



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**VILLAGE OF TONTOGANY
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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Tontogany
Wood County
18545 Main Street
P.O. Box 144
Tontogany, Ohio 43565-0144

To the Village Council:

We have audited the accompanying financial statements of the Village of Tontogany, Wood County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998. 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 generally accepted auditing standards 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 of the Village as of December 31, 1999 and 1998, 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 September 14, 2000 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.

This report is intended solely for the information and use of the audit committee, management, the 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", written in a cursive style.

Jim Petro
Auditor of State

September 14, 2000

VILLAGE OF TONTOGANY
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, 1999

	<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	\$3,330			\$25,403	\$28,733
State Shared Taxes and Permits	8,447	\$13,423			21,870
Special Assessments		5,119			5,119
Intergovernmental Receipts	3,736				3,736
Fines, Licenses, and Permits	210				210
Earnings on Investments	23,190	883			24,073
Miscellaneous	1,283				1,283
Total Cash Receipts	<u>40,196</u>	<u>19,425</u>		<u>25,403</u>	<u>85,024</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	18,216	5,443			23,659
Public Health Services	196				196
Leisure Time Activities	5,945				5,945
Community Environment	1,430				1,430
Basic Utility Services	1,372				1,372
Transportation	1,500	3,796			5,296
General Government	17,439			2,424	19,863
Capital Outlay	1,731	340	\$1,816		3,887
Total Cash Disbursements	<u>47,829</u>	<u>9,579</u>	<u>1,816</u>	<u>2,424</u>	<u>61,648</u>
Total Receipts Over/(Under) Disbursements	<u>(7,633)</u>	<u>9,846</u>	<u>(1,816)</u>	<u>22,979</u>	<u>23,376</u>
Other Financing Receipts/(Disbursements):					
Transfers-In	22,400				22,400
Other Sources				140	140
Transfers-Out				(22,400)	(22,400)
Other Uses				(51)	(51)
Total Other Financing Receipts/(Disbursements)	<u>22,400</u>			<u>(22,311)</u>	<u>89</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	14,767	9,846	(1,816)	668	23,465
Fund Cash Balances, January 1	136,264	57,958	34,028	216	228,466
Fund Cash Balances, December 31	<u>\$151,031</u>	<u>\$67,804</u>	<u>\$32,212</u>	<u>\$884</u>	<u>\$251,931</u>

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

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

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$275,991
Operating Cash Disbursements:	
Personal Services	13,834
Contractual Services	235,966
Supplies and Materials	885
Capital Outlay	14,717
Total Operating Cash Disbursements	265,402
Operating Income	10,589
Non-Operating Cash Receipts:	
Other Non-Operating Receipts	986
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	455
Net Receipts Over/(Under) Disbursements	11,120
Fund Cash Balances, January 1	421,137
Fund Cash Balances, December 31	\$432,257

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

**VILLAGE OF TONTOGANY
 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, 1998**

	<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	\$3,283			\$24,907	\$28,190
State Shared Taxes and Permits	8,909	\$13,035			21,944
Special Assessments		3,948			3,948
Intergovernmental Receipts	364				364
Fines, Licenses, and Permits	250				250
Earnings on Investments	24,167	1,266			25,433
Miscellaneous	2,029				2,029
Total Cash Receipts	<u>39,002</u>	<u>18,249</u>		<u>24,907</u>	<u>82,158</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	8,585	4,565			13,150
Public Health Services	202				202
Leisure Time Activities	8,367				8,367
Community Environment	1,315				1,315
Basic Utility Services	2,640				2,640
Transportation	2,695	2,282			4,977
General Government	23,718			2,589	26,307
Capital Outlay	18,105	16,986	\$21,510		56,601
Total Cash Disbursements	<u>65,627</u>	<u>23,833</u>	<u>21,510</u>	<u>2,589</u>	<u>113,559</u>
Total Receipts Over/(Under) Disbursements	<u>(26,625)</u>	<u>(5,584)</u>	<u>(21,510)</u>	<u>22,318</u>	<u>(31,401)</u>
Other Financing Receipts/(Disbursements):					
Transfers-In	5,421		20,579		26,000
Other Sources	390				390
Transfers-Out				(26,000)	(26,000)
Total Other Financing Receipts/(Disbursements)	<u>5,811</u>		<u>20,579</u>	<u>(26,000)</u>	<u>390</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(20,814)	(5,584)	(931)	(3,682)	(31,011)
Fund Cash Balances, January 1	157,078	63,542	34,959	3,898	259,477
Fund Cash Balances, December 31	<u><u>\$136,264</u></u>	<u><u>\$57,958</u></u>	<u><u>\$34,028</u></u>	<u><u>\$216</u></u>	<u><u>\$228,466</u></u>

