

**VILLAGE OF WHARTON
WYANDOT COUNTY, OHIO**

Financial Statements
(Audited)

For The Years Ended
December 31, 2002 and 2001

NANCY GRUBBS, CLERK/TREASURER



**Auditor of State
Betty Montgomery**

Members of Council and Mayor
Village of Wharton
Wharton, Ohio

We have reviewed the Independent Auditor's Report of the Village of Wharton, Wyandot County, prepared by Trimble, Julian & Grube, Inc., for the audit period January 1, 2001 through December 31, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Wharton is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

November 7, 2003

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**VILLAGE OF WHARTON
WYANDOT COUNTY, OHIO**

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TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

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Independent Auditor’s Report

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

We have audited the accompanying financial statements of the Village of Wharton, Wyandot County, Ohio, as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Village of Wharton’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances and fund balances of the Village of Wharton, Wyandot County, as of December 31, 2002 and 2001, and its combined cash receipts and disbursements, combined budgeted and actual receipts and budgeted and actual disbursements for the years then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 26, 2003, on our consideration of the Village of Wharton’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Trimble, Julian & Grube, Inc.
September 26, 2003

**VILLAGE OF WHARTON
WYANDOT COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND
BALANCES - ALL FUND TYPES
DECEMBER 31, 2002 AND 2001

<u>Cash and Cash Equivalents</u>	<u>2002</u>	<u>2001</u>
Cash and Cash Equivalents	\$ 575,072	\$ 535,399
Total Cash and Cash Equivalents	<u>\$ 575,072</u>	<u>\$ 535,399</u>
 <u>Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ 44,839	\$ 27,585
Special Revenue Funds	<u>18,517</u>	<u>14,885</u>
Total Governmental Fund Types	<u>63,356</u>	<u>42,470</u>
 <u>Proprietary Fund Type:</u>		
Enterprise Fund	<u>511,716</u>	<u>492,929</u>
Total Fund Balances	<u>\$ 575,072</u>	<u>\$ 535,399</u>

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

**VILLAGE OF WHARTON
WYANDOT COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Local taxes	\$ 28,323	\$ -	\$ 28,323
Intergovernmental	10,680	13,582	24,262
Interest	6,448	811	7,259
Miscellaneous	1,226	-	1,226
Total cash receipts	<u>46,677</u>	<u>14,393</u>	<u>61,070</u>
Cash disbursements:			
Current:			
Security of persons and property	350	-	350
Public health services	3,785	-	3,785
Basic utility services	715	-	715
Transportation	-	2,694	2,694
General government	24,573	-	24,573
Capital outlay	-	8,067	8,067
Total cash disbursements	<u>29,423</u>	<u>10,761</u>	<u>40,184</u>
Total cash receipts over cash disbursements	17,254	3,632	20,886
Cash fund balances, January 1, 2002	<u>27,585</u>	<u>14,885</u>	<u>42,470</u>
Cash fund balances, December 31, 2002	<u>\$ 44,839</u>	<u>\$ 18,517</u>	<u>\$ 63,356</u>

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

**VILLAGE OF WHARTON
WYANDOT COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGE IN CASH FUND BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2002

	Proprietary Fund Type
	Enterprise
Operating cash receipts:	
Charges for services	\$ 161,081
Total operating cash receipts	161,081
Operating cash disbursements:	
Personal services	6,998
Contractual services	116,548
Supplies and material	3,104
Capital outlay	951
Miscellaneous	1,225
Total operating cash disbursements	128,826
Operating income	32,255
Nonoperating cash disbursements:	
Excise tax	(13,468)
Net income	18,787
Cash fund balance, January 1, 2002	492,929
Cash fund balance, December 31, 2002	\$ 511,716

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

**VILLAGE OF WHARTON
WYANDOT COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2002

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2002 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2002 Appropriations	Total	Actual 2002 Disbursements	Encumbrances Outstanding at 12/31/02	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 17,454	\$ 37,174	\$ 54,628	\$ 46,677	\$ 9,503	\$ -	\$ 54,628	\$ 54,628	\$ 29,423	\$ -	\$ 29,423	\$ 25,205
Special Revenue	13,100	14,000	27,100	14,393	393	-	27,100	27,100	10,761	-	10,761	16,339
Proprietary:												
Enterprise	497,971	200,000	697,971	161,081	(38,919)	-	531,022	531,022	142,294	-	142,294	388,728
Total (Memorandum Only)	\$ 528,525	\$ 251,174	\$ 779,699	\$ 222,151	\$ (29,023)	\$ -	\$ 612,750	\$ 612,750	\$ 182,478	\$ -	\$ 182,478	\$ 430,272

