



**VILLAGE OF LAKEVIEW
LOGAN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF LAKEVIEW
LOGAN COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Lakeview
Logan County
P.O. Box 197
Lakeview, Ohio 43331

To the Village Council:

We have audited the accompanying financial statements of the Village of Lakeview, Logan 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 audit.

Except as discussed in the following paragraph, 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.

Because of the inadequacy of the accounting records, we were unable to obtain sufficient information supporting all of the activity of the Mayor's Court, presented in the agency fund and the Village's portion of the fines and costs collected by the Mayor's Court which accounted for fifty-four (54%) of Fines, Licenses and Permits receipts presented in the general fund.

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, except that we express no opinion on the agency fund type or the fines, licenses and permits line item in the general fund, and except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence supporting the amounts recorded as fines, licenses, and permits, in the general fund, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Lakeview, Logan County, Ohio, 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 April 21, 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 finance committee, management, and 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", written in a cursive style.

JIM PETRO
Auditor of State

April 21, 2000

**VILLAGE OF LAKEVIEW
LOGAN COUNTY**

**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>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$44,894	\$144,927	\$26,435	\$42,991	\$259,247
Intergovernmental Receipts	65,468	46,007	3,675	0	115,150
Charges for Services	45,030	0	0	0	45,030
Fines, Licenses, and Permits	5,468	430	0	0	5,898
Miscellaneous	48,556	4,632	0	0	53,188
Total Cash Receipts	<u>209,416</u>	<u>195,996</u>	<u>30,110</u>	<u>42,991</u>	<u>478,513</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	91,346	0	0	0	91,346
Leisure Time Activities	0	998	0	0	998
Basic Utility Services	3,174	0	0	0	3,174
Transportation	49	62,405	0	0	62,454
General Government	44,956	20,783	502	0	66,241
Debt Service	0	0	29,357	0	29,357
Capital Outlay	73,710	15,401	0	42,991	132,102
Total Cash Disbursements	<u>213,235</u>	<u>99,587</u>	<u>29,859</u>	<u>42,991</u>	<u>385,672</u>
Total Receipts Over/(Under) Disbursements	<u>(3,819)</u>	<u>96,409</u>	<u>251</u>	<u>0</u>	<u>92,841</u>
Fund Cash Balances January 1	<u>135,316</u>	<u>251,282</u>	<u>33,595</u>	<u>0</u>	<u>420,193</u>
Fund Cash Balances, December 31	<u>\$131,497</u>	<u>\$347,691</u>	<u>\$33,846</u>	<u>\$0</u>	<u>\$513,034</u>

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

**VILLAGE OF LAKEVIEW
LOGAN 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 Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$1,042,466	\$0	\$1,042,466
Court Receipts	\$0	3,354	3,354
	<u>1,042,466</u>	<u>3,354</u>	<u>1,045,820</u>
Operating Cash Disbursements:			
Personal Services	153,466	0	153,466
Contractual Services	483,285	0	483,285
Supplies and Materials	96,926	0	96,926
Court Disbursements	0	3,354	3,354
Capital Outlay	249,695	0	249,695
	<u>983,372</u>	<u>3,354</u>	<u>986,726</u>
Operating Income/(Loss)	<u>59,094</u>	<u>0</u>	<u>59,094</u>
Fund Cash Balances, January 1	<u>915,786</u>	<u>0</u>	<u>915,786</u>
Fund Cash Balances, December 31	<u><u>\$974,880</u></u>	<u><u>\$0</u></u>	<u><u>\$974,880</u></u>

