012, the Village sold the property secured by this note and paid the note in full.

The Commercial Building note relates to the purchase of farm property by the Village during the year ended December 31, 2009 for \$79,000. The note will be repaid in 59 monthly installments of \$567 and one final payment of \$67,726 due on April 1, 2014. This note is secured by a Certificate of Deposit held with Metamora State Bank.

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

| Year Ending <u>December 31</u> | <u>Commercial Building Note</u> | <u>Ohio Public Works Commission</u> |
|-----------------------------------|---|---|
| | <u>Principal</u> | <u>Principal</u> |
| 2014 | \$ 61,838 | \$ 5,794 |
| 2015 | 0 | 5,795 |
| 2016 | 0 | 0 |
| 2017 | 0 | 0 |
| 2018 | <u>0</u> | <u>0</u> |
| Totals | <u>\$ 61,838</u> | <u>\$ 11,589</u> |

VILLAGE OF WALBRIDGE
WOOD COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(7) CAPITAL LEASES

The Village leases two police cruisers under a capital lease agreement. The economic substance of the lease is that the Village is financing the acquisition of the assets through the lease, and accordingly, it is recorded in the Company's assets and liabilities. The remaining capital lease obligation at December 31, 2013 and 2012 was \$14,425 and \$28,010, respectively.

The following is a schedule by years of future minimum payments required under the lease together with the present value as of December 31, 2013:

| | |
|---|------------------|
| 2014 | \$ <u>15,318</u> |
| Total Minimum Lease Payments | 15,318 |
| Less Amount Representing Interest | <u>(893)</u> |
| Present Value of Minimum Lease Payments | <u>\$ 14,425</u> |

(8) RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2013 and 2012, OP&F participants contributed 10.75% and 10% of their wages, respectively. The Village contributed an amount equal to 19.4% of police participant wages. For 2013 and 2012, OPERS members contributed 10% of their wages. The Village contributed an amount equal to 14% of participants' gross salaries in both 2013 and 2012. The Village has paid all contributions required through December 31, 2013.

Pension expense amounted to \$89,062 and \$88,817 for 2013 and 2012, respectively.

VILLAGE OF WALBRIDGE
WOOD COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(9) RISK MANAGEMENT

The Village of Walbridge is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. During 2013 and 2012, the Village contracted through the Municipal Insurance Alliance Agency of Ohio for various types of insurance as follows:

| <u>Company</u> | <u>Type</u> | <u>Coverage</u> |
|-----------------------|----------------------------|-----------------|
| HCC Insurance Company | Building and Property | \$ 1,016,600 |
| | General Liability | 3,000,000 |
| | Public Officials Liability | 1,000,000 |
| | Law Enforcement Liability | 1,000,000 |
| | Crime Coverage | 100,000 |
| | Employee Dishonesty | 10,000 |
| | Automobile Liability | 1,000,000 |
| | Umbrella Liability | 1,000,000 |
| | Inland Marine | 338,477 |
| | Boiler/Machinery | 1,000,000 |

The Village carries commercial insurance coverage for all risks. Settled claims resulting from these risks have not exceeded commercial insurance in any of the past three years and there were no significant reductions in coverage from the prior year. Workers' Compensation coverage is provided by the State. The Village pays the Ohio Bureau of Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

(10) SUBSEQUENT EVENT

The Village has evaluated subsequent events through September 3, 2014, the date the financial statements were available to be issued. There were no subsequent events that required adjustment to the financial statements or additional disclosure.

**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**

To the Village Council
Village of Walbridge
Wood County
111 North Main Street
Walbridge, OH 43465-1095

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 Village of Walbridge, Wood County, (the Village) as of and for the year ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated September 3, 2014, in which we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Entity's financial statements. A *significant deficiency* is a deficiency, or a combination of internal control deficiencies 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses that we consider significant deficiencies in internal control. We consider findings 2013-001 and 2013-005 described in the accompanying schedule of findings to be significant deficiencies.

Compliance and Other Matters

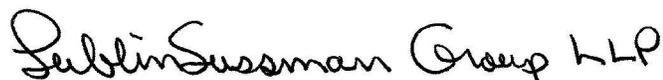
As part of obtaining reasonable assurance about whether Village of Walbridge's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material 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 an instance of non-compliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings and Responses as items 2013-002, 2013-003, and 2013-004.