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

**VILLAGE OF WHARTON
WYANDOT COUNTY, OHIO**

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

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Local taxes	\$ 19,711	\$ -	\$ 19,711
Intergovernmental	9,779	12,802	22,581
Interest	9,443	854	10,297
Miscellaneous	1,122	-	1,122
Total cash receipts	<u>40,055</u>	<u>13,656</u>	<u>53,711</u>
Cash disbursements:			
Current:			
Security of persons and property	350	-	350
Public health services	3,543	-	3,543
Basic utility services	2,973	-	2,973
Transportation	-	7,249	7,249
General government	34,178	-	34,178
Total cash disbursements	<u>41,044</u>	<u>7,249</u>	<u>48,293</u>
Total cash receipts over/(under) cash disbursements	(989)	6,407	5,418
Cash fund balances, January 1, 2001	<u>28,574</u>	<u>8,478</u>	<u>37,052</u>
Cash fund balances, December 31, 2001	<u>\$ 27,585</u>	<u>\$ 14,885</u>	<u>\$ 42,470</u>

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

**VILLAGE OF WHARTON
WYANDOT COUNTY, OHIO**

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

	Proprietary Fund Type
	Enterprise
Operating cash receipts:	
Charges for services	\$ 211,684
Total operating cash receipts	211,684
Operating cash disbursements:	
Personal services	6,697
Contractual services	127,435
Supplies and material	10,053
Capital outlay	1,396
Miscellaneous	2,474
Total operating cash disbursements	148,055
Operating income	63,629
Nonoperating cash disbursements:	
Excise tax	(7,700)
Net income	55,929
Cash fund balance, January 1, 2001	437,000
Cash fund balance, December 31, 2001	\$ 492,929

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

**VILLAGE OF WHARTON
WYANDOT COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2001

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2001 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2001 Appropriations	Total	Actual 2001 Disbursements	Encumbrances Outstanding at 12/31/01	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 28,747	\$ 39,516	\$ 68,263	\$ 40,055	\$ 539	\$ -	\$ 68,263	\$ 68,263	\$ 41,044	\$ -	\$ 41,044	\$ 27,219
Special Revenue	7,869	14,000	21,869	13,656	(344)	-	21,869	21,869	7,249	-	7,249	14,620
Proprietary:												
Enterprise	478,359	200,000	678,359	211,684	11,684	-	456,998	456,998	155,755	-	155,755	301,243
Total												
(Memorandum Only)	\$ 514,975	\$ 253,516	\$ 768,491	\$ 265,395	\$ 11,879	\$ -	\$ 547,130	\$ 547,130	\$ 204,048	\$ -	\$ 204,048	\$ 343,082

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

VILLAGE OF WHARTON
WYANDOT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

NOTE 1 - DESCRIPTION OF THE ENTITY

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. BASIS OF PRESENTATION - FUND ACCOUNTING

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

GOVERNMENTAL FUNDS

General Fund

The general fund is used to account for all activities of the Village not required to be included in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes.

The Village had the following special revenue fund:

Street Construction, Maintenance, and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

VILLAGE OF WHARTON
WYANDOT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

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

Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following enterprise fund:

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

B. BASIS OF ACCOUNTING

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. BUDGETARY PROCESS

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

VILLAGE OF WHARTON
WYANDOT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

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

Tax Budget:

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

Estimated Resources:

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

Appropriations:

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

VILLAGE OF WHARTON
WYANDOT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

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

Encumbrances:

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

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. There were no outstanding encumbrances at December 31, 2002 and 2001.

D. CASH AND CASH EQUIVALENTS

For reporting purposes, the Village considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Village with a maturity date less than or equal to three months from the date of purchase. Interest income earned and received by the Village totaled \$7,259 and \$10,297 for the years ended December 31, 2002 and 2001, respectively.

E. PROPERTY, PLANT AND EQUIPMENT

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

F. INTERGOVERNMENTAL REVENUES

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

G. TOTAL COLUMNS ON FINANCIAL STATEMENTS

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

VILLAGE OF WHARTON
WYANDOT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

NOTE 3 - COMPLIANCE

The following funds had expenditures in excess of appropriations for the years ended December 31, 2002 & 2001, in noncompliance with Ohio Revised Code Section 5705.41 (B):

2002

<u>Fund Type/Fund/Department/Object</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
<u>GENERAL FUND:</u>			
Security of Persons & Property			
Contractual Services	\$ 200	\$ 236	\$ (36)
General Government			
Contractual Services	2,300	2,315	(15)
<u>ENTERPRISE:</u>			
Electric:			
Electricity			
Contractual Services	8,000	9,140	(1,140)

2001

<u>Fund Type/Fund/Department/Object</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
<u>GENERAL FUND:</u>			
General Government			
Supplies & Materials	\$ 900	\$ 1,240	\$ (340)
<u>ENTERPRISE:</u>			
Electric:			
Office			
Supplies & Materials	4,000	7,063	(3,063)

VILLAGE OF WHARTON
WYANDOT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

NOTE 4 - CASH AND CASH EQUIVALENTS

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 cash equivalents at December 31 was as follows:

	2002	2001
Deposits: Demand deposits	\$ 575,072	\$ 535,399
Total Cash and Cash Equivalents	\$ 575,072	\$ 535,399

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

NOTE 5 - PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the County. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State and are reflected in the accompanying financial statements as Intergovernmental Receipts. Real property taxes are payable annually or semiannually to the County. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

NOTE 6 - RETIREMENT SYSTEM

All employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement healthcare and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

VILLAGE OF WHARTON
WYANDOT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2002 AND 2001

NOTE 6 - RETIREMENT SYSTEM - (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, OPERS members contributed 8.5% of their gross salaries. The Village contributes an amount equal to 13.55% of participants' gross salaries. The Village's unpaid portion at December 31, 2002 for OPERS was \$613.

