



**VILLAGE OF CONTINENTAL
PUTNAM COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF CONTINENTAL
PUTNAM COUNTY

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Village of Continental
Putnam County
100 North Main Street
P.O. Box 447
Continental, Ohio 45831-0447

To the Village Council:

We have audited the accompanying financial statements of the Village of Continental, Putnam County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of the audit committee, management, Village Council, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

August 9, 2001

**VILLAGE OF CONTINENTAL
PUTNAM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$38,402	\$69,982		\$108,384
Intergovernmental Receipts	75,506	49,462		124,968
Charges for Services	35,878	1,200		37,078
Fines, Licenses, and Permits	3,665	1,436		5,101
Earnings on Investments	6,462	2,390		8,852
Miscellaneous	3,578			3,578
Total Cash Receipts	<u>163,491</u>	<u>124,470</u>		<u>287,961</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	26,403	50,275		76,678
Basic Utility Services	7,513			7,513
Transportation	13,122	49,186		62,308
General Government	87,603	2,185		89,788
Debt Service			\$56,644	56,644
Capital Outlay	19,822	10,551		30,373
Total Cash Disbursements	<u>154,463</u>	<u>112,197</u>	<u>56,644</u>	<u>323,304</u>
Total Receipts Over/(Under) Disbursements	<u>9,028</u>	<u>12,273</u>	<u>(56,644)</u>	<u>(35,343)</u>
Other Financing Receipts:				
Advances-In	6,000			6,000
Other Financing Sources			48,844	48,844
Total Other Financing Receipts	<u>6,000</u>		<u>48,844</u>	<u>54,844</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	15,028	12,273	(7,800)	19,501
Fund Cash Balances, January 1	<u>68,267</u>	<u>47,418</u>	<u>25,692</u>	<u>141,377</u>
Fund Cash Balances, December 31	<u>\$83,295</u>	<u>\$59,691</u>	<u>\$17,892</u>	<u>\$160,878</u>
Reserves for Encumbrances, December 31	<u>\$43,691</u>	<u>\$289</u>		<u>\$43,980</u>

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

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**VILLAGE OF CONTINENTAL
PUTNAM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$217,679
Interest	546
Miscellaneous	2,599
Total Operating Cash Receipts	220,824
Operating Cash Disbursements:	
Personal Services	42,132
Fringe Benefits	5,725
Contractual Services	51,146
Supplies and Materials	58,476
Capital Outlay	14,225
Miscellaneous	2,215
Total Operating Cash Disbursements	173,919
Operating Income	46,905
Non-Operating Cash Receipts:	
Property Tax and Other Local Taxes	17,929
Non-Operating Cash Disbursements:	
Debt Service - Principal	49,250
Debt Service - Interest	13,646
Total Non-Operating Cash Disbursements	62,896
Excess of Receipts Over Disbursements Before Interfund Transfers and Advances	1,938
Transfers-In	6,250
Transfers-Out	(6,250)
Advances-Out	(6,000)
Net Disbursements Over Receipts	(4,062)
Fund Cash Balances, January 1	97,021
Fund Cash Balances, December 31	\$92,959
Reserve for Encumbrances, December 31	\$3,312

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

**VILLAGE OF CONTINENTAL
PUTNAM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>	
	<u>General</u>	<u>Special Revenue</u>
Cash Receipts:		
Property Tax and Other Local Taxes	\$35,673	\$69,861
Intergovernmental Receipts	79,294	70,085
Charges for Services	33,014	1,200
Fines, Licenses, and Permits	325	1,729
Earnings on Investments	3,821	1,624
Miscellaneous	7,196	296
	<hr/>	<hr/>
Total Cash Receipts	159,323	144,795
Cash Disbursements:		
Current:		
Security of Persons and Property	30,049	54,786
Basic Utility Services	7,889	
Transportation	9,275	51,216
General Government	74,067	2,133
Debt Service		
Capital Outlay	33,423	40,764
	<hr/>	<hr/>
Total Cash Disbursements	154,703	148,899
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>
	4,620	(4,104)
Other Financing Receipts/(Disbursements):		
Loan Proceeds		
Transfers-In	761	
Advances-In	49,000	
Transfers-Out	(34,238)	
Advances-Out	(20,100)	
Other Financing Sources		
	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(4,577)	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	43	(4,104)
Fund Cash Balances January 1	<hr/>	<hr/>
	68,224	51,522
Fund Cash Balances, December 31	<hr/> \$68,267 <hr/>	<hr/> \$47,418 <hr/>
Reserves for Encumbrances, December 31	<hr/>	<hr/>
	\$1,958	\$1,247

