



**VILLAGE OF CAREY
WYANDOT COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF CAREY
WYANDOT COUNTY

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**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Village of Carey
Wyandot County
127 N. Vance Street
Carey, Ohio 43316

To the Village Council:

We have audited the accompanying financial statements of the Village of Carey, Wyandot County, Ohio, (the Village) as of and for the years ended December 31, 1999 and December 31, 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 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 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 reserve for encumbrances of the Village as of December 31, 1999 and December 31, 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 July 11, 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 management, Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

July 11, 2000

**VILLAGE OF CAREY
WYANDOT 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, 1999**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Local Taxes	\$73,544	\$0	\$189,792	\$231,016	\$651,765	\$1,146,117
Intergovernmental Receipts	168,183	127,588	0	0	0	295,771
Special Assessments	0	0	0	315	0	315
Charges for Services	5,248	38,120	0	0	0	43,368
Fines, Licenses, and Permits	8,711	805	0	0	0	9,516
Miscellaneous	293,392	8,087	0	11,235	91	312,805
Total Cash Receipts	549,078	174,600	189,792	242,566	651,856	1,807,892
Cash Disbursements:						
Security of Persons and Property	480,271	12,000	0	0	0	492,271
Public Health Services	24,133	25,137	0	0	0	49,270
Leisure Time Activities	0	57,924	0	0	0	57,924
Community Environment	426	0	0	5,615	0	6,041
Basic Utility Service	9,893	0	0	0	0	9,893
Transportation	6,674	92,556	0	0	0	99,230
General Government	134,693	0	0	0	32,527	167,220
Debt Service	0	0	212,730	0	0	212,730
Capital Outlay	45,199	7,716	0	28,471	10,846	92,232
Total Cash Disbursements	701,289	195,333	212,730	34,086	43,373	1,186,811
Total Cash Receipts Over/(Under) Cash Disbursements	(152,211)	(20,733)	(22,938)	208,480	608,483	621,081
Other Financing Receipts/(Disbursements):						
Transfers-In	432,000	54,000	0	54,000	10,000	550,000
Transfers-Out	(10,000)	0	0	0	(540,000)	(550,000)
Other Uses	(20,316)	0	0	(9,000)	(14,035)	(43,351)
Total Other Financing Receipts/(Disbursements)	401,684	54,000	0	45,000	(544,035)	(43,351)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	249,473	33,267	(22,938)	253,480	64,448	577,730
Fund Cash Balances, January 1, 1999	1,003,635	148,432	464,281	452,470	55,351	2,124,169
Fund Cash Balances, December 31, 1999	\$1,253,108	\$181,699	\$441,343	\$705,950	\$119,799	\$2,701,899
Reserve for Encumbrances, December 31, 1999	\$3,060	\$31,378	\$0	\$20,000	\$0	\$54,438

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

**VILLAGE OF CAREY
WYANDOT COUNTY**

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

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Nonexpendable Trust</u>	
Operating Cash Receipts:				
Charges for Services	\$4,652,905	\$0	\$1,475	\$4,654,380
Operating Cash Disbursements:				
Personal Services	738,588	0	0	738,588
Travel Transportation	4,039	0	0	4,039
Contractual Services	2,918,378	0	0	2,918,378
Supplies and Materials	170,934	0	0	170,934
Capital Outlay	300,391	0	0	300,391
Total Operating Cash Disbursements	4,132,330	0	0	4,132,330
Operating Income	520,575	0	1,475	522,050
Non-Operating Cash Receipts:				
Miscellaneous	22,800	0	0	22,800
Other Non-Operating Receipts	254,118	0	0	254,118
Total Non-Operating Cash Receipts	276,918	0	0	276,918
Non-Operating Cash Disbursements:				
Other Non-Operating Cash Disbursements	17,070	0	0	17,070
Net Cash Receipts Over Cash Disbursements	780,423	0	1,475	781,898
Fund Cash Balances, January 1, 1999	2,413,062	722	65,433	2,479,217
Fund Cash Balances, December 31, 1999	<u>\$3,193,485</u>	<u>\$722</u>	<u>\$66,908</u>	<u>\$3,261,115</u>
Reserve for Encumbrances, December 31, 1999	<u>\$59,530</u>	<u>\$0</u>	<u>\$0</u>	<u>\$59,530</u>