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

**VILLAGE OF LAKEVIEW
LOGAN COUNTY**

**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>Debt Service</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$35,842	\$145,048	\$25,897	\$206,787
Intergovernmental Receipts	56,835	44,128	4,006	104,969
Charges for Services	59,000	0	0	59,000
Fines, Licenses, and Permits	9,873	720	0	10,593
Miscellaneous	81,647	5,268	0	86,915
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	243,197	195,164	29,903	468,264
Cash Disbursements:				
Current:				
Security of Persons and Property	107,202	0	0	107,202
Leisure Time Activities	0	714	0	714
Basic Utility Services	3,979	0	0	3,979
Transportation	804	72,664	0	73,468
General Government	45,074	16,052	715	61,841
Debt Service	0	0	29,411	29,411
Capital Outlay	50,328	6,325	0	56,653
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	207,387	95,755	30,126	333,268
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	35,810	99,409	(223)	134,996
Other Financing Receipts/(Disbursements):				
Other Sources	<hr/>	<hr/>	<hr/>	<hr/>
	15,015	0	0	15,015
Total Other Financing Receipts/(Disbursements)	<hr/>	<hr/>	<hr/>	<hr/>
	15,015	0	0	15,015
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	50,825	99,409	(223)	150,011
Fund Cash Balances January 1	<hr/>	<hr/>	<hr/>	<hr/>
	84,491	151,873	33,818	270,182
Fund Cash Balances, December 31	<hr/> \$135,316	<hr/> \$251,282	<hr/> \$33,595	<hr/> \$420,193

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

**VILLAGE OF LAKEVIEW
LOGAN 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 Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$850,266	\$0	\$850,266
Court Receipts	\$0	\$6,523	\$6,523
	<hr/>	<hr/>	<hr/>
Total Operating Cash Receipts	850,266	6,523	856,789
Operating Cash Disbursements:			
Personal Services	146,192	0	146,192
Contractual Services	461,206	0	461,206
Supplies and Materials	119,670	0	119,670
Court Disbursements	0	6,523	6,523
Capital Outlay	37,814	0	37,814
	<hr/>	<hr/>	<hr/>
Total Operating Cash Disbursements	764,882	6,523	771,405
Operating Income/(Loss)	<hr/>	<hr/>	<hr/>
	85,384	0	85,384
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	830,402	0	830,402
Fund Cash Balances, December 31	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$915,786	\$0	\$915,786

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

**VILLAGE OF LAKEVIEW
LOGAN 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 Lakeview, Logan 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 water and electric utilities, park operations (leisure time activities), and police services. The Village contracted with the Logan County Sheriff's department to provide security of persons and property during 1999 after the Village Police Department was disbanded.

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, and the savings account are valued at cost. 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 LAKEVIEW
LOGAN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Fund Accounting - (Continued)

2. Special Revenue Fund (Continued)

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

1% Income Tax Fund - This fund is used to maintain the streets of the Village. Money is received into this fund from the income tax collected from Village residents.

3. Debt Service Fund

These funds are used to accumulate resources for the payment of bond indebtedness. The Village had the following significant debt service fund:

Tanker Fire Truck Fund - This fund receives money from a tax levied on all taxable property in the Village. The revenue is used to pay off the fire truck tanker purchased in 1995.

4. Capital Project 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 project fund in 1999:

Issue II Fund - This fund receives grant money from the State of Ohio to repair streets in the Village.

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 Funds:

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

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

6. Fiduciary Funds (Agency Funds)

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund:

Mayor's Court Fund - This fund accounts for receipts and disbursements of the Court.

**VILLAGE OF LAKEVIEW
LOGAN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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 carried over and need not be reappropriated. The Village did not encumber 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 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:

**VILLAGE OF LAKEVIEW
LOGAN COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 830,899	\$ 678,965
Savings account	250,000	250,000
Certificates of deposit	<u>407,015</u>	<u>407,014</u>
Total deposits	<u>\$ 1,487,914</u>	<u>\$ 1,335,979</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 years ending 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 215,000	\$ 209,416	\$ (5,584)
Special Revenue	183,500	195,996	12,496
Debt Service	25,000	30,110	5,110
Capital Projects	0	42,991	42,991
Enterprise	<u>831,750</u>	<u>1,042,466</u>	<u>210,716</u>
Total	<u>\$ 1,255,250</u>	<u>\$ 1,520,979</u>	<u>\$ 265,729</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 356,510	\$ 213,235	\$ 143,275
Special Revenue	430,201	99,587	330,614
Debt Service	51,543	29,859	21,684
Capital Projects	0	42,991	(42,991)
Enterprise	<u>1,747,539</u>	<u>983,372</u>	<u>764,167</u>
Total	<u>\$ 2,585,793</u>	<u>\$ 1,369,044</u>	<u>\$ 1,216,749</u>

