



**VILLAGE OF ONTARIO
RICHLAND COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF ONTARIO
RICHLAND COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Ontario
Richland County
555 Stumbo Road
Mansfield, Ohio 44906

To the Village Council:

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

We conducted our audits in accordance with 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 and reserves for encumbrances of the Village as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2001, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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

Jim Petro
Auditor of State

March 21, 2001

VILLAGE OF ONTARIO
RICHLAND COUNTY

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

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Property Tax and Other Local Taxes	\$366,404	\$181,789			\$57,849	\$606,042
Intergovernmental	230,687	91,465		\$300,000	4,887	627,039
Special Assessments			\$59,804	34,671		94,475
Charges for Services		8,396				8,396
Fines, Licenses, and Permits	243,754	11,075				254,829
Earnings on Investments	686,671					686,671
Miscellaneous	70,001	34,241		35,448	4,208	143,898
Total Cash Receipts	1,597,517	326,966	59,804	370,119	66,944	2,421,350
Cash Disbursements:						
Current:						
Security of Persons and Property	1,379,649				137,512	1,517,161
Public Health Services		9,988			4,698	14,686
Leisure Time Activities	73,996	27,485				101,481
Community Environment	17,656	46,957				64,613
Basic Utility Services	16,540					16,540
Transportation	74,812	1,074,439				1,149,251
General Government	775,596	11,282				786,878
Debt Service:						
Principal Payments			80,200	4,000,919		4,081,119
Interest Payments			11,521	168,000		179,521
Capital Outlay				2,712,655		2,712,655
Total Cash Disbursements	2,338,249	1,170,151	91,721	6,881,574	142,210	10,623,905
Total Cash Receipts Under Cash Disbursements	(740,732)	(843,185)	(31,917)	(6,511,455)	(75,266)	(8,202,555)
Other Financing Receipts/(Disbursements):						
Collection of Loans	27,336					27,336
Proceeds of Notes				3,536,749		3,536,749
Transfers-In	1,416,176	1,112,574	13,733	1,760,065	78,733	4,381,281
Transfers-Out	(482,668)					(482,668)
Other Sources			3,494			3,494
Total Other Financing Receipts/(Disbursements)	960,844	1,112,574	17,227	5,296,814	78,733	7,466,192
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	220,112	269,389	(14,690)	(1,214,641)	3,467	(736,363)
Fund Cash Balances, January 1	1,505,759	2,121,405	130,681	7,525,038	48,844	11,331,727
Fund Cash Balances, December 31	\$1,725,871	\$2,390,794	\$115,991	\$6,310,397	\$52,311	\$10,595,364
Reserves for Encumbrances, December 31	\$134,196	\$83,079	\$0	\$191,328	\$341	\$408,944

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

**VILLAGE OF ONTARIO
RICHLAND COUNTY**

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$1,195,824		\$1,195,824
Miscellaneous	5,849	\$275,523	281,372
	<u>1,201,673</u>	<u>275,523</u>	<u>1,477,196</u>
Operating Cash Disbursements:			
Personal Services	296,874		296,874
Contractual Services	563,335		563,335
Supplies and Materials	71,891		71,891
Capital Outlay	17,690		17,690
	<u>949,790</u>		<u>949,790</u>
Operating Income	<u>251,883</u>	<u>275,523</u>	<u>527,406</u>
Non-Operating Cash Receipts:			
Property Tax and Other Local Taxes		3,919,213	3,919,213
Non-Operating Cash Disbursements:			
Other Non-Operating Cash Disbursements	<u>231</u>	<u>280,651</u>	<u>280,882</u>
Total Cash Receipts Over Cash Disbursements Before Interfund Transfers	251,652	3,914,085	4,165,737
Transfers-In	20,600		20,600
Transfers-Out		<u>(3,919,213)</u>	<u>(3,919,213)</u>
Net Cash Receipts Over/(Under) Cash Disbursements	272,252	(5,128)	267,124
Fund Cash Balances, January 1	<u>666,076</u>	<u>33,311</u>	<u>699,387</u>
Fund Cash Balances, December 31	<u>\$938,328</u>	<u>\$28,183</u>	<u>\$966,511</u>
Reserve for Encumbrances, December 31	<u>\$66,064</u>	<u>\$0</u>	<u>\$66,064</u>

