

**VILLAGE OF WHARTON
WYANDOT COUNTY, OHIO**

Financial Statements
(Audited)

For The Years Ended
December 31, 2000 and 1999

NANCY GRUBBS, CLERK/TREASURER



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Member of Council and Mayor
Village of Wharton
P.O. Box 266
Wharton, OH 43359

We have reviewed the Independent Auditor's Report of the Village of Wharton, Wyandot County, prepared by Trimble, Julian, & Grube, Inc., for the audit period January 1, 1999 to December 31, 2000. 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 Wharton is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

November 8, 2001

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**VILLAGE OF WHARTON
WYANDOT COUNTY, OHIO**

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TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

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Independent Auditor's Report

Members of Council and Mayor
Village of Wharton
P.O. Box 266
Wharton, OH 43359

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

We conducted our audit 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 audit 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 audit provides a reasonable basis for our opinion.

As discussed in Note 2, the Village of Wharton prepares its financial statements on the basis of accounting prescribed or permitted by Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances and fund balances of the Village of Wharton, as of December 31, 2000 and 1999, and its combined cash receipts and disbursements, combined budgeted and actual receipts and budgeted and actual disbursements for the years then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 24, 2001, on our consideration of the Village of Wharton'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 audit.

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

Trimble, Julian & Grube, Inc.
October 24, 2001

**VILLAGE OF WHARTON
WYANDOT COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND
BALANCES - ALL FUND TYPES
DECEMBER 31, 2000

<u>Cash and Cash Equivalents</u>	<u>2000</u>
Cash and Cash Equivalents	\$ 474,052
Total Cash and Cash Equivalents	<u>\$ 474,052</u>
 <u>Fund Balances</u>	
<u>Governmental Fund Types:</u>	
General Fund	\$ 28,574
Special Revenue Funds	8,478
Total Governmental Fund Types	<u>37,052</u>
 <u>Proprietary Fund Type:</u>	
Enterprise Funds	<u>437,000</u>
Total Fund Balances	<u>\$ 474,052</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF WHARTON
WYANDOT COUNTY, OHIO**

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

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Local taxes	\$ 11,670	\$ -	\$ 11,670
Intergovernmental	15,806	11,512	27,318
Interest	8,406	957	9,363
Donations and contributions	615	-	615
Miscellaneous	1,322	433	1,755
Total cash receipts	<u>37,819</u>	<u>12,902</u>	<u>50,721</u>
Cash disbursements:			
Current:			
Security of persons and property	350	-	350
Public health services	3,540	-	3,540
Basic utility services	575	-	575
Transportation	-	5,391	5,391
General government	24,657	-	24,657
Total cash disbursements	<u>29,122</u>	<u>5,391</u>	<u>34,513</u>
Total cash receipts over cash disbursements	8,697	7,511	16,208
Cash fund balances, January 1, 2000	<u>19,877</u>	<u>967</u>	<u>20,844</u>
Cash fund balances, December 31, 2000	<u>\$ 28,574</u>	<u>\$ 8,478</u>	<u>\$ 37,052</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF WHARTON
WYANDOT COUNTY, OHIO**

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

	Proprietary Fund Type
	Enterprise
Operating cash receipts:	
Charges for services	\$ 207,651
Other miscellaneous	101
Total operating cash receipts	207,752
Operating cash disbursements:	
Personal services	6,784
Contractual services	126,901
Supplies and material	4,336
Capital outlay	2,525
Miscellaneous	622
Total operating cash disbursements	141,168
Operating income	66,584
Cash fund balances, January 1, 2000	370,416
Cash fund balances, December 31, 2000	\$ 437,000

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF WHARTON
WYANDOT COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2000**

Fund Types	Receipts				Disbursements				Variance Favorable (Unfavorable)			
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2000 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2000 Appropriations	Total		Actual 2000 Disbursements	Encumbrances Outstanding at 12/31/00	Total
Governmental:												
General	\$ 20,036	\$ 35,174	\$ 55,210	\$ 37,819	\$ 2,645	\$ -	\$ 55,120	\$ 55,120	\$ 29,122	\$ -	\$ 29,122	\$ 25,998
Special revenue	958	14,000	14,958	12,902	(1,098)	-	14,958	14,958	5,391	-	5,391	9,567
Proprietary:												
Enterprise	270,862	200,000	470,862	207,752	7,752	-	470,862	470,862	141,168	-	141,168	329,694
Total (Memorandum Only)	\$ 291,856	\$ 249,174	\$ 541,030	\$ 258,473	\$ 9,299	\$ -	\$ 540,940	\$ 540,940	\$ 175,681	\$ -	\$ 175,681	\$ 365,259