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

**VILLAGE OF TONTOGANY
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$275,836
Operating Cash Disbursements:	
Personal Services	13,892
Fringe Benefits	83
Contractual Services	246,620
Supplies and Materials	1,034
Capital Outlay	12,663
Total Operating Cash Disbursements	274,292
Operating Income	1,544
Non-Operating Cash Receipts:	
Other Non-Operating Receipts	1,132
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	53
Net Receipts Over/(Under) Disbursements	2,623
Fund Cash Balances, January 1	418,514
Fund Cash Balances, December 31	\$421,137

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

**VILLAGE OF TONTOGANY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

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 general governmental services, including water and electric utilities and park operations (leisure time activities). 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 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 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:

VILLAGE OF TONTOGANY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and 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. The Village had the following significant capital project fund:

Capital Improvement Fund - This fund receives moneys transferred from the Income Tax 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
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(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 canceled, and reappropriated in the subsequent year. The Village did not implement the encumbrance method of accounting for the fiscal years ending December 31, 1999 and 1998.

A summary of 1999 and 1998 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 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:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$184,188	\$249,603
Certificates of deposit	500,000	400,000
Total deposits and investments	\$684,188	\$649,603

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, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 60,445	\$ 62,596	\$ 2,151
Special Revenue	19,850	19,425	(425)
Capital Projects			
Enterprise	290,000	276,977	(13,023)
Fiduciary	25,000	25,543	543
Total	\$ 395,295	\$ 384,541	\$ (10,754)

VILLAGE OF TONTOGANY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 64,228	\$ 47,829	\$ 16,399
Special Revenue	46,534	9,579	36,955
Capital Projects	32,630	1,816	30,814
Enterprise	314,060	265,857	48,203
Fiduciary	25,000	24,875	125
Total	<u>\$ 482,452</u>	<u>\$ 349,956</u>	<u>\$ 132,496</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 39,780	\$ 44,813	\$ 5,033
Special Revenue	17,000	18,249	1,249
Capital Projects	14,400	20,579	6,179
Enterprise	270,000	276,968	6,968
Fiduciary	26,000	24,907	(1,093)
Total	<u>\$ 367,180</u>	<u>\$ 385,516</u>	<u>\$ 18,336</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 101,191	\$ 65,627	\$ 35,564
Special Revenue	36,675	23,833	12,842
Capital Projects	40,000	21,510	18,490
Enterprise	301,939	274,345	27,594
Fiduciary	29,400	28,589	811
Total	<u>\$ 509,205</u>	<u>\$ 413,904</u>	<u>\$ 95,301</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 payment, 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.

VILLAGE OF TONTOGANY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

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. RETIREMENT SYSTEMS

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 1999 and 1998, members of PERS contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

6. RISK MANAGEMENT

The Village is a member of the Ohio Municipal League Joint Self Insurance Pool (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 following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicle

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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 144
Tontogany, Ohio 43565-0144

To the Village Council:

We have audited the accompanying financial statements of the Village of Tontogany, Wood County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated September 14, 2000. We conducted our audits in accordance with generally accepted auditing standards 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 1999-30187-001. We also noted an immaterial instance of noncompliance that we have reported to management of the Village in a separate letter dated September 14, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Village in a separate letter dated September 14, 2000.

This report is intended for the information and use of the audit committee, management, and the 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", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

September 14, 2000

**VILLAGE OF TONTOGANY
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 1999-30187-001

Noncompliance Citation

Ohio Administrative Code § 117-5-11(C) states encumbrances charged against an appropriation account are to be posted to the appropriation ledger and subtracted from the appropriated balance producing a declining unencumbered balance. This procedure is to be initiated by an executed purchase order. Ohio Administrative Code § 117-5-13 states purchase orders are to be used for purchases.

Ohio Revised Code § 5705.41(D) also requires the village to reserve (encumber) appropriations when commitments are made. In most instances, purchase orders were not used and encumbrances were not properly posted to the appropriation ledger by the Village. Failure to use purchase orders and properly post encumbrances could allow the Village to spend funds in excess of appropriations.

We recommend the Village use purchase orders and properly implement the encumbrance method of accounting.



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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
OCTOBER 10, 2000