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

<u>Governmental Fund Types</u>		
<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
		\$105,534
	\$320,222	469,601
		34,214
		2,054
		5,445
		7,492
	<u>320,222</u>	<u>624,340</u>
		84,835
		7,889
		60,491
		76,200
\$37,763	2,272	40,035
	<u>501,068</u>	<u>575,255</u>
<u>37,763</u>	<u>503,340</u>	<u>844,705</u>
<u>(37,763)</u>	<u>(183,118)</u>	<u>(220,365)</u>
	204,254	204,254
15,747	18,491	34,999
		49,000
		(34,238)
	(49,000)	(69,100)
<u>47,708</u>	<u> </u>	<u>47,708</u>
<u>63,455</u>	<u>173,745</u>	<u>232,623</u>
25,692	(9,373)	12,258
	<u>9,373</u>	<u>129,119</u>
<u>\$25,692</u>	<u> </u>	<u>\$141,377</u>
		<u>\$3,205</u>

**VILLAGE OF CONTINENTAL
PUTNAM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$217,670		\$217,670
Interest	770		770
Miscellaneous	4,062		4,062
	<u>222,502</u>		<u>222,502</u>
Operating Cash Disbursements:			
Personal Services	38,827		38,827
Fringe Benefits	9,353		9,353
Contractual Services	28,760		28,760
Supplies and Materials	59,813		59,813
Capital Outlay	9,349		9,349
Miscellaneous	2,215		2,215
	<u>148,317</u>		<u>148,317</u>
Operating Income	<u>74,185</u>		<u>74,185</u>
Non-Operating Cash Receipts:			
Property Tax and Other Local Taxes	19,000		19,000
Non-Operating Cash Disbursements:			
Debt Service - Principal	80,038		80,038
Debt Service - Interest	11,316		11,316
	<u>91,354</u>		<u>91,354</u>
Excess of Receipts Over Disbursements Before Interfund Transfers and Advances	1,831		1,831
Transfers-In	4,038		4,038
Advances-In	20,100		20,100
Transfers-Out	(4,038)	(\$761)	(4,799)
	<u>21,931</u>	<u>(761)</u>	<u>21,170</u>
Net Receipts Over/(Under) Disbursements			
Fund Cash Balances, January 1	<u>75,090</u>	<u>761</u>	<u>75,851</u>
Fund Cash Balances, December 31	<u>\$97,021</u>	<u>761</u>	<u>\$97,021</u>
Reserve for Encumbrances, December 31	<u>\$2,602</u>	<u></u>	<u>\$2,602</u>

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

**VILLAGE OF CONTINENTAL
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Continental, Putnam 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 general governmental services, including water and sewer utilities, fire protection, and police services.

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

B. 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.

C. Cash and Investments

Certificates of deposit are valued at cost.

Investments are reported as assets. 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.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Fund

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:

**VILLAGE OF CONTINENTAL
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Fund (Continued)

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

Police Fund - This fund receives tax levy monies to fund police services.

3. Debt Service Fund

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

Fire Truck Note Retirement - This fund receives contributions from Monroe and Perry Townships to repay a loan taken out by the Village for the purchase of a new fire truck.

4. 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 fund:

Issue II Sewer Project Fund - This fund receives Issue II proceeds in the form of a grant and a loan from the Ohio Public Works Commission. The proceeds received in 1999 were used for a water treatment and supply improvements project.

5. Enterprise Funds

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

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

6. Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund:

Unclaimed Monies Fund - This agency fund is used to account for unclaimed monies.

**VILLAGE OF CONTINENTAL
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. 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.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

**VILLAGE OF CONTINENTAL
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

	<u>2000</u>	<u>1999</u>
Demand deposits	\$222,081	\$238,398
Certificates of deposit	31,756	
Total deposits	<u>\$253,837</u>	<u>\$238,398</u>

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$200,769	\$163,491	(\$37,278)
Special Revenue	154,323	124,470	(29,853)
Debt Service	50,000	48,844	(1,156)
Enterprise	293,255	245,003	(48,252)
Total	<u>\$698,347</u>	<u>\$581,808</u>	<u>(\$116,539)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$278,778	\$198,154	\$80,624
Special Revenue	189,947	112,486	77,461
Debt Service	57,080	56,644	436
Enterprise	296,407	246,377	50,030
Total	<u>\$822,212</u>	<u>\$613,661</u>	<u>\$208,551</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$228,817	\$160,084	(\$68,733)
Special Revenue	145,704	144,795	(909)
Debt Service	100,000	63,455	(36,545)
Capital Projects	603,000	542,967	(60,033)
Enterprise	284,677	245,540	(39,137)
Total	<u>\$1,362,198</u>	<u>\$1,156,841</u>	<u>(\$205,357)</u>