Entity's Responses to Findings

The Village's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit the Village's responses and, accordingly, we express no opinion on them.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



September 3, 2014
Toledo, Ohio

VILLAGE OF WALBRIDGE
WOOD COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012

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

FINDING NUMBER 2013-001

Significant Deficiency - Appropriations

During our tests of budgetary compliance, we noted that Council approved appropriations and estimated resources were not reflected accurately in the accounting records. Such differences could cause deficit spending and spending not in accordance with the legislative authority. We recommend all Council approved appropriations and estimated resources that are filed with the county auditor be duplicated in the accounting system.

Officials' Response: Council approved appropriations and estimated resources that are filed with the county auditor will be duplicated in the accounting system.

FINDING NUMBER 2013-002

Non-Compliance Citation

Ohio Rev. Code, Section 5705.41(d)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

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 sections 5705.41(d)(1) and 5705.41(d)(3), respectively, of the Ohio Revised Code.

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

Amounts of less than \$3,000 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 exception does not eliminate any otherwise applicable requirement for approval of expenditures by the Village Council.

**VILLAGE OF WALBRIDGE
WOOD COUNTY**

SCHEDULE OF FINDINGS (CONTINUED)
DECEMBER 31, 2013 AND 2012

| |
|--|
| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (CONTINUED) |
|--|

2. Blanket Certificate - Fiscal officers may prepare "blanket" certificates for a sum not exceeding an amount established by resolution or ordinance by the members of the legislative authority against any specific line item account over a period not running beyond 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 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, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year (or quarterly spending plan for counties). More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Fiscal Officer did not properly certify the availability of funds prior to purchase commitment for 27% of expenditures tested and there was no evidence that the Village followed the aforementioned exceptions.

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 assure that the purchase commitments received prior approval. To improve the controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to the obligation by the Village. When prior certification is not possible, "then and now" certification should be used, with appropriate legislative approval following within thirty days.

We recommend the Fiscal Officer certify all purchases to which section 5705.41(d) applies. The most convenient certification method is to use purchase orders that include certification language 5705.41(d) which is required to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41(d) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation. Also, the Village should establish, by formal resolution or ordinance, the desired maximum amount of blanket certificates.

Officials' Response: The Village will attempt to ensure the proper certification is obtained in the future.

**VILLAGE OF WALBRIDGE
WOOD COUNTY**

SCHEDULE OF FINDINGS (CONTINUED)
DECEMBER 31, 2013 AND 2012

| |
|---|
| <p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (CONTINUED)</p> |
|---|

FINDING NUMBER 2013-003

Non-compliance Citation

Ohio Revised Code Section 5705.41(b) provides that no subdivision shall make any expenditure of money unless it has been lawfully appropriated. The Capital Projects Fund had expenditures in excess of appropriations of \$40,976. Such differences could cause deficit spending and spending not in accordance with the legislative authority. We recommend all Council approved appropriation measures be duplicated in the accounting system.

Officials' Response: All expenditures of money will be lawfully appropriated in accordance with Ohio Revised Code Section 5705.41(b).

**VILLAGE OF WALBRIDGE
WOOD COUNTY**

SCHEDULE OF FINDINGS (CONTINUED)
DECEMBER 31, 2013 AND 2012

| |
|---|
| <p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (CONTINUED)</p> |
|---|

FINDING NUMBER 2013-004

Non-compliance Citation

Ohio Revised Code Section 5705.41(b) provides that no subdivision shall make any expenditure of money unless it has been lawfully appropriated. The Debt Service Fund had expenditures in excess of appropriations of \$188,737. Such differences could cause deficit spending and spending not in accordance with the legislative authority. We recommend all Council approved appropriation measures be duplicated in the accounting system.

Officials' Response: All expenditures of money will be lawfully appropriated in accordance with Ohio Revised Code Section 5705.41(b).

**VILLAGE OF WALBRIDGE
WOOD COUNTY**

SCHEDULE OF FINDINGS (CONTINUED)
DECEMBER 31, 2013 AND 2012

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|---|
| <p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (CONTINUED)</p> |
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FINDING NUMBER 2013-005

Significant Deficiency - Adjustments

During our tests of debt principal and interest disbursements, we noted that the principal paydown for the Coy Family Farmland Note was not appropriately recorded in the Debt Service Fund and required an adjustment. The principal paydown was reflected in the General Fund as net of the proceeds from the sale of the property. Such mispostings can cause material misstatements to the financial statements.

Officials' Response: The principal paydown on the note was reclassified to the debt service fund to be properly stated in the financial statements.

VILLAGE OF WALBRIDGE
WOOD COUNTY
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2013 AND 2012

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain: |
|----------------|-----------------|------------------|---|
| None | | | |

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Dave Yost • Auditor of State

VILLAGE OF WALBRIDGE

WOOD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 18, 2015**