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

VILLAGE OF ONTARIO
RICHLAND COUNTY

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

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Property Tax and Other Local Taxes	\$362,350	\$168,279			\$57,213	\$587,842
Intergovernmental	237,128	92,823			4,142	334,093
Special Assessments			\$77,732	\$36,290		114,022
Charges for Services		10,849				10,849
Fines, Licenses, and Permits	241,080	15,240				256,320
Earnings on Investments	641,769					641,769
Miscellaneous	65,449	14,805		89,191	3,617	173,062
Total Cash Receipts	<u>1,547,776</u>	<u>301,996</u>	<u>77,732</u>	<u>125,481</u>	<u>64,972</u>	<u>2,117,957</u>
Cash Disbursements:						
Current:						
Security of Persons and Property	1,317,687				124,288	1,441,975
Public Health Services		17,246				17,246
Leisure Time Activities	65,612	30,042				95,654
Community Environment	17,440	43,066			3,338	63,844
Basic Utility Services	19,251					19,251
Transportation	56,520	1,017,692				1,074,212
General Government	745,494	9,403				754,897
Debt Service:						
Principal Payments			80,200	4,000,000		4,080,200
Interest Payments			16,550	146,000		162,550
Capital Outlay				3,060,629		3,060,629
Total Cash Disbursements	<u>2,222,004</u>	<u>1,117,449</u>	<u>96,750</u>	<u>7,206,629</u>	<u>127,626</u>	<u>10,770,458</u>
Total Cash Receipts Under Cash Disbursements	<u>(674,228)</u>	<u>(815,453)</u>	<u>(19,018)</u>	<u>(7,081,148)</u>	<u>(62,654)</u>	<u>(8,652,501)</u>
Other Financing Receipts/(Disbursements):						
Collection of Loans	27,336					27,336
Proceeds of Notes				4,000,000		4,000,000
Transfers-In	1,375,237	1,085,002	12,949	1,715,092	67,949	4,256,229
Transfers-Out	(446,541)					(446,541)
Other Sources			3,242			3,242
Total Other Financing Receipts/(Disbursements)	<u>956,032</u>	<u>1,085,002</u>	<u>16,191</u>	<u>5,715,092</u>	<u>67,949</u>	<u>7,840,266</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	281,804	269,549	(2,827)	(1,366,056)	5,295	(812,235)
Fund Cash Balances, January 1	1,223,955	1,851,856	133,508	8,891,094	43,549	12,143,962
Fund Cash Balances, December 31	<u>\$1,505,759</u>	<u>\$2,121,405</u>	<u>\$130,681</u>	<u>\$7,525,038</u>	<u>\$48,844</u>	<u>\$11,331,727</u>
Reserves for Encumbrances, December 31	<u>\$86,425</u>	<u>\$63,476</u>	<u>\$0</u>	<u>\$1,779,816</u>	<u>\$1,780</u>	<u>\$1,931,497</u>

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

**VILLAGE OF ONTARIO
RICHLAND COUNTY**

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$1,158,254		\$1,158,254
Miscellaneous	8,126	\$293,469	301,595
	<u>1,166,380</u>	<u>293,469</u>	<u>1,459,849</u>
Operating Cash Disbursements:			
Personal Services	290,903		290,903
Contractual Services	551,840		551,840
Supplies and Materials	78,056		78,056
Capital Outlay	26,657		26,657
	<u>947,456</u>		<u>947,456</u>
Operating Income	<u>218,924</u>	<u>293,469</u>	<u>512,393</u>
Non-Operating Cash Receipts:			
Property Tax and Other Local Taxes		3,829,137	3,829,137
Non-Operating Cash Disbursements:			
Other Non-Operating Cash Disbursements	<u>1,778</u>	<u>293,328</u>	<u>295,106</u>
Total Cash Receipts Over Cash Disbursements Before Interfund Transfers	217,146	3,829,278	4,046,424
Transfers-In	19,449		19,449
Transfers-Out		<u>(3,829,137)</u>	<u>(3,829,137)</u>
Net Cash Receipts Over Cash Disbursements	236,595	141	236,736
Fund Cash Balances, January 1	<u>429,481</u>	<u>33,170</u>	<u>462,651</u>
Fund Cash Balances, December 31	<u>\$666,076</u>	<u>\$33,311</u>	<u>\$699,387</u>
Reserve for Encumbrances, December 31	<u>\$42,559</u>	<u>\$0</u>	<u>\$42,559</u>

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

**VILLAGE OF ONTARIO
RICHLAND COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Ontario, Richland County, Ohio, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), police services and a mayor's court.

