



**VILLAGE OF CLAY CENTER
OTTAWA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**VILLAGE OF CLAY CENTER
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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Clay Center
Ottawa County
420 Main Street
P.O. Box 92
Clay Center, Ohio 43408-0092

To the Village Council:

We have audited the accompanying financial statements of the Village of Clay Center, Ottawa County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2000 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of the audit committee, management, 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

June 13, 2000

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**VILLAGE OF CLAY CENTER
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$7,144	\$68,350		\$75,494
Intergovernmental Receipts	34,859	12,278		47,137
Charges for Services	2,400	17,500		19,900
Fines, Licenses, and Permits	246			246
Earnings on Investments	6,143	433		6,576
Miscellaneous	2,244	2,367		4,611
	<u>53,036</u>	<u>100,928</u>		<u>153,964</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	12,332	24,208		36,540
Public Health Services	763			763
Leisure Time Activities	1,746			1,746
Basic Utility Services	13,820			13,820
Transportation	4,354	8,286		12,640
General Government	19,854	2,233		22,087
Capital Outlay	4,254	11,535	\$35,313	51,102
	<u>57,123</u>	<u>46,262</u>	<u>35,313</u>	<u>138,698</u>
Total Cash Disbursements	<u>57,123</u>	<u>46,262</u>	<u>35,313</u>	<u>138,698</u>
Total Receipts Over/(Under) Disbursements	<u>(4,087)</u>	<u>54,666</u>	<u>(35,313)</u>	<u>15,266</u>
Other Financing Receipts/(Disbursements):				
Sale of Bonds or Notes			25,000	25,000
Transfers-In	25,000		25,000	50,000
Advances-In	1,000	2,100		3,100
Transfers-Out		(50,000)		(50,000)
Advances-Out	(2,100)	(1,000)		(3,100)
	<u>23,900</u>	<u>(48,900)</u>	<u>50,000</u>	<u>25,000</u>
Total Other Financing Receipts/(Disbursements)	<u>23,900</u>	<u>(48,900)</u>	<u>50,000</u>	<u>25,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	19,813	5,766	14,687	40,266
Fund Cash Balances, January 1	<u>27,036</u>	<u>45,476</u>	<u>65,366</u>	<u>137,878</u>
Fund Cash Balances, December 31	<u>\$46,849</u>	<u>\$51,242</u>	<u>\$80,053</u>	<u>\$178,144</u>

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

**VILLAGE OF CLAY CENTER
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$7,351	\$62,503		\$69,854
Intergovernmental Receipts	22,224	16,532		38,756
Charges for Services	2,400			2,400
Fines, Licenses, and Permits	649			649
Earnings on Investments	5,793	356		6,149
Miscellaneous	4,522	128		4,650
	<u>42,939</u>	<u>79,519</u>		<u>122,458</u>
Total Cash Receipts				
	<u>42,939</u>	<u>79,519</u>		<u>122,458</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	13,621	10,205		23,826
Public Health Services	675			675
Leisure Time Activities	1,351			1,351
Basic Utility Services	13,959			13,959
Transportation	4,420	5,442		9,862
General Government	21,612	2,666		24,278
Capital Outlay		6,885	\$12,915	19,800
	<u>55,638</u>	<u>25,198</u>	<u>12,915</u>	<u>93,751</u>
Total Cash Disbursements				
	<u>55,638</u>	<u>25,198</u>	<u>12,915</u>	<u>93,751</u>
Total Receipts Over/(Under) Disbursements	<u>(12,699)</u>	<u>54,321</u>	<u>(12,915)</u>	<u>28,707</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	20,000		20,000	40,000
Transfers-Out		(40,000)		(40,000)
	<u>20,000</u>	<u>(40,000)</u>	<u>20,000</u>	
Total Other Financing Receipts/(Disbursements)				
	<u>20,000</u>	<u>(40,000)</u>	<u>20,000</u>	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>7,301</u>	<u>14,321</u>	<u>7,085</u>	<u>28,707</u>
Fund Cash Balances January 1	<u>19,735</u>	<u>31,155</u>	<u>58,281</u>	<u>109,171</u>
Fund Cash Balances, December 31	<u><u>\$27,036</u></u>	<u><u>\$45,476</u></u>	<u><u>\$65,366</u></u>	<u><u>\$137,878</u></u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Clay Center, Ottawa County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including park operations (leisure time activities), and fire 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

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Fund

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

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

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

Fire Levy Fund -This fund receives revenue from property taxes for fire protection.

Income Tax Fund - This fund receives revenue from tax collected from individuals who reside or are employed in the Village.

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Village had the following significant capital project funds:

Capital Projects Fund - This fund receives revenue from tax collected from individuals who reside or are employed with the Village.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

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.

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	1999	1998
Demand deposits	\$41,118	\$65,605
STAR Ohio	137,026	72,273
Total deposits and investments	\$178,144	\$137,878

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Village.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$61,405	\$79,036	\$17,631
Special Revenue	73,105	103,028	29,923
Capital Projects	50,000	50,000	
Total	\$184,510	\$232,064	\$47,554

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$84,375	\$59,223	\$25,152
Special Revenue	108,728	97,262	11,466
Capital Projects	45,000	35,313	9,687
Total	\$238,103	\$191,798	\$46,305

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

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$57,605	\$62,939	\$5,334
Special Revenue	68,988	79,519	10,531
Capital Projects	23,000	20,000	(3,000)
Total	<u>\$149,593</u>	<u>\$162,458</u>	<u>\$12,865</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$77,150	\$55,638	\$21,512
Special Revenue	86,101	65,198	20,903
Capital Projects	40,400	12,915	27,485
Total	<u>\$203,651</u>	<u>\$133,751</u>	<u>\$69,900</u>

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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:

	<u>Principal</u>	<u>Interest Rate</u>
Tax Anticipation Note	<u>\$25,000</u>	5.75%

The Tax Anticipation Note relates to the financing for the purchase of a 1999 one and one-half ton dump truck. The note will be repaid in annual installments of \$5,000, including interest, over 5 years. The note is collateralized by the dump truck, and the full faith and credit of the Village of Clay Center.

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

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

Year ending December 31:	Tax Anticipation Note
2000	\$11,437
2001	5,863
2002	5,575
2003	5,288
Total	<u>\$28,163</u>

6. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PERS contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

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

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

Village of Clay Center
Ottawa County
420 Main Street
P.O. Box 92
Clay Center, Ohio 43408-0092

To the Village Council:

We have audited the accompanying financial statements of the Village of Clay Center, Ottawa County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 13, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated June 13, 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 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 June 13, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

June 13, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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VILLAGE OF CLAY CENTER

OTTAWA 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
JULY 6, 2000**