



**VILLAGE OF LINDSEY
SANDUSKY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Village of Lindsey
Sandusky County
240 South Main Street
PO Box 364
Lindsey, Ohio 43442-0364

To the Council:

We have audited the accompanying financial statements of the Village of Lindsey, Sandusky 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.

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 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 March 15, 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 management, the 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.

Jim Petro
Auditor of State

March 15, 2000

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - 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>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$ 25,846	\$ 0	\$ 25,846
Intergovernmental Receipts	43,936	23,114	67,050
Charges for Services		75,000	75,000
Fines, Licenses, and Permits	579		579
Earnings on Investments	4,785	1,188	5,973
Miscellaneous	1,207	342	1,549
	<u>76,353</u>	<u>99,644</u>	<u>175,997</u>
Total Cash Receipts			
	<u>76,353</u>	<u>99,644</u>	<u>175,997</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	21,455	27,148	48,603
Public Health Services	263		263
Leisure Time Activities	2,630		2,630
Community Environment	5,560		5,560
Basic Utility Services	500		500
General Government	35,953	22,044	57,997
	<u>66,361</u>	<u>49,192</u>	<u>115,553</u>
Total Cash Disbursements			
	<u>66,361</u>	<u>49,192</u>	<u>115,553</u>
Total Receipts Over Disbursements	<u>9,992</u>	<u>50,452</u>	<u>60,444</u>
Other Financing Receipts/(Disbursements):			
Other Financing Uses	<u>(3,524)</u>		<u>(3,524)</u>
Total Other Financing (Disbursements)	<u>(3,524)</u>	<u>0</u>	<u>(3,524)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>6,468</u>	<u>50,452</u>	<u>56,920</u>
Fund Cash Balances, January 1	<u>25,605</u>	<u>159,163</u>	<u>184,768</u>
Fund Cash Balances, December 31	<u><u>\$ 32,073</u></u>	<u><u>\$ 209,615</u></u>	<u><u>\$ 241,688</u></u>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 96,078
Miscellaneous	808
Total Operating Cash Receipts	96,886
Operating Cash Disbursements:	
Personal Services	20,320
Supplies and Materials	35,964
Total Operating Cash Disbursements	56,284
Operating Income	40,602
Non-Operating Cash Disbursements:	
Debt Service:	
Debt Service Principal	8,415
Debt Service Interest	16,189
Total Non-Operating Cash Disbursements	24,604
Excess of Receipts Over Disbursements	15,998
Fund Cash Balance, January 1	47,783
Fund Cash Balance, December 31	\$ 63,781

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

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

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Property Tax and Other Local Taxes	\$ 24,020	\$ 0	\$ 24,020
Intergovernmental Receipts	40,394	26,342	66,736
Charges for Services		75,000	75,000
Fines, Licenses, and Permits	1,106		1,106
Earnings on Investments	3,856	1,100	4,956
Miscellaneous	3,487	2,952	6,439
	<u>72,863</u>	<u>105,394</u>	<u>178,257</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	15,685	47,024	62,709
Public Health Services	248		248
Leisure Time Activities	3,913		3,913
Community Environment	4,000		4,000
Basic Utility Services	500		500
Transportation		9,861	9,861
General Government	35,858		35,858
	<u>60,204</u>	<u>56,885</u>	<u>117,089</u>
Total Cash Disbursements			
Total Receipts Over Disbursements	<u>12,659</u>	<u>48,509</u>	<u>61,168</u>
Other Financing (Disbursements):			
Other financing Uses	(3,481)		(3,481)
	<u>(3,481)</u>	<u>0</u>	<u>(3,481)</u>
Total Other Financing (Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	9,178	48,509	57,687
Fund Cash Balances, January 1	<u>16,427</u>	<u>110,654</u>	<u>127,081</u>
Fund Cash Balances, December 31	<u>\$ 25,605</u>	<u>\$ 159,163</u>	<u>\$ 184,768</u>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 100,761
Miscellaneous	6,870
Total Operating Cash Receipts	107,631
Operating Cash Disbursements:	
Personal Services	13,572
Supplies and Materials	53,609
Total Operating Cash Disbursements	67,181
Operating Income	40,450
Non-Operating Cash Disbursements:	
Debt Service	
Debt Service Principal	7,723
Debt Service Interest	16,881
Total Non-Operating Cash Disbursements	24,604
Net Receipts Over Disbursements	15,846
Fund Cash Balance, January 1	31,937
Fund Cash Balance, December 31	\$ 47,783

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Lindsey, Sandusky 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 sewer utilities, park operations (leisure time activities), police services and fire protection. The Village contracts with the Sandusky County Sheriff's department to provide security of persons and property.