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

**VILLAGE OF CAREY
WYANDOT 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, 1998**

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:						
Property Tax and Other Local Taxes	\$62,424	\$0	\$110,793	\$259,632	\$573,952	\$1,006,801
Special Assessments	0	0	0	464	0	464
Intergovernmental Receipts	139,347	124,148	0	0	0	263,495
Charges for Services	5,569	33,214	0	0	0	38,783
Fines, Licenses, and Permits	9,489	1,026	0	0	0	10,515
Miscellaneous	298,225	7,965	0	290	116	306,596
	<u>515,054</u>	<u>166,353</u>	<u>110,793</u>	<u>260,386</u>	<u>574,068</u>	<u>1,626,654</u>
Total Cash Receipts						
Cash Disbursements:						
Security of Persons and Property	456,883	5,367	0	0	0	462,250
Public Health Services	23,675	21,070	0	0	0	44,745
Leisure Time Activities	0	61,315	0	0	0	61,315
Community Environment	17,137	0	0	0	0	17,137
Basic Utility Services	12,749	0	0	0	0	12,749
Transportation	13,487	85,093	0	0	0	98,580
General Government	124,722	0	0	0	26,593	151,315
Debt Service	0	0	212,730	0	0	212,730
Capital Outlay	32,064	28,266	0	54,931	6,955	122,216
	<u>680,717</u>	<u>201,111</u>	<u>212,730</u>	<u>54,931</u>	<u>33,548</u>	<u>1,183,037</u>
Total Cash Disbursements						
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(165,663)</u>	<u>(34,758)</u>	<u>(101,937)</u>	<u>205,455</u>	<u>540,520</u>	<u>443,617</u>
Other Financing Receipts/(Disbursements):						
Sale of Fixed Assets	10,107	0	0	0	0	10,107
Transfers-In	432,000	54,000	0	54,000	7,000	547,000
Transfers-Out	(7,000)	0	0	0	(540,000)	(547,000)
Other Uses	0	0	(4,444)	0	(8,338)	(12,782)
Total Other Financing Receipts/(Disbursements)	<u>435,107</u>	<u>54,000</u>	<u>(4,444)</u>	<u>54,000</u>	<u>(541,338)</u>	<u>(2,675)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements						
	269,444	19,242	(106,381)	259,455	(818)	440,942
Fund Cash Balances, January 1, 1998	<u>734,191</u>	<u>129,190</u>	<u>570,662</u>	<u>193,015</u>	<u>56,169</u>	<u>1,683,227</u>
Fund Cash Balances, December 31, 1998	<u>\$1,003,635</u>	<u>\$148,432</u>	<u>\$464,281</u>	<u>\$452,470</u>	<u>\$55,351</u>	<u>\$2,124,169</u>
Reserve for Encumbrances, December 31, 1998	<u>\$8,590</u>	<u>\$1,689</u>	<u>\$0</u>	<u>\$5,615</u>	<u>\$0</u>	<u>\$15,894</u>

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

**VILLAGE OF CAREY
WYANDOT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Nonexpendable Trust</u>	
Operating Cash Receipts:				
Charges for Services	\$4,505,908	\$0	\$1,150	\$4,507,058
Operating Cash Disbursements:				
Personal Services	673,108	0	0	673,108
Travel and Transportations	2,794	0	0	2,794
Contractual Services	3,252,852	0	0	3,252,852
Supplies and Materials	151,890	0	0	151,890
Capital Outlay	243,859	0	0	243,859
Total Operating Cash Disbursements	4,324,503	0	0	4,324,503
Operating Income	181,405	0	1,150	182,555
Non-Operating Cash Receipts:				
Miscellaneous	16,569	0	0	16,569
Non-Operating Cash Disbursements:				
Other Non-Operating Cash Disbursements	31,911	0	0	31,911
Net Cash Receipts Over Cash Disbursements	166,063	0	1,150	167,213
Fund Cash Balances, January 1, 1998	2,246,999	722	64,283	2,312,004
Fund Cash Balances, December 31, 1998	<u>\$2,413,062</u>	<u>\$722</u>	<u>\$65,433</u>	<u>\$2,479,217</u>
Reserve for Encumbrances, December 31, 1998	<u>\$169,858</u>	<u>\$0</u>	<u>\$0</u>	<u>\$169,858</u>

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

**VILLAGE OF CAREY
WYANDOT COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Carey, Wyandot 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, sewer, and electric utilities; park operations (leisure time activities); and police services.

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.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

Parks and Recreation Fund -This fund receives income tax revenue and fees from the swimming pool to fund the operation and maintenance of the swimming pool and park.

**VILLAGE OF CAREY
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Debt Service Fund

The Sewer Debt Service Fund receives revenue from a ½% income tax to pay off the Ohio Water Development Authority Loans for the improvement of the Village sewer system.

4. Capital Projects 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 projects fund:

Capital Improvement Fund - This fund receives income tax revenue to fund any capital improvements to the Village building.

5. 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 Fund:

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

6. 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 funds:

Income Tax Fund - This fund receives income tax revenue which is first used to cover the cost to collect this tax and is then allocated between the General Fund, Capital Improvement Fund, and the Parks and Recreation Fund.

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. Unencumbered appropriations lapse at year end.

**VILLAGE OF CAREY
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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. The Village did not encumber or certify all commitments required by Ohio law.

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.