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 cash 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, repurchase agreements, and mutual fund investments are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

Investments are included in the cash fund balances. 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 Fund:

**VILLAGE OF ONTARIO
RICHLAND COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

25% Street Construction & Maintenance Fund - This fund receives 25% of the Village income tax revenues for constructing, maintaining and repairing Village streets.

3. Debt Service Fund

This fund is used to account for the accumulation of resources for, and the payment of, bond and note indebtedness. The Village had the following significant Debt Service Fund:

Bond Retirement Fund - This fund is used to accumulate resources for the payment of principal and interest on the Village's special assessment water and sewer bonds.

4. Capital Projects Fund

This fund is 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 Projects Fund:

40% Capital Improvements Fund - This fund receives 40% of the Village income tax revenues for the construction and maintenance of capital items.

5. Enterprise Funds

These funds are used to 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 water service.

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

6. Fiduciary Funds (Trust and Agency Funds)

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

**VILLAGE OF ONTARIO
RICHLAND COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

6. Fiduciary Funds (Trust and Agency Funds - Continued)

Income Tax Fund - This agency fund is used to record the collection of self assessed taxes, the cost of collecting such tax and the distribution to various other funds in accordance with Village ordinances.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

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

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**VILLAGE OF ONTARIO
RICHLAND COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Unpaid Vacation and Sick Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investment 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>2000</u>	<u>1999</u>
Demand deposits	\$86,879	\$97,194
Certificates of deposit	<u>7,492,063</u>	<u>7,977,071</u>
Total deposits	7,578,942	8,074,265
STAR Ohio	1,167,933	1,098,455
Sweep Repurchase Agreement	2,815,000	0
Mutual Fund Investment Sweep Account	<u>0</u>	<u>2,858,394</u>
Total Investments	<u>3,982,933</u>	<u>3,956,849</u>
Total deposits and investments	<u>\$ 11,561,875</u>	<u>\$ 12,031,114</u>

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

Investments: STAR Ohio is not evidenced by securities that exist in physical or book-entry form. The sweep repurchase agreement and mutual fund investment sweep account are uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the Village's name.

**VILLAGE OF ONTARIO
RICHLAND COUNTY**

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31 follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 3,100,871	\$ 3,041,029	\$ (59,842)
Special Revenue	1,329,500	1,439,540	110,040
Debt Service	101,000	77,031	(23,969)
Capital Projects	4,090,000	5,666,933	1,576,933
Enterprise	1,050,000	1,222,273	172,273
Fiduciary	4,643,000	4,064,890	(578,110)
Total	<u>\$ 14,314,371</u>	<u>\$ 15,511,696</u>	<u>\$ 1,197,325</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,408,368	\$ 2,955,113	\$ 453,255
Special Revenue	1,431,702	1,253,230	178,472
Debt Service	97,721	91,721	6,000
Capital Projects	7,915,627	7,072,902	842,725
Enterprise	1,261,877	1,016,085	245,792
Fiduciary	4,661,280	4,061,764	599,516
Total	<u>\$ 18,776,575</u>	<u>\$ 16,450,815</u>	<u>\$ 2,325,760</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,587,600	\$ 2,950,349	\$ 362,749
Special Revenue	1,206,500	1,386,998	180,498
Debt Service	90,500	93,923	3,423
Capital Projects	6,075,000	5,840,573	(234,427)
Enterprise	1,030,000	1,185,829	155,829
Fiduciary	4,137,000	3,962,058	(174,942)
Total	<u>\$ 15,126,600</u>	<u>\$ 15,419,730</u>	<u>\$ 293,130</u>

**VILLAGE OF ONTARIO
RICHLAND COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,092,931	\$ 2,754,970	\$ 337,961
Special Revenue	1,362,235	1,180,925	181,310
Debt Service	97,750	96,750	1,000
Capital Projects	10,318,078	8,986,445	1,331,633
Enterprise	1,270,183	991,793	278,390
Fiduciary	4,155,565	3,958,543	197,022
Total	\$ 20,296,742	\$ 17,969,426	\$ 2,327,316

