



**Auditor of State
Betty Montgomery**

**VILLAGE OF TONTOGANY
WOOD COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
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, 2003.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary Fund Types - For the Year Ended December 31, 2003.....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental and Fiduciary Fund Types - For the Year Ended December 31, 2002.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary Fund Types - For the Year Ended December 31, 2002.....	6
Notes to the Financial Statements.....	7
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	15

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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, Wood County, (the Village) as of and for the years ended December 31, 2003 and 2002. 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, 2003 and 2002, 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 October 21, 2004 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

October 21, 2004

**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, 2003**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$ 4,825			\$ 51,610	\$ 56,435
Special Assessments		\$ 2,612			2,612
Intergovernmental Receipts	21,485	14,987			36,472
Fines, Licenses, and Permits	1,134				1,134
Earnings on Investments	6,052	488			6,540
Miscellaneous	1,959				1,959
	<hr/>				<hr/>
Total Cash Receipts	35,455	18,087		51,610	105,152
	<hr/>				<hr/>
Cash Disbursements:					
Current:					
Security of Persons and Property	20,133	770			20,903
Public Health Services	253				253
Leisure Time Activities	6,934				6,934
Community Environment	1,480				1,480
Basic Utility Services	4,833				4,833
Transportation	7,066	2,468			9,534
General Government	23,727			5,346	29,073
Capital Outlay	9,712				9,712
	<hr/>				<hr/>
Total Cash Disbursements	74,138	3,238		5,346	82,722
	<hr/>				<hr/>
Total Receipts Over/(Under) Disbursements	(38,683)	14,849		46,264	22,430
	<hr/>				<hr/>
Other Financing Receipts and (Disbursements):					
Transfers-In	52,730				52,730
Other Financing Sources	2,415				2,415
Transfers-Out				(40,000)	(40,000)
Other Financing Uses				(2,274)	(2,274)
	<hr/>				<hr/>
Total Other Financing Receipts/(Disbursements)	55,145			(42,274)	12,871
	<hr/>				<hr/>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	16,462	14,849		3,990	35,301
	<hr/>				<hr/>
Fund Cash Balances, January 1	237,023	67,942	\$ 11,559	908	317,432
	<hr/>				<hr/>
Fund Cash Balances, December 31	\$ 253,485	\$ 82,791	\$ 11,559	\$ 4,898	\$ 352,733
	<hr/>				<hr/>

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 FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 286,099
	286,099
Total Operating Cash Receipts	286,099
Operating Cash Disbursements:	
Personal Services	13,857
Contractual Services	250,276
Supplies and Materials	6,194
Capital Outlay	7,061
	277,388
Total Operating Cash Disbursements	277,388
Operating Income	8,711
Non-Operating Cash Receipts:	
Other Non-Operating Receipts	1,310
	1,310
Total Non-Operating Cash Receipts	1,310
Non-Operating Cash Disbursements:	
Transfers-Out	12,730
	12,730
Total Non-Operating Cash Disbursements	12,730
Net Disbursements Over Receipts	(2,709)
Fund Cash Balances, January 1	429,875
Fund Cash Balances, December 31	\$ 427,166

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, 2002**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$ 4,389			\$ 47,708	\$ 52,097
Special Assessments		\$ 2,546			2,546
Intergovernmental Receipts	12,048	13,035			25,083
Fines, Licenses, and Permits	5,440				5,440
Earnings on Investments	8,954	497			9,451
Miscellaneous	1,397				1,397
	<u>32,228</u>	<u>16,078</u>		<u>47,708</u>	<u>96,014</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
Security of Persons and Property	18,638	759			19,397
Public Health Services	251				251
Leisure Time Activities	7,073				7,073
Community Environment	1,430				1,430
Basic Utility Services	4,640				4,640
Transportation	2,522	2,957			5,479
General Government	22,678			4,746	27,424
Capital Outlay	4,206	1,565			5,771
	<u>61,438</u>	<u>5,281</u>		<u>4,746</u>	<u>71,465</u>
Total Cash Disbursements					
Total Receipts Over/(Under) Disbursements	<u>(29,210)</u>	<u>10,797</u>		<u>42,962</u>	<u>24,549</u>
Other Financing Receipts and (Disbursements):					
Transfers-In	54,608				54,608
Other Financing Sources	43				43
Transfers-Out				(42,000)	(42,000)
Other Financing Uses				(2,094)	(2,094)
	<u>54,651</u>			<u>(44,094)</u>	<u>10,557</u>
Total Other Financing Receipts/(Disbursements)					
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	25,441	10,797		(1,132)	35,106
Fund Cash Balances, January 1	<u>211,582</u>	<u>57,145</u>	<u>\$ 11,559</u>	<u>2,040</u>	<u>282,326</u>
Fund Cash Balances, December 31	<u>\$ 237,023</u>	<u>\$ 67,942</u>	<u>\$ 11,559</u>	<u>\$ 908</u>	<u>\$ 317,432</u>