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

The Village maintains a cash pool used by all funds, except for the Cemetery Endowment and McDaniel Trust funds. Certificates of deposit are maintained specifically for these funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Deposits	\$ 4,748,616	\$ 2,748,988
Certificates of deposit	<u>1,214,398</u>	<u>1,854,398</u>
Total deposits	<u><u>\$5,963,014</u></u>	<u><u>\$4,603,386</u></u>

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

**VILLAGE OF CAREY
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 1999 and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 900,800	\$ 981,078	\$ 80,278
Special Revenue	217,170	228,600	11,430
Debt Service	0	189,792	189,792
Capital Projects	1,568,200	296,566	(1,271,634)
Enterprise	4,791,700	4,929,823	138,123
Internal Service	1,000	0	(1,000)
Expendable Trust	577,320	661,856	84,536
Non-Expendable Trust	1,200	1,475	275
Total	<u>\$ 8,057,390</u>	<u>\$ 7,289,190</u>	<u>\$ (768,200)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,569,430	\$ 734,665	\$ 834,765
Special Revenue	321,825	226,711	95,114
Debt Service	254,000	212,730	41,270
Capital Projects	1,591,265	63,086	1,528,179
Enterprise	6,310,680	4,208,930	2,101,750
Internal Service	1,000	0	1,000
Expendable Trust	614,850	597,408	17,442
Total	<u>\$ 10,663,050</u>	<u>\$ 6,043,530</u>	<u>\$ 4,619,520</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 923,900	\$ 957,161	\$ 33,261
Special Revenue	221,940	220,353	(1,587)
Debt Service	870,000	110,793	(759,207)
Capital Projects	74,600	314,386	239,786
Enterprise	4,471,100	4,522,477	51,377
Internal Service	1,400	0	(1,400)
Expendable Trust	605,350	581,068	(24,282)
Non-Expendable Trust	1,200	1,150	(50)
Total	<u>\$ 7,169,490</u>	<u>\$ 6,707,388</u>	<u>\$ (462,102)</u>

**VILLAGE OF CAREY
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,408,850	\$ 696,307	\$ 712,543
Special Revenue	295,375	202,800	92,575
Debt Service	963,000	217,174	745,826
Capital Projects	255,028	60,546	194,482
Enterprise	6,311,300	4,526,272	1,785,028
Internal Service	1,000	0	1,000
Expendable Trust	654,850	581,886	72,964
Total	\$ 9,889,403	\$ 6,284,985	\$ 3,604,418

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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.

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan-1	\$ 987,869	8.26%
Ohio Water Development Authority Loan-2	735,656	7.11%
Total	\$ 1,723,525	

**VILLAGE OF CAREY
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

5. DEBT (Continued)

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency. The OWDA has approved up to \$2,318,480 in loans to the Village for this project. The loans will be repaid in semiannual installments of \$106,365, including interest, over 25 years. The scheduled payment amount below assumes that \$2,318,480 will be borrowed. The scheduled payment will be adjusted to reflect any revisions in amounts actually borrowed.

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

Year ending December 31:	OWDA Loan-1	OWDA Loan-2
2000	\$ 124,158	\$ 88,573
2001	124,158	88,573
2002	124,158	88,573
2003	124,158	88,573
2004	124,158	88,573
2005-2013	1,055,339	708,584
Total	\$ 1,676,129	\$ 1,151,449

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-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 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 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, 1999.

7. 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

The Village also provides health, dental, and life insurance to full-time employees through a private carrier.

**VILLAGE OF CAREY
WYANDOT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

8. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

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**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

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

Village of Carey
Wyandot County
127 N. Vance Street
Carey, Ohio 43316

To the Village Council:

We have audited the accompanying financial statements of the Village of Carey, Wyandot County, Ohio (the Village), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated July 11, 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 1999-30288-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated July 11, 2000.

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 one 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 July 11, 2000.

This report is intended for the information and use of 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". The signature is fluid and cursive, with a large initial "J" and "P".

JIM PETRO
Auditor of State

July 11, 2000

**VILLAGE OF CAREY
WYANDOT COUNTY**

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

**FINDING RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 1999-30288-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) states in part that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision. The fiscal officer must certify that the amount required to meet such a commitment 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 encumbrance.

Prior certification of funds by the Clerk was not obtained for sixty two percent of the expenditures tested for 1999 and 1998.

The Clerk should certify funds before each contract or order is made through the issuance of a regular, blanket or super blanket purchase order. One blanket purchase order can be issued for each line item appropriation for recurring and reasonably predictable operating expenses. A super blanket purchase order can be issued for amounts exceeding \$5,000 and more than one may be open per line item. These blanket purchase orders should be canceled at the end of each fiscal year.

Also, as an alternative, the Village can also issue then and now certificates for expenses up to \$1,000. Then and now certificates allow the Clerk to certify that both at the time the expenditure was made and at the time the certification is completed, sufficient funds are available. These certificates can be certified by the Clerk without subsequent authorization from the Council. However, then and now certificates issued by the Clerk over \$1,000 must be authorized by the Council within thirty days after payment.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

VILLAGE OF CAREY

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
AUGUST 29, 2000