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 ONTARIO
RICHLAND COUNTY**

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

5. DEBT

Debt outstanding at December 31, was as follows:

	Principal		Interest Rate
	2000	1999	
Water System Improvement Note	\$3,500,000	\$4,000,000	4.60%
Ohio Public Works Commission Loan	35,830	0	0.00%
Park Land Acquisition Bonds	402,000	0	0.00%
Special Assessment Bonds:			
Water and Sewer Bonds, Series 1990	40,000	91,000	6.60%
Lewis Road Bonds	25,200	28,800	5.00%
Sanitary Sewer Improvement Bonds, Series 1993	27,000	35,000	4.25%
Improvement Bonds, Series 1991	11,600	23,200	6.50%
Sewer Improvement Bonds, Series 1992	12,000	18,000	5.75%
Total	<u>\$4,053,630</u>	<u>\$4,196,000</u>	

The Special Assessment Bonds were issued for various water and sewer improvement projects. Special assessments are collected from property owners to repay these bonds in annual installments. These bonds have various final maturity dates, ranging from 2001 through 2007.

The Village issued a \$3,500,000 Water System Improvement Note, Series 2000, dated October 26, 2000, bearing interest at the rate of 4.60% per year, payable at maturity on October 26, 2001, in anticipation of bonds for the purpose of paying costs of constructing and equipping an addition to the Village water treatment plant, and constructing an elevated water storage tank, together with all necessary appurtenances to each.

The Ohio Public Works Commission loan was entered into in July, 2000 to finance improvements to the Water Treatment Plant. This loan will be repaid in semi-annual installments of \$918.72, with no interest, through January of 2020.

The Park Land Acquisition Bonds were issued in May, 2000 by the Village to four individuals for the purpose of acquiring real property adjacent to Marshall Park for recreational use. The bonds will be repaid in annual installments of \$134,000, with no interest. Final maturity will be in 2003.

**VILLAGE OF ONTARIO
RICHLAND COUNTY**

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

5. DEBT (Continued)

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

Year Ending December 31:	OPWC Loans	Park Land Acquisition Bonds	Special Assessment Bonds
2001	\$ 2,758	\$ 134,000	\$ 76,692
2002	1,837	134,000	20,790
2003	1,837	134,000	13,882
2004	1,837	0	4,320
2005	1,837	0	4,140
Subsequent	<u>25,724</u>	<u>0</u>	<u>7,740</u>
Total	<u>\$ 35,830</u>	<u>\$ 402,000</u>	<u>\$ 127,564</u>

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police & Firemen's Disability & Pension Fund (PFDPF). Other full-time and part-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide 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, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- General liability
- Public officials' liability
- Cemetery liability

The Village also provides health insurance (including cost-share prescription), dental and vision coverage to full-time employees through Medical Mutual of Ohio.

**VILLAGE OF ONTARIO
RICHLAND COUNTY**

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

8. CASH IN SEGREGATED ACCOUNTS

The following escrow account at Richland Bank is used to hold retainage funds from contractors until completion of projects in accordance with various Village and Contractor agreements.

Account balance as of December 31, 2000 was as follows:

Retainage Account	\$114,542
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This account is not included in the cash fund balances on the accompanying financial statements.

9. LOANS RECEIVABLE

On June 14, 1996, the Village made a loan of \$225,000 to a private company for the purpose of acquiring equipment. The company is repaying the loan in monthly installments of \$2,278, including interest of 4%, over 10 years. As of December 31, 2000, the loan had a principal balance of \$134,759. Final maturity on this loan will be in 2006.

10. SUBSEQUENT EVENT

As indicated by the 2000 federal census, the Village had a population of over 5,000, and will therefore become a statutory city as prescribed by Ohio Rev. Code Section 703.01(A).

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STATE OF OHIO
OFFICE OF THE AUDITOR

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

Village of Ontario
Richland County
555 Stumbo Road
Mansfield, Ohio 44906

To the Village Council:

We have audited the accompanying financial statements of the Village of Ontario, Richland County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 21, 2001. 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated March 21, 2001.

Village of Ontario
Richland County
Report of Independent Accountants on Compliance and on Internal Control
Required by Government Auditing Standards
Page 2

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

Jim Petro
Auditor of State

March 21, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

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VILLAGE OF ONTARIO

RICHLAND 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
APRIL 10, 2001**