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 repurchase agreements 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 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:

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.

Fire Fund -This fund receives revenues from Washington and Rice Township for providing fire services under contract.

3. 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.

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

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 4.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Employees are entitled to cash payments for unused vacation upon leaving employment. Unpaid vacation leave is not reflected as a liability under the cash basis of accounting used by the Village.

2. CORRECTION OF PRIOR PERIOD FUND BALANCE

The Sandusky County Auditor has permissive tax money on deposit for the Village. These funds are the property of the Village. These moneys had been omitted on prior financial statements. The net adjustment is as follows:

SPECIAL REVENUE FUND TYPE

Fund Balance at 1/1/98	\$	80,963
Adjustment for Permissive Tax		29,691
Restated Fund Balance at 1/1/98		<u>\$ 110,654</u>
Excess of Receipts Under Disbursements	\$	(15,089)
Restatement of Intergovernmental Revenues		2,852
Restated Excess of Receipts Under Disbursements		<u>\$ (12,237)</u>

3. 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:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 47,226	\$ 60,364
Cash on hand with the Sandusky County Auditor	35,607	32,704
Certificates of deposit	<u>33,125</u>	<u>32,992</u>
Total deposits	<u>115,958</u>	<u>126,060</u>
Repurchase Agreement (Sweep Account)	<u>189,511</u>	<u>106,491</u>
Total deposits and investments	<u>\$ 305,469</u>	<u>\$ 232,551</u>

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

3. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

At December 31, 1999 and 1998, the Village held \$189,511 and 106,491, respectively, in repurchase agreements. Such securities were not eligible investments for the Village under Chapter 135, Ohio Revised Code due to their exempted status during the audit period.

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

Investments: Repurchase agreements are held in book-entry form by the Federal Reserve, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities.

4. 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	\$ 71,505	\$ 76,353	\$ 4,848
Special Revenue	94,100	99,644	5,544
Enterprise	86,000	96,886	10,886
Total	\$ 251,605	\$ 272,883	\$ 21,278

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 99,987	\$ 69,885	\$ 30,102
Special Revenue	220,559	49,192	171,367
Enterprise	133,783	80,888	52,895
Total	\$ 454,329	\$ 199,965	\$ 254,364

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 72,086	\$ 72,863	\$ 777
Special Revenue	94,142	105,394	11,252
Enterprise	86,000	107,631	21,631
Total	\$ 252,228	\$ 285,888	\$ 33,660

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

4. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 88,514	\$ 63,685	\$ 24,829
Special Revenue	175,105	56,885	118,220
Enterprise	117,937	91,785	26,152
Total	\$ 381,556	\$ 212,355	\$ 169,201

5. 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.

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.

6. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$ 172,061	9%

The Ohio Water Development Authority (OWDA) loan relates to utility construction projects. The loan will be repaid in semiannual installments of \$12,302, including interest, over 25 years.

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

6. DEBT (Continued)

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

<u>Year ending</u> <u>December 31:</u>	<u>OWDA</u> <u>Loan</u>
2000	\$ 24,604
2001	24,604
2002	24,604
2003	24,604
2004	24,604
Subsequent	<u>159,928</u>
Total	<u>\$ 282,948</u>

7. RETIREMENT SYSTEMS

The Village's 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.

8. RISK MANAGEMENT

The Village is a member of the Ohio Government Risk Management Plan (the Plan). The Plan assumes the risk of loss up to the limits of the Village's policy. The Plan 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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One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

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

Village of Lindsey
Sandusky County
240 South Main Street
PO Box 364
Lindsey, Ohio 43442-0364

To the Council:

We have audited the accompanying financial statements of the Village of Lindsey, Sandusky County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 15, 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 March 15, 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 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 March 15, 2000.

Village of Lindsey
Sandusky 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 management and the Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

March 15, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

VILLAGE OF LUNDSEY

SANDUSKY 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
APRIL 11, 2000**