



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF TONTOGANY
WOOD COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Tontogany
Wood County
18545 Main Street
P.O. Box 238
Tontogany, Ohio 43565-0238

To the Village Council:

We have audited the accompanying financial statements of the Village of Tontogany (the Village) as of and for the years ended December 31, 2001 and 2000. 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 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 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 of the Village as of December 31, 2001 and 2000, 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 14, 2002 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 audit.

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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, sweeping initial "J" and a long horizontal stroke extending to the right.

Jim Petro
Auditor of State

August 14, 2002

**VILLAGE OF TONTOGANY
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash Receipts:					
Property Tax and Other Local Taxes	\$4,252			\$49,663	\$53,915
State Shared Taxes and Permits	15,278	\$12,610			27,888
Special Assessments		2,592			2,592
Intergovernmental Receipts	364				364
Fines, Licenses, and Permits	385				385
Earnings on Investments	20,216	766			20,982
Miscellaneous	1,711				1,711
Total Cash Receipts	42,206	15,968		49,663	107,837
Cash Disbursements:					
Current:					
Security of Persons and Property	19,281	840			20,121
Public Health Services	208				208
Leisure Time Activities	6,800				6,800
Community Environment	1,430				1,430
Basic Utility Services	3,850				3,850
Transportation	1,925	4,032			5,957
General Government	17,714			4,761	22,475
Capital Outlay		30,314	\$20,653		50,967
Total Cash Disbursements	51,208	35,186	20,653	4,761	111,808
Total Receipts Over/(Under) Disbursements	(9,002)	(19,218)	(20,653)	44,902	(3,971)
Other Financing Receipts and (Disbursements):					
Transfers-In	47,143				47,143
Other Sources	233				233
Transfers-Out				(40,800)	(40,800)
Other Uses	(20,063)			(2,110)	(22,173)
Total Other Financing Receipts/(Disbursements)	27,313			(42,910)	(15,597)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	18,311	(19,218)	(20,653)	1,992	(19,568)
Fund Cash Balances, January 1	193,271	76,363	32,212	48	301,894
Fund Cash Balances, December 31	\$211,582	\$57,145	\$11,559	\$2,040	\$282,326

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

**VILLAGE OF TONTOGANY
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$300,541
Operating Cash Disbursements:	
Personal Services	14,630
Contractual Services	265,547
Supplies and Materials	3,137
Capital Outlay	15,489
Total Operating Cash Disbursements	298,803
Operating Income	1,738
Non-Operating Cash Receipts:	
Other Non-Operating Receipts	717
Excess of Receipts Over Disbursements Before Interfund Transfers	2,455
Transfers-Out	(6,343)
Net Disbursements Over Receipts	(3,888)
Fund Cash Balances, January 1	431,070
Fund Cash Balances, December 31	\$427,182

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

**VILLAGE OF TONTOGANY
WOOD COUNTY**

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

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash Receipts:					
Property Tax and Other Local Taxes	\$4,282			\$30,365	\$34,647
State Shared Taxes and Permits	8,674	\$13,127			21,801
Special Assessments		4,993			4,993
Intergovernmental Receipts	3,700				3,700
Fines, Licenses, and Permits	215				215
Earnings on Investments	28,949	1,005			29,954
Miscellaneous	14,529				14,529
Total Cash Receipts	60,349	19,125		30,365	109,839
Cash Disbursements:					
Current:					
Security of Persons and Property	24,842	5,030			29,872
Public Health Services	194				194
Leisure Time Activities	6,418				6,418
Community Environment	1,473				1,473
Basic Utility Services	2,963				2,963
Transportation	1,527	3,414			4,941
General Government	22,192			3,201	25,393
Capital Outlay	14,987	2,122			17,109
Total Cash Disbursements	74,596	10,566		3,201	88,363
Total Receipts Over/(Under) Disbursements	(14,247)	8,559		27,164	21,476
Other Financing Receipts and (Disbursements):					
Transfers-In	28,000				28,000
Other Sources	60,000				60,000
Transfers-Out				(28,000)	(28,000)
Other Uses	(31,513)				(31,513)
Total Other Financing Receipts/(Disbursements)	56,487			(28,000)	28,487
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	42,240	8,559		(836)	49,963
Fund Cash Balances, January 1	151,031	67,804	\$32,212	884	251,931
Fund Cash Balances, December 31	\$193,271	\$76,363	\$32,212	\$48	\$301,894

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

VILLAGE OF TONTOGANY
WOOD COUNTY

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

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	<u>\$270,823</u>
Operating Cash Disbursements:	
Personal Services	14,181
Contractual Services	228,113
Supplies and Materials	294
Capital Outlay	<u>34,792</u>
Total Operating Cash Disbursements	<u>277,380</u>
Operating Loss	<u>(6,557)</u>
Non-Operating Cash Receipts:	
Other Non-Operating Receipts	<u>5,370</u>
Net Disbursements Over Receipts	(1,187)
Fund Cash Balances, January 1	<u>432,257</u>
Fund Cash Balances, December 31	<u><u>\$431,070</u></u>

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

**VILLAGE OF TONTOGANY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Tontogany (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 water and electric utilities and park operations. The Village contracts with the Wood County Sheriff's Office to provide security of persons and property.