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF WHARTON
WYANDOT COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND
BALANCES - ALL FUND TYPES
DECEMBER 31, 1999

<u>Cash and Investments</u>	<u>1999</u>
Cash and Cash Equivalents	\$ 391,260
Total Cash and Investments	<u>\$ 391,260</u>
 <u>Fund Balances</u>	
<u>Governmental Fund Types:</u>	
General Fund	\$ 19,877
Special Revenue Funds	<u>967</u>
Total Governmental Fund Types	<u>20,844</u>
 <u>Proprietary Fund Type:</u>	
Enterprise Funds	<u>370,416</u>
Total Fund Balances	<u>\$ 391,260</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF WHARTON
WYANDOT COUNTY, OHIO**

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

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Local taxes	\$ 15,047	\$ -	\$ 15,047
Intergovernmental	9,723	14,114	23,837
Interest	6,815	511	7,326
Miscellaneous	1,918	603	2,521
Total cash receipts	<u>33,503</u>	<u>15,228</u>	<u>48,731</u>
Cash disbursements:			
Current:			
Security of persons and property	300	-	300
Public health services	3,685	-	3,685
Basic utility services	8,061	-	8,061
Transportation	-	4,922	4,922
General government	25,399	-	25,399
Capital outlay	-	12,604	12,604
Total cash disbursements	<u>37,445</u>	<u>17,526</u>	<u>54,971</u>
Total cash receipts (under) cash disbursements	(3,942)	(2,298)	(6,240)
Cash fund balances, January 1, 1999	<u>23,819</u>	<u>3,265</u>	<u>27,084</u>
Cash fund balances, December 31, 1999	<u>\$ 19,877</u>	<u>\$ 967</u>	<u>\$ 20,844</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF WHARTON
WYANDOT COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN CASH FUND BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999

	Proprietary Fund Type
	Enterprise
Operating cash receipts:	
Charges for services	\$ 218,997
Other miscellaneous	784
Total operating cash receipts	219,781
Operating cash disbursements:	
Personal services	7,330
Contractual services	134,416
Supplies and material	1,919
Capital outlay	3,627
Total operating cash disbursements	147,292
Operating income	72,489
Nonoperating cash receipts:	
Refund	9,310
Total nonoperating cash receipts	9,310
Net income	81,799
Cash fund balances, January 1, 1999	288,617
Cash fund balances, December 31, 1999	\$ 370,416

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

VILLAGE OF WHARTON
WYANDOT COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 1999

Fund Types	Receipts					Disbursements					Variance Favorable (Unfavorable)	
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 1999 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	1999 Appropriations	Total	Actual 1999 Disbursements	Encumbrances Outstanding at 12/31/99		Total
Governmental:												
General	\$ 23,978	\$ 37,700	\$ 61,678	\$ 33,503	\$ (4,197)	\$ -	\$ 61,678	\$ 61,678	\$ 37,445	\$ -	\$ 37,445	\$ 24,233
Special revenue	3,256	14,000	17,256	15,228	1,228	-	17,256	17,256	17,526	-	17,526	(270)
Proprietary:												
Enterprise	288,943	200,000	488,943	229,091	29,091	-	57,900	57,900	147,292	-	147,292	(89,392)
Total (Memorandum Only)	\$ 316,177	\$ 251,700	\$ 567,877	\$ 277,822	\$ 26,122	\$ -	\$ 136,834	\$ 136,834	\$ 202,263	\$ -	\$ 202,263	\$ (65,429)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

VILLAGE OF WHARTON
WYANDOT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 1 - DESCRIPTION OF THE ENTITY

The Village of Wharton (“the Village”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The Village operates under a council-mayor form of government and provides the following services: electric, street maintenance and repair, as well as other general government services.

Management believes the financial statements included in this report represent all of the funds of the Village over which the Village officials have direct operating control.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The most significant of the Village’s accounting policies are described below.

A. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the Village are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The following fund types are used by the Village.

GOVERNMENTAL FUNDS

General Fund

The general fund is used to account for all activities of the Village not required to be included 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 are used to account for the proceeds of specific revenue sources that are legally 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 WHARTON
WYANDOT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 fund:

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

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. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds are legally required to be budgeted and appropriated. The primary level of budgetary control is at the item level within each fund. Any budgetary modifications at this level may only be made by resolution of the Village's Council.

VILLAGE OF WHARTON
WYANDOT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Tax Budget:

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. All funds are legally required to be budgeted. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

Estimated Resources:

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Village determines that receipts collected will be greater than or less than the prior estimates, and the Budget Commission finds the revised estimates to be reasonable. Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

Appropriations:

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

VILLAGE OF WHARTON
WYANDOT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. There were no outstanding encumbrances at December 31, 2000 and 1999.