**VILLAGE OF LAKEVIEW
LOGAN COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 215,000	\$ 258,212	\$ 43,212
Special Revenue	168,700	195,164	26,464
Debt Service	30,000	29,903	(97)
Enterprise	785,000	850,266	65,266
Total	<u>\$ 1,198,700</u>	<u>\$ 1,333,545</u>	<u>\$ 134,845</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 303,309	\$ 207,387	\$ 95,922
Special Revenue	320,575	95,755	224,820
Debt Service	59,997	30,126	29,871
Enterprise	1,615,403	764,882	850,521
Total	<u>\$ 2,299,284</u>	<u>\$ 1,098,150</u>	<u>\$ 1,201,134</u>

Ohio Rev. Code Section 5705.36 allows subdivisions to request increased amended certificates of estimated resources. Also, Ohio Revised Code 5705.41 (B) states money is not to be expended unless appropriated. The significant variances shown above for the Capital Projects Fund in 1999 were for monies received from Issue II funds which are monies paid on behalf of the Village for which the Village does not actually receive and disburse cash.

The Clerk/Treasurer did not certify all expenditures as required by Ohio Rev. Code Section 5705.41(D).

Purchase orders were not always used as required by Ohio Admin. Code Section 117-5-11(C).

Interest revenue and Homestead & Rollback revenue were not posted to correct funds as required by Ohio Rev. Code Section 5705.10. The appropriate adjustments are reflected in the accompanying financial statements.

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.

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

**VILLAGE OF LAKEVIEW
LOGAN COUNTY**

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

4. PROPERTY TAX (Continued)

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

The Village purchased a fire tanker truck in June 1995 through bonds purchased by Fifth Third Bank. The aggregate issue price was \$130,000 with a net interest cost of the bonds at 5.1%

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Tanker Fire Truck Bonded Debt	\$ 28,700	5.1%

November 1998 the Village entered into a lease purchase agreement with Case Credit Corporation for the lease/purchase of a 660 Case Trencher. Yearly lease purchase payments are \$8,919 which includes interest charges at 5.75%.

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

Year ending December 31:	Tanker Fire Truck Bonds	Case 660 Trencher
2000	\$ 30,164	\$ 8,919
2001	0	8,919
2002	0	8,919
Total	\$ 30,164	\$ 26,757

6. RETIREMENT SYSTEMS

The Village's law enforcement officers and firefighters 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, 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.

**VILLAGE OF LAKEVIEW
LOGAN COUNTY**

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

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Wrongful Acts
- Law Enforcement
- Automobile
- Comprehensive Crime
- Bonds
- Inland Marine
- Fire Vehicle RC
- EDP

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

8. LAKEVIEW COMMUNITY IMPROVEMENT CORPORATION

On January 17, 1997, a not for profit corporation was formed under Sections 1702.01, et seq, Revised Code of Ohio, namely, the Lakeview Community Improvement Corporation. The purposes for which said corporation was formed were to promote a spirit of cooperation among all segments of the Community and to advance, encourage and promote the industrial, economic, commercial and civic development of the Village of Lakeview, and territory surrounding said Village, namely: Indian Lake Region and Stokes Township, Logan County, Ohio.

9. CONTINGENT LIABILITIES

The Village is defendant in a lawsuit. Although the outcome of this suit is not presently determinable, management believes that the resolution of this matter will not materially adversely affect the Village's financial condition.

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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

Village of Lakeview
Logan County
P.O. Box 197
Lakeview, Ohio 43331

To the Village Council:

We have audited the financial statements of the Village of Lakeview, Logan County, Ohio (the Village), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated April 21, 2000, in which we disclaimed on the amounts reported in the agency fund and the amounts reported as fines, licenses and permits in the general fund due to a lack of supporting documentation. 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-30246-001, 1999-30246-002, 1999-30246-003, and 1999-30246-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated April 21, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, 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. However, we noted matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings as items 1999-30246-005 and 1999-30246-006.

