



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF CLAYTON
MONTGOMERY COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Clayton
Montgomery County
6990 Taywood Road
Clayton, Ohio 45322

To Members of Council:

We have audited the accompanying financial statements of the Village of Clayton, Montgomery 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 audit.

We conducted our audit 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 audit provides 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 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 April 19, 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, Board of Trustees 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 cursive script, appearing to read "Jim Petro".

Jim Petro
Auditor of State

April 19, 2000

**CITY OF CLAYTON
MONTGOMERY COUNTY**

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

	GOVERNMENTAL FUND TYPES			FIDUCIARY FUND	Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash Receipts:					
Local taxes	\$285,366	\$1,639,035	\$0	\$0	\$1,924,401
Intergovernmental	718,844	648,878	0	0	1,367,722
Special assessments	1,522	137	0	0	1,659
Charges for Services	2,709	4,729	0	0	7,438
Fines, licenses, and permits	53,243	4,230	0	0	57,473
Interest	45,493	32,797	0	0	78,290
Miscellaneous	43,274	21,053	0	12,000	76,327
Total Cash Receipts	1,150,451	2,350,859	0	12,000	3,513,310
Cash Disbursements:					
Current:					
Security of persons and property	2,378	1,596,608	0	4,000	1,602,986
Public Health Service	3,789	0	0	0	3,789
Leisure time activities	50,764	0	0	0	50,764
Community Environment	114,162	0	0	0	114,162
Transportation	161,293	246,817	0	0	408,110
General government	721,706	0	0	0	721,706
Capital outlay	34,136	285,664	0	0	319,800
Debt Service:				0	
Note Principal Payment	70,000	0	0	0	70,000
Note Interest Payment	8,035	0	0	0	8,035
Total Cash Disbursements	1,166,263	2,129,089	0	4,000	3,299,352
Total receipts over/(under) disbursements	(15,812)	221,770	0	8,000	213,958
Other financing receipts/(disbursements):					
Transfers-in	0	18,191	0	0	18,191
Transfers-out	0	(18,191)	0	0	(18,191)
Advance-in	28,000	40,000	0	0	68,000
Advance-out	(40,000)	(28,000)	0	0	(68,000)
Total other financing receipts/(disbursements)	(12,000)	12,000	0	0	0
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(27,812)	233,770	0	8,000	213,958
Fund cash balances, January 1, 1999	649,015	593,600	12,228	0	1,254,843
Fund cash balances, December 31, 1999	<u>\$621,203</u>	<u>\$827,370</u>	<u>\$12,228</u>	<u>\$8,000</u>	<u>\$1,468,801</u>

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

**CITY OF CLAYTON
MONTGOMERY COUNTY**

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

	GOVERNMENTAL FUND TYPES			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Local taxes	\$179,500	\$1,882,575	\$0	\$2,062,075
Intergovernmental	433,666	556,302	0	989,968
Special assessments	2,348	12,688	0	15,036
Charges for Services	40,683	3,475	0	44,158
Fines, licenses, and permits	21,691	2,048	0	23,739
Interest	40,635	42,313	0	82,948
Miscellaneous	31,610	56,555	0	88,165
Total Cash Receipts	750,133	2,555,956	0	3,306,089
Cash Disbursements:				
Current:				
Security of persons and property	2,723	2,270,449	0	2,273,172
Public Health Service	2,191	0	0	2,191
Leisure time activities	53,685	0	0	53,685
Community Environment	111,313	0	0	111,313
Transportation	25,915	318,949	0	344,864
General government	518,974	0	0	518,974
Capital outlay	80,662	277,904	0	358,566
Debt Service:				
Note Principal Payment	70,000	0	0	70,000
Note Interest Payment	9,830	0	0	9,830
Total Cash Disbursements	875,293	2,867,302	0	3,742,595
Total receipts over/(under) disbursements	(125,160)	(311,346)	0	(436,506)
Other financing receipts/(disbursements):				
Advance-in	0	25,000	0	25,000
Advance-out	(25,000)	0	0	(25,000)
Total other financing receipts/(disbursements)	(25,000)	25,000	0	0
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing	(150,160)	(286,346)	0	(436,506)
Fund cash balances, January 1, 1998	799,175	879,946	12,228	1,691,349
Fund cash balances, December 31, 1998	\$649,015	\$593,600	\$12,228	\$1,254,843

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

**VILLAGE OF CLAYTON
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 and 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Clayton, Montgomery 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 seven-member Council. The Village provides general governmental services, park operations (leisure time activities), and police services.

As of January 1, 1998, Randolph Township merged with the Village of Clayton. (See Note 9)

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 were prepared on the cash basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred.

1. Cash and Investments

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

2. 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:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

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, Park and Recreation Fund, Permissive Tax Fund, COPS Fast Fund, and Special Assessment Fund.