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

Certificates of deposit are valued at cost.

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 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.

Permissive Motor Vehicle License Tax Fund - This fund receives permissive motor vehicle tax money for constructing, maintaining and repairing Village streets.

**VILLAGE OF TONTOGANY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

Special Assessment–Street Lighting Fund -This fund is used to account for the financing of street lighting services for Village residents against which special assessments are levied.

3. 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:

Capital Improvement Fund - This fund receives moneys transferred from the General Fund for capital improvements.

4. 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.

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

5. Fiduciary Funds (Trust 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. The Village had the following significant fiduciary fund:

Income Tax Fund - This fund is used to account for local self-assessed taxes on Village residents.

E. Budgetary Process

The Ohio Revised Code requires that each fund 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. Appropriations lapse at year end.

**VILLAGE OF TONTOGANY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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. The Village did not use the encumbrance method of accounting.

A summary of 2001 and 2000 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.

2. EQUITY IN POOLED CASH

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

	2001	2000
Demand deposits	\$209,508	\$232,964
Certificates of deposit	500,000	500,000
Total deposits	\$709,508	\$732,964

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, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$88,647	\$89,582	\$935
Special Revenue	16,472	15,968	(504)
Enterprise	268,741	301,258	32,517
Fiduciary	48,000	49,663	1,663
Total	\$421,860	\$456,471	\$34,611

**VILLAGE OF TONTOGANY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$80,203	\$71,271	\$8,932
Special Revenue	57,350	35,186	22,164
Capital Projects	32,000	20,653	11,347
Enterprise	329,798	305,146	24,652
Fiduciary	48,000	47,671	329
Total	<u>\$547,351</u>	<u>\$479,927</u>	<u>\$67,424</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$126,561	\$148,349	\$21,788
Special Revenue	19,500	19,125	(375)
Enterprise	290,000	276,193	(13,807)
Fiduciary	35,000	30,365	(4,635)
Total	<u>\$471,061</u>	<u>\$474,032</u>	<u>\$2,971</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$126,093	\$106,109	\$19,984
Special Revenue	85,770	10,566	75,204
Capital Projects	30,630		30,630
Enterprise	297,340	277,380	19,960
Fiduciary	35,000	31,201	3,799
Total	<u>\$574,833</u>	<u>\$425,256</u>	<u>\$149,577</u>

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.

**VILLAGE OF TONTOGANY
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

5. LOCAL INCOME TAX

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

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

6. RETIREMENT SYSTEM

The Village's officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement 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 2001 and 2000, PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the Pool), an unincorporated non-profit association available to municipal corporations and their instrumentalities. Pursuant to § 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Pool provides a program of property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

Casualty excess-of-loss contracts at December 31, 2000 and 1999 generally protect against individual losses over \$150,000 (\$100,000 for policies issued after March 31, 2000).

Property coverage contracts protect against losses, subject to a deductible of \$50,000 per occurrence, limited to an annual aggregate loss of the greater of \$300,000 or 1% of total coverage.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained (deficit) earnings at December 31 (latest information available):

	<u>2000</u>	<u>1999</u>
Assets	\$2,958,827	\$4,151,450
Liabilities	3,863,373	3,461,914
Retained (deficit) earnings	<u>(\$904,546)</u>	<u>\$689,536</u>

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

Village of Tontogany
Wood County
18545 Main Street
P.O. Box 238
Tontogany, Ohio 43565-0238

To the Village Council:

We have audited the accompanying financial statements of the Village of Tontogany (the Village) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated August 14, 2002. 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'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 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 14, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, 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 14, 2002.

Village of Tontogany
Wood County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, sweeping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

August 14, 2002

**VILLAGE OF TONTOGANY
WOOD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
1999-30187-001	Ohio Revised Code § 5705.41(D) failure to use purchase orders and to properly post encumbrances	Yes	



STATE OF OHIO
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VILLAGE OF TONTOGANY

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
SEPTEMBER 5, 2002**