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, of the reportable conditions described above, we consider items 1999-30246-005 and 1999-30246-006 to be material weaknesses. We also 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 April 21, 2000.

This report is intended for the information and use of the finance 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

April 21, 2000

**VILLAGE OF LAKEVIEW
LOGAN COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 1999-30246-001

Failure to Bid Contracts

Ohio Rev. Code Section 735.05, states that all contracts made by the legislative authority of a municipal government for equipment, materials, supplies, and labor which exceed \$15,000 are subject to competitive bidding procedures. The Village did not bid the October, 1998, lease-purchase of a trencher in the amount of \$44,593.

The Village should develop controls and procedures to assure compliance with applicable bidding requirements.

FINDING NUMBER 1999-30246-002

Ohio Rev. Code Section 5705.41 (D) states that no orders or contracts involving the expenditure of money 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.

The following exceptions to this basic requirement are provided by statute:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$100 for counties, or less than \$1,000 for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

The Clerk/Treasurer placed her certification on purchase orders. However, the certifications were not performed until all expenditures had been made against the purchase order.

The Clerk/Treasurer should affix her certification to the purchase order at the time money is obligated. When the certification is not made in a timely manner, the Clerk/Treasurer should prepare a then and now certificate.

**VILLAGE OF LAKEVIEW
LOGAN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**
(Continued)

FINDING NUMBER 1999-30246-003

Ohio Adm. Code Section 117-5-11(C) states each expenditure or encumbrance charged against an appropriation account shall be posted and subtracted from the appropriated balance producing a declining unencumbered balance. This procedure should use as the source posting document, an executed purchase order.

Twenty-one (21%) of the transactions tested did not have a purchase order. The Village should develop procedures to assure the use of purchase orders.

FINDING NUMBER 1999-30246-004

Ohio Rev. Code Section 5705.10 states that all revenue derived from a special levy for debt charges is required to be paid into the bond retirement fund. Also, interest derived from a motor vehicle license or fuel tax must follow the principal.

The Village did not credit interest received to the Street and Highway Funds. Also, homestead and rollback received from the 1994 Bond issue was not credited to the Debt Service Fund. This interest and the homestead and rollback were both credited to the General Fund.

The client has made the necessary adjustments to increase/decrease fund balances to properly reflect these amounts. The financial statements in this report reflect these adjustments. These adjustments had the following effect upon the respective fund balances:

	General Fund	Special Revenue	Debt Service
1998	(\$7,816)	\$4,584	\$3,232
1999	(6,988)	3,945	3,043

FINDING NUMBER 1999-30246-005

Mayor's Cashbook and Receipt Book

The Mayor's Court cashbook was not reconciled to the monthly bank statements, an open items list was not maintained, and one of the supporting receipts books was not available for audit.

This situation inhibits the process of determining the completeness and accuracy of the receipts and disbursements recorded in the Mayor's Court.

An open items list should be maintained, monthly bank to book reconciliations should be prepared, and supporting receipt books should be maintained to support cashbook activity.

**VILLAGE OF LAKEVIEW
LOGAN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

FINDING NUMBER 1999-30246-006

Pre-numbered Tickets and Receipts

The Village Police Department did not use pre-numbered tickets when issuing citations. In addition, a receipt was not prepared when fine money was collected by the Police Department.

The completeness of tickets issued, and the completeness and accuracy of receipts collected cannot be assured due to this situation.

Pre-numbered tickets should be used by the Police Department. When fines are collected, the Police Department should prepare a pre-numbered duplicate receipt. One copy of the receipt should be given to the payor, one copy should be maintained by the Police Department, and one copy should be submitted to the Mayor's Court with the pay-ins.

**VILLAGE OF LAKEVIEW
LOGAN COUNTY**

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

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1997-30246-001	ORC 5705.41(D)	No	Not corrected
1997-30246-002	Police Department - Pre-numbered Tickets/Receipts	No	Not corrected
1997-30246-003	Mayor's Court - Maintenance of Cashbook	No	Not corrected



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VILLAGE OF LAKEVIEW

LOGAN 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 15, 2000