Capital Projects Fund

This fund, Permanent Improvement Fund, is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

**VILLAGE OF CLAYTON
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 and 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for assets held by the Village in a trustee capacity for individuals, private organizations, other governments or other funds. The Village classifies its Fire Trust Fund as an expendable trust fund.

E. Budgetary Process

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

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.

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.

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made.

Encumbrances outstanding at year are carried over, and need not be reappropriated.

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 CLAYTON
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 and 1998
(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 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	\$ 0	\$ 0
Star Ohio	1,321,825	1,136,500
Overnight Sweep Account	<u>146,976</u>	<u>18,343</u>
 Total deposits and investments	 <u>\$1,468,801</u>	 <u>\$1,254,843</u>

Deposits:

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

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 1999 and 1998 was as follows:

Fund Type	1999 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$949,103	\$1,178,451	\$229,348
Special Revenue	2,221,972	2,409,050	187,078
Capital Projects	0	0	0
Fiduciary	<u>12,228</u>	<u>12,000</u>	<u>(228)</u>
Total	<u>\$3,183,303</u>	<u>\$3,599,501</u>	<u>\$ 416,198</u>

**VILLAGE OF CLAYTON
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 and 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$725,682	\$750,133	\$24,451
Special Revenue	2,435,615	2,580,956	145,341
Capital Projects	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$3,161,297</u>	<u>\$3,331,089</u>	<u>\$169,792</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,331,759	\$1,206,263	\$125,496
Special Revenue	2,415,902	2,175,280	240,622
Capital Projects	4,000	0	4,000
Fiduciary	<u>0</u>	<u>4,000</u>	<u>(4,000)</u>
Total	<u>\$3,751,661</u>	<u>\$3,385,543</u>	<u>\$366,118</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General Fund	\$1,492,588	\$900,293	\$592,295
Special Revenue	4,010,917	2,867,302	1,143,615
Capital Projects	<u>19,633</u>	<u>0</u>	<u>19,633</u>
Total	<u>\$5,523,138</u>	<u>\$3,767,595</u>	<u>\$1,755,543</u>

**VILLAGE OF CLAYTON
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 and 1998
(Continued)**

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 payment, the first half is due December 31. The second half payment is due the following June 20.

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

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

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

5. RETIREMENT SYSTEMS

The Village's full-time firefighter and police officers belong to the Police & Firemen's & Pension Funds(PFDPF). Other 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 health care, 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 gross salaries. The Village contributed an amount equal to 24% of participants' gross wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. Law enforcement members contribute 9%, and the Village contributed 16.7% to PERS.

The Village has paid all contributions required through December 31, 1999.

6. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- General liability
- Auto Liability & Auto Physical Damage
- Property Coverage
- Inland Marine Coverage
- Law Enforcement Liability
- Public Officials Liability

The Village also provides health insurance coverage to full-time employees through a private carrier.

**VILLAGE OF CLAYTON
MONTGOMERY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 and 1998
(Continued)**

7. DEBT

Debt outstanding at December 31, 1999 was follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Notes	\$110,000	4%
Capital Leases	<u>81,716</u>	5.25-5.48
Total	<u>\$191,716</u>	

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

<u>Year ending December 31:</u>	<u>General Obligation Notes</u>	<u>Capital Leases</u>
2000	\$114,400	\$29,565
2001	0	29,565
2002	<u>0</u>	<u>29,565</u>
Total	<u>\$114,400</u>	<u>\$88,695</u>

8. CONTINGENT LIABILITIES

A. Litigation

The Village is party to legal various proceedings. Although the outcome of these proceedings is not presently determined, counsel believes that the resolution of these matters will not materially affect the Village's financial condition.

B. Grants

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. 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.

9. SUBSEQUENT EVENTS

During 1996, the citizens voted to approve the merger of the Village of Clayton with Randolph Township to form the Municipality of Clayton. Their financial records were combined on January 1, 1998. All rights and obligations were transferred to Clayton on January 1, 1998. The Clayton was certified as a city by the Secretary of State on January 1, 1999 and chartered as a city on January 1, 2000.

As a result of the merger, with the exception of certain fire and EMS funds and property and equipment, all of Randolph Township's assets and funds were transferred to Clayton. Any accrued but unallocated revenue from Randolph Township levies were distributed to Clayton.

Clayton received authorization from the State Auditor's Office to remain on the UAN system during 1998 and 1999 with the understanding that it must operate under the village structure of accounts.



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

Village of Clayton
Montgomery County
6996 Taywood Road
Clayton, Ohio 45322

To Members of Council:

We have audited the accompanying financial statements of the Village of Clayton, Montgomery 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 April 19, 2000. We conducted our audit 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 audit 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 April 19, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Village in a separate letter dated April 19, 2000.

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

April 19, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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VILLAGE OF CLAYTON

MONTGOMERY 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
JUNE 20, 2000**