



**CLAY TOWNSHIP
OTTAWA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

CLAY TOWNSHIP
OTTAWA COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Clay Township
Ottawa County
21774 West Holts East Road
Genoa, Ohio 43430-9546

To the Board of Trustees:

We have audited the accompanying financial statements of Clay Township, Ottawa County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Township'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 Township 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 Township as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2001, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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

Jim Petro
Auditor of State

May 31, 2001

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**CLAY TOWNSHIP
OTTAWA COUNTY**

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

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
Cash Receipts:					
Local Taxes	\$31,570	\$516,365			\$547,935
Intergovernmental	120,551	168,832	\$4,058		293,441
Special Assessments		1,833			1,833
Charges for Services		7,458			7,458
Licenses, Permits, and Fees	2,125	23,787			25,912
Fines, Forfeitures, and Penalties		31,320			31,320
Earnings on Investments	26,842	4,629			31,471
Other Revenue	6,435	14,921			21,356
Total Cash Receipts	<u>187,523</u>	<u>769,145</u>	<u>4,058</u>		<u>960,726</u>
Cash Disbursements:					
Current:					
General Government	69,413				69,413
Public Safety		476,687			476,687
Public Works	381	138,989			139,370
Health	46,929	32,953			79,882
Miscellaneous	31,257				31,257
Debt Service:					
Capital Outlay		176,574	4,058		180,632
Total Cash Disbursements	<u>147,980</u>	<u>825,203</u>	<u>4,058</u>		<u>977,241</u>
Total Receipts Over/(Under) Disbursements	<u>39,543</u>	<u>(56,058)</u>			<u>(16,515)</u>
Other Financing Receipts:					
Other Sources	34	16,730			16,764
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	39,577	(39,328)			249
Fund Cash Balances, January 1	<u>155,992</u>	<u>476,865</u>		<u>\$435</u>	<u>633,292</u>
Fund Cash Balances, December 31	<u><u>\$195,569</u></u>	<u><u>\$437,537</u></u>		<u><u>\$435</u></u>	<u><u>\$633,541</u></u>

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

**CLAY TOWNSHIP
OTTAWA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY 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>	<u>Fiduciary Funds</u>	
Cash Receipts:					
Local Taxes	\$30,282	\$481,456			\$511,738
Intergovernmental	82,419	161,174	\$14,589		258,182
Special Assessments		610			610
Licenses, Permits, and Fees	2,252	22,247			24,499
Fines, Forfeitures, and Penalties		19,210			19,210
Earnings on Investments	20,509	5,507			26,016
Other Revenue	25,737	16,549			42,286
Total Cash Receipts	<u>161,199</u>	<u>706,753</u>	<u>14,589</u>		<u>882,541</u>
Cash Disbursements:					
Current:					
General Government	57,929				57,929
Public Safety		355,064			355,064
Public Works	295	129,131			129,426
Health	43,115	23,893			67,008
Miscellaneous	66,970				66,970
Capital Outlay		91,575	14,589		106,164
Total Cash Disbursements	<u>168,309</u>	<u>599,663</u>	<u>14,589</u>		<u>782,561</u>
Total Receipts Over/(Under) Disbursements	<u>(7,110)</u>	<u>107,090</u>			<u>99,980</u>
Other Financing Receipts:					
Other Sources		7,140			7,140
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	<u>(7,110)</u>	<u>114,230</u>			<u>107,120</u>
Fund Cash Balances, January 1	<u>163,102</u>	<u>362,635</u>		<u>\$435</u>	<u>526,172</u>
Fund Cash Balances, December 31	<u><u>\$155,992</u></u>	<u><u>\$476,865</u></u>		<u><u>\$435</u></u>	<u><u>\$633,292</u></u>

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

**CLAY TOWNSHIP
OTTAWA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Clay Township, Ottawa County, (the Township) 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 Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, fire protection, police protection, and emergency medical services.

The Township's management believes these financial statements present all activities for which the Township 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.

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 Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township 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 Township had the following significant Special Revenue Funds:

Police Fund - This fund receives property tax money for the operation of the police department for the protection of the Township.

**CLAY TOWNSHIP
OTTAWA COUNTY**

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

Fire Fund - This fund receives property tax money for the operation of the fire department for the protection of the Township.

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 Township had the following significant capital project fund:

Issue II Fund - The Township received a grant from the State of Ohio to pave and repair West Holts-East Road.

4. Fiduciary Funds (Trust and Agency Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary funds:

Expendable Trust Fund - The Township received monies from memorials:

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 or function level of control, and appropriations may not exceed estimated resources. The Board of Trustees 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 Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

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

F. Property, Plant and Equipment

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

**CLAY TOWNSHIP
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(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 basis of accounting used by the Township.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township 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:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$33,541	\$33,292
Certificates of deposit	600,000	600,000
Total deposits	\$633,541	\$633,292

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$112,902	\$187,557	\$74,655
Special Revenue	656,759	785,875	129,116
Capital Projects		4,058	4,058
Total	\$769,661	\$977,490	\$207,829

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$268,894	\$147,980	\$120,914
Special Revenue	1,133,624	825,203	308,421
Capital Projects		4,058	(4,058)
Fiduciary	435		435
Total	\$1,402,953	\$977,241	\$425,712

**CLAY TOWNSHIP
OTTAWA COUNTY**

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$105,149	\$161,199	\$56,050
Special Revenue	643,450	713,893	70,443
Capital Projects		14,589	14,589
Total	<u>\$748,599</u>	<u>\$889,681</u>	<u>\$141,082</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$268,251	\$168,309	\$99,942
Special Revenue	1,006,084	599,663	406,421
Capital Projects		14,589	(14,589)
Fiduciary	435		435
Total	<u>\$1,274,770</u>	<u>\$782,561</u>	<u>\$492,209</u>

The negative variance in the capital projects fund type is due to audit adjustments to report a State Issue II road project which was not posted on the Township's books.

4. PROPERTY TAX

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

5. RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the Ohio Police and Fire Pension Fund (OP&F). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F 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.

**CLAY TOWNSHIP
OTTAWA COUNTY**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of OP&F contributed 10% of their wages to the OP&F. The Township contributed an amount equal to 24% of participants' gross salaries. For 2000 and 1999, police officers contributed 9 % of their wages to PERS. The Township contributed 15.7% and 16.7% of gross salaries for law enforcement, respectively. Other employees contributed 8.5% of their gross salaries to PERS. The Township contributed an amount equal to 10.84% and 13.55% of participants' gross salaries in 2000 and 1999, respectively. The Township has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Commercial Property;
- General Liability;
- Employer's Liability;
- Inland Marine;
- Public Officials' Liability; and
- Vehicle.

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

7. RELATED PARTY TRANSACTIONS

The Township Clerk is a part owner of a company from which the Township acquired services for dozer rental and an operator to clear land for the new building, dig footers, and to break out old floors in the engine room and back room during the year 2000. The Township paid \$9,376 for these services.

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

Clay Township
Ottawa County
21774 West Holts East Road
Genoa, Ohio 43430-9546

To the Board of Trustees:

We have audited the accompanying financial statements of Clay Township, Ottawa County, Ohio, (the Township) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 31, 2001. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township'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 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 the management of the Township in a separate letter dated May 31, 2001.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered Township'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 the management of the Township in a separate letter dated May 31, 2001.

Clay Township
Ottawa County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
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This report is intended for the information and use of the audit committee, management, and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

May 31, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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CLAY TOWNSHIP

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
JUNE 19, 2001**