D. CASH AND CASH EQUIVALENTS

For reporting purposes, the Village considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Village with a maturity date less than or equal to three months from the date of purchase. Interest income earned and received by the Village totaled \$9,363 and \$7,326 for the years ended December 31, 2000 and 1999, respectively.

E. PROPERTY, PLANT AND EQUIPMENT

Fixed assets are not capitalized in any of the Village's funds. Instead, capital acquisition and construction costs are reflected as expenditures in the fund in the year expended. The costs of normal maintenance and repairs are also expended, along with improvements. Depreciation is not recorded.

F. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Village's cash basis method of accounting.

G. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

VILLAGE OF WHARTON
WYANDOT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 3 - COMPLIANCE

The following funds had expenditures in excess of appropriations for the years ended December 31, 1999, in noncompliance with Ohio Revised Code Section 5705.41 (B):

<u>Fund Type/Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
<u>SPECIAL REVENUE:</u>			
Street Construction, Maintenance and Repair:			
New Construction	\$12,000	\$ 12,604	\$ 604
<u>ENTERPRISE:</u>			
Electric:			
Salaries	1,500	7,330	5,830
Office Supplies	400	909	509
Electricity	48,000	132,968	84,968
Other	---	3,512	3,512

NOTE 4 - CASH AND CASH EQUIVALENTS

The Village maintains individual cash balances in bank accounts and short-term cash equivalents classified as "Cash and Cash Equivalents" on the Statement of Fund Balances.

A. LEGAL REQUIREMENTS

Statutes require the classifications of funds held by the Village into two categories:

Category 1 consists of active funds - those funds required to be kept in a cash or cash equivalent status for immediate use by the Village. Such funds must be maintained either as cash in the Village treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of inactive funds - those funds not required for use within the current two year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

VILLAGE OF WHARTON
WYANDOT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 4 - CASH AND CASH EQUIVALENTS - (Continued)

Inactive funds may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any Federal government agency, or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio).

The Village may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default principal, interest or coupons;
3. Obligations to the Village.

VILLAGE OF WHARTON
WYANDOT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 4 - CASH AND CASH EQUIVALENTS - (Continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Historically, the Village has not purchased these types of investments or issued these types of notes. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Village and must be purchased with the expectation that it will be held to maturity.

B. DEPOSITS

The Village maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The Village did not own investments at December 31, 2000 or 1999. The carrying amount of cash at December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Demand Deposits	<u>\$474,052</u>	<u>\$391,260</u>
Total Deposits	<u>\$474,052</u>	<u>\$391,260</u>

Deposits are either: 1) insured by the Federal Depository Insurance Corporation, 2) collateralized by securities specifically pledged by the financial institution to the Village, or 3) collateralized by the financial institution's public entity deposit pool.

For the years ended December 31, 2000 and 1999, the carrying amount of the Village's deposits, were \$474,052 and \$391,260, and the bank balance was \$489,362 and \$407,825, respectively. Of the bank balance:

1. \$100,000 and \$100,000 was covered by federal depository insurance for 2000 and 1999, respectively.
2. \$389,362 and \$300,000 was covered by collateral held by third party trustees pursuant to Section 135.181, Revised Code, in collateral pools securing all public funds on deposit with specific depository institutions for 2000 and 1999, respectively.
3. \$7,825 was uninsured and uncollateralized and the statutory requirements for the deposit of money were not followed for 1999.

VILLAGE OF WHARTON
WYANDOT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 4 - CASH AND CASH EQUIVALENTS - (Continued)

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of pledging specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure the repayment of all public monies deposited in the financial institution, provided that at all times the total value of the securities so pledged is at least equal to 110% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

NOTE 5 - PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the County. 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. Real property taxes are payable annually or semiannually to the County. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

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.

VILLAGE OF WHARTON
WYANDOT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

NOTE 6 - RETIREMENT SYSTEM

All employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides 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 2000 and 1999, PERS members contribute 8.5% of their gross salaries. The Village contributes an amount equal to 13.55% of participants' gross salaries. During 2000, PERS instituted a temporary employer contribution rollback which required the Village to contribute 10.84% of covered payroll. The Village has paid all required contributions through December 31, 2000.

NOTE 7 - RISK MANAGEMENT

The Village is a member of the Public Entities Pool of Ohio (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The pool may assess supplemental premiums. The Pool covers the following risks:

- Comprehensive property and general liability
- Vehicles
- Public Official's Liability

NOTE 8 - CONTINGENT LIABILITY

LITIGATION

The Village is currently not involved in any litigation.

TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of Council and Mayor
Village of Wharton
P.O. Box 266
Wharton, OH 43359

We have audited the financial statements of the Village of Wharton as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated October 24, 2001. We conducted our audit 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 of Wharton'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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-VOW-001, 2000-VOW-002, and 2000-VOW-003. We also noted certain immaterial instances of noncompliance that we have reported to the management of the Village of Wharton in a separate letter dated October 24, 2001.

Members of Council and Mayor
Village of Wharton

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Wharton'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 we have reported to the management of the Village of Wharton in a separate letter dated October 24, 2001.

This report is intended for the information of the Council of the Village of Wharton and its management and is not intended to be and should not be used by anyone other than these specified parties.

Trimble, Julian & Grube, Inc.
October 24, 2001

SCHEDULE OF FINDINGS

**VILLAGE OF WHARTON
WYANDOT COUNTY
DECEMBER 31, 2000 AND 1999**

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

Finding Number	2000-VOW-001
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Ohio Revised Code Section 117.38 requires that cash-basis entities must file annual reports within 60 days of the fiscal year end.

The Village filed cash-basis financial statements for 2000 and 1999 with the Auditor of State's Office in October 2001.

The Village delays the audit and is not providing the Village or its taxpayers with timely financial statements by not filing annual reports within the required time.

We recommend that the Village make its best effort to complete its financial reports and submit them to the Auditor of State by the due date. We recommend that the Village contact the Auditor of State or an independent accounting firm for guidance in completing financial statements in the event that the Village is unable to complete them by the due date in the future. In addition, the Village's Council and Board of Public Affairs should begin to review the Village's financial records at least quarterly and all reviewers should initial or sign the records in order to document this review. This may prevent future non-compliance with this law and will provide the additional assurance that the financial records are in order and are completed in a timely manner. Otherwise, the Village may continue to be in non-compliance with this requirement, which does not provide for proper monitoring by the Auditor of State and the required audit, or for timely disclosure of the Village's activities to its taxpayers.

SCHEDULE OF FINDINGS

**VILLAGE OF WHARTON
WYANDOT COUNTY
DECEMBER 31, 2000 AND 1999**

1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

Finding Number	2000-VOW-002
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Ohio Revised Code Section 5705.41(B) requires in part that no subdivision is to expend monies unless it has been appropriated.

It was noted during the audit that the Village had expenditures in excess of appropriations in the following funds during 1999:

<u>Fund Type/Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
<u>SPECIAL REVENUE:</u>			
Street Construction, Maintenance and Repair: New Construction	\$12,000	\$ 12,604	\$ 604
<u>ENTERPRISE:</u>			
Electric:			
Salaries	1,500	7,330	5,830
Office Supplies	400	909	509
Electricity	48,000	132,968	84,968
Other	- - -	3,512	3,512

With expenditures exceeding appropriations, the Village is unlawfully expending monies that have not been approved.

We recommend that the Village comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by monitoring expenditures so they do not exceed lawful appropriations. This may be achieved by monitoring the budget more closely on a continual basis and making appropriation amendments as necessary.

SCHEDULE OF FINDINGS

**VILLAGE OF WHARTON
WYANDOT COUNTY
DECEMBER 31, 2000 AND 1999**

**1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

Finding Number	2000-VOW-003
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Ohio Revised Code Section 5705.41 (D) requires that no orders or contracts involving the expenditure of monies are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract 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.

It was noted during the audit that expenditures made by the Village for 2000 and 1999 were prior to the certification by the Clerk/Treasurer.

Without prior certification, the Village may expend more funds than funds appropriated and available in the treasury or in the process of collection.

We recommend that all orders or contracts involving the expenditure of money be timely certified to ensure all monies expended are lawfully appropriated and available in the treasury or in the process of collection. The Village should consider using “Then” and “Now” certificates where applicable. The Village may consult the Ohio Compliance Supplement for further guidance. In addition, the Clerk/Treasurer should attend the annual required Clerk/Treasurer seminars presented by the Auditor of State which will review compliance with laws such as this.

**VILLAGE OF WHARTON
WYANDOT COUNTY
STATUS OF PRIOR AUDIT FINDINGS**

<u>NONCOMPLIANCE</u>	<u>STATUS</u>	<u>EXPLANATION IF NOT FULLY IMPLEMENTED</u>
Section 5705.41(B), Revised Code, requiring that all expenditures of money must be lawfully appropriated.	Not corrected	The Village continues to have expenditures in excess of appropriations during 2000 and 1999.
Section 5705.41(D), Revised Code, requiring that expenditures be timely certified.	Not corrected	The Village continues to make expenditures prior to certification by the Village Clerk/Treasurer.



STATE OF OHIO
OFFICE OF THE AUDITOR

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VILLAGE OF WHARTON

WYANDOT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 15, 2001**