**VILLAGE OF CONTINENTAL
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$357,770	\$190,899	\$166,871
Special Revenue	159,686	150,146	9,540
Debt Service	61,800	37,763	24,037
Capital Projects	564,407	503,340	61,067
Enterprise	224,081	246,311	(22,230)
Fiduciary	761	761	
Total	\$1,368,505	\$1,129,220	\$239,285

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 semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

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

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

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

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Special Assessment Bonds	\$112,000	5.00%
Fire Truck Loan	84,388	5.75%
Sanitary Sewer Loan	102,250	5.75%
Ohio Public Works Commission - Sewer	81,843	0.00%
Ohio Public Works Commission - Water Treatment	32,872	0.00%
Total	\$413,353	

**VILLAGE OF CONTINENTAL
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. DEBT (Continued)

The Special Assessment Bonds were issued in 1981 to fund the cost of improving the municipal waterworks system. Special assessments were levied to pay the property owners portion of the cost. The bonds are paid in annual installments with the final payment to be made in the year 2007.

The Fire Truck Loan was obtained in 1998 to fund the purchase of a new fire truck. The loan is being repaid using General Fund revenues and contributions from Monroe and Perry Townships. The loan is for a five year period with the final payment to be made in year 2003.

The Sanitary Sewer Loan was obtained in 1998 to fund sewer improvements. The loan is to be paid in semi-annual installments with the final payment to be made in the year 2004. Amortization of the debt is contingent on the amount drawn down by the Village.

The Ohio Public Works Commission (OPWC) sewer loan relates to the construction and installation of new sanitary sewers and storm sewers, while utilizing the old combined system. The loan is being repaid in semiannual principal installments of \$2,212 over 20 years beginning in 1999.

The Ohio Public Works Commission water treatment loan was obtained for the construction of a new well and the upgrading of the water lines on Third and Fourth Streets. The loan is being repaid in semiannual principal installments of \$913 over 20 years beginning in 1999.

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

<u>Year ending December 31:</u>	<u>Special Assessment Bonds</u>	<u>Fire Truck Loan</u>	<u>Sanitary Sewer Loan</u>	<u>OPWC - Sewer Loan</u>	<u>OPWC - Water Treatment Loan</u>
2001	\$21,600	\$18,881	\$33,879	\$4,424	\$1,826
2002	20,800	37,762	34,269	4,424	1,826
2003	20,000	37,762	34,544	4,424	1,826
2004	19,200		12,954	4,424	1,826
2005	18,400			4,424	1,826
Subsequent	34,400			59,723	23,741
Total	<u>\$134,400</u>	<u>\$94,405</u>	<u>\$115,646</u>	<u>\$81,843</u>	<u>\$32,871</u>

6. RETIREMENT SYSTEMS

A. Public Employees Retirement System

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

**VILLAGE OF CONTINENTAL
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

6. RETIREMENT SYSTEMS (Continued)

A. Public Employees Retirement System (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of OP&F contributed 10% of their wages to the OP&F. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% and 10.84% of participants' gross salaries for 1999 and 2000, respectively. The Village has paid all contributions required through December 31, 2000.

B. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the Public Employees Retirement System have an option to choose Social Security or the Public Employees Retirement System. As of December 31, 2000, 9 members of the volunteer fire department have elected Social Security. The Board's liability is 6.2 percent of wages paid.

7. RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

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

The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

The Village also provides health insurance to full-time employees through a private carrier.

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Village of Continental
Putnam County
100 North Main Street
P.O. Box 447
Continental, Ohio 45831-0447

To the Village Council:

We have audited the accompanying financial statements of the Village of Continental (the Village) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated August 9, 2001. We conducted our audits 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.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated August 9, 2001.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated August 9, 2001.

Village of Continental
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Report of Independent Accountants on Compliance and on
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This report is intended for the information and use of the audit committee, management, and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

August 9, 2001

**VILLAGE OF CONTINENTAL
PUTNAM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1998-30269-001	ORC § 5705.40 approval of supplemental appropriations	No	This finding has been reduced to a management letter comment.
1998-30269-002	Material weakness to obtain a utility software program	Yes	



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

VILLAGE OF CONTINENTAL

PUTNAM 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 23, 2001**