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 FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 310,767
Total Operating Cash Receipts	310,767
Operating Cash Disbursements:	
Personal Services	14,522
Contractual Services	263,816
Supplies and Materials	2,285
Capital Outlay	15,369
Total Operating Cash Disbursements	295,992
Operating Income	14,775
Non-Operating Cash Receipts:	
Miscellaneous	425
Other Non-Operating Receipts	101
Total Non-Operating Cash Receipts	526
Non-Operating Cash Disbursements:	
Transfers-Out	12,608
Total Non-Operating Cash Disbursements	12,608
Net Receipts Over Disbursements	2,693
Fund Cash Balances, January 1	427,182
Fund Cash Balances, December 31	\$ 429,875

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, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Tontogany, 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 water and electric utilities and park operations. The Village contracts with the Wood County Sheriff's department 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.

**VILLAGE OF TONTOGANY
WOOD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

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.

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 monies transferred from the General fund to be used 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.

**VILLAGE OF TONTOGANY
WOOD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

5. 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. 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.

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 cancelled and reappropriated in the subsequent year.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

**VILLAGE OF TONTOGANY
WOOD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

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 and investments 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:

	2003	2002
Demand deposits	\$ 279,899	\$ 247,307
Certificates of deposit	500,000	500,000
Total deposits	\$ 779,899	\$ 747,307

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, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 72,684	\$ 90,600	\$ 17,916
Special Revenue	15,700	18,087	2,387
Capital Projects			
Enterprise	320,000	287,409	(32,591)
Fiduciary	45,000	51,610	6,610
Total	\$ 453,384	\$ 447,706	\$ (5,678)

**VILLAGE OF TONTOGANY
WOOD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 95,689	\$ 74,138	\$ 21,551
Special Revenue	53,503	3,238	50,265
Capital Projects	1,559		1,559
Enterprise	330,497	290,118	40,379
Fiduciary	48,000	47,620	380
Total	<u>\$ 529,248</u>	<u>\$ 415,114</u>	<u>\$ 114,134</u>

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 77,870	\$ 86,879	\$ 9,009
Special Revenue	16,200	16,078	(122)
Capital Projects			
Enterprise	295,425	311,293	15,868
Fiduciary	50,000	47,708	(2,292)
Total	<u>\$ 439,495</u>	<u>\$ 461,958</u>	<u>\$ 22,463</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 73,910	\$ 61,438	\$ 12,472
Special Revenue	16,521	5,281	11,240
Capital Projects			
Enterprise	329,609	308,600	21,009
Fiduciary	50,250	48,840	1,410
Total	<u>\$ 470,290</u>	<u>\$ 424,159</u>	<u>\$ 46,131</u>

**VILLAGE OF TONTOGANY
WOOD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

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.

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 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 SYSTEMS

The Village's officials belong to the Ohio Public Employees Retirement System (OPERS). OPERS 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 2003 and 2002, members of OPERS contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2003.

**VILLAGE OF TONTOGANY
WOOD COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

8. 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. The Pool is a separate legal entity per § 2744.081 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

The Pool cedes certain premiums to reinsurers or excess reinsurers. The Pool is contingently liable should any reinsurer be unable to meet its reinsurance obligations.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained deficit at December 31, 2003 and 2002.

	2003	2002 (Restated)
Assets	\$ 1,811,340	\$ 1,852,060
Liabilities	(3,653,152)	(3,858,213)
Retained deficit	\$ (1,841,812)	\$ (2,006,153)

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT 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, Wood County, (the Village) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated October 21, 2004. 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 tested its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could directly and materially affect 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 we must report under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to the Village's management in a separate letter dated October 21, 2004.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting 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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to the Village's management in a separate letter dated October 21, 2004.

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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

October 21, 2004



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140

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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
DECEMBER 14, 2004**