NOTE 7 - RISK MANAGEMENT

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

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

NOTE 8 - CONTINGENT LIABILITY

LITIGATION

The Village is currently not involved in any litigation that Village's legal counsel anticipates a loss.

NOTE 9 ECONOMIC DEPENDENCY - MAJOR CUSTOMERS

The Village sold approximately 38% and 48% of its electric to two customers during 2002 and 2001, respectively. Sales to those customers aggregated \$61,496 and \$102,149 during 2002 and 2001, respectively.

TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

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Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed In Accordance with *Government Auditing Standards*

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

We have audited the financial statements of the Village of Wharton, Wyandot County, Ohio as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated September 26, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village of Wharton's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2002-VOW-001 and 2002-VOW-002. We also noted certain immaterial instances of noncompliance that we have reported to the management of the Village of Wharton in a separate letter dated September 26, 2003.

Members of Council and Mayor
Village of Wharton

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Wharton's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition which is described in the accompanying schedule of findings as item 2002-VOW-003. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment could adversely affect the Village of Wharton's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition 2002-VOW-003 described above is a material weaknesses. We also noted other matters involving the internal control over financial reporting that we have reported to the management of the Village of Wharton in a separate letter dated September 26, 2003.

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

Trimble, Julian & Grube, Inc.
September 26, 2003

**VILLAGE OF WHARTON
WYANDOT COUNTY, OHIO**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2002-VOW-001

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

The Village did not file cash-basis financial statements for 2002 and 2001 with the Auditor of State's Office in a timely manner. In addition to the late filing of financial reports, the Village's management is not able to review the financial records, monitor its budget and make decisions based on accurate financial information.

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

We recommend that the Village make its best effort to complete its financial reports and submit them to the Auditor of State by the due date. We recommend that the Village contract with the Auditor of State or an independent accounting firm for guidance in completing financial statements in the event they are unable to complete them by the due date. In addition, the Village's Council and Board of Public Affairs should begin to review the financial records monthly and all reviewers should initial or sign the records in order to document this review. We recommend management take a more proactive role to insure the financial reports are completed timely. This may prevent future non-compliance with this law and will provide the additional assurance that the financial records are in order and are completed in a timely manner.

**VILLAGE OF WHARTON
WYANDOT COUNTY, OHIO**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)	
Finding Number	2002-VOW-002

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

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

2002

<u>Type/Fund/Department/Object</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
<u>GENERAL FUND:</u>			
Security of Persons & Property			
Contractual Services	\$ 200	\$ 236	\$ (36)
General Government			
Contractual Services	2,300	2,315	(15)
<u>ENTERPRISE:</u>			
Electric:			
Electricity			
Contractual Services	8,000	9,140	(1,140)

2001

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
<u>GENERAL FUND:</u>			
General Government			
Supplies & Materials	\$ 900	\$ 1,240	\$ (340)
<u>ENTERPRISE:</u>			
Electric:			
Office			
Supplies & Materials	4,000	7,063	(3,063)

With expenditures exceeding appropriations, the Village is spending monies that have not lawfully been appropriated by Village Council. This may result in unnecessary spending.

**VILLAGE OF WHARTON
WYANDOT COUNTY, OHIO**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)	
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Finding Number	2002-VOW-002
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We recommend that the Village comply with the Ohio Revised Code and the Auditor of State Bulletin 97-010 by monitoring their expenditures so they do not exceed lawful appropriations and amending the budget prior to year end. This may be achieved by monitoring the budget more closely on a continual basis.

Finding Number	2002-VOW-003
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It was noted during the audit that the Village's records were not reconciled properly, nor did the Village Council review the Village's reconciliations. The Village was not able to provide support for the difference between the bank balance less outstanding checks and the book's balance. In addition, the Village's receipt book totaled a greater amount of receipts than the combined financial statements.

We recommend the Village provide support for all unreconcilable differences in the future. In addition, we recommend that the Village reconcile the bank accounts immediately upon receipt of the bank statements and require the Council review the reconciliations.

**VILLAGE OF WHARTON
WYANDOT COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2000-VOW-001	Ohio Revised Code Section 117.38 requires that cash-basis entities must file annual reports within 60 days of the fiscal year end.	No	Village Clerk/Treasurer is attempting to file annual reports within the required time period.
2000-VOW -002	Ohio Revised Code Section 5705.41(B) requires in part that no subdivision is to expend monies unless it has been appropriated.	No	Village Clerk/Treasurer is attempting to monitor its budgetary more closely and perform more modifications.
2000-VOW -003	Ohio Revised Code Section 5705.41 (D) requires that no orders or contracts involving the expenditure of monies are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.	No	Finding now located within Management Letter.



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VILLAGE OF WHARTON

WYANDOT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 25, 2003**