



**VILLAGE OF LINDSEY  
SANDUSKY COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2009**



**Mary Taylor, CPA**  
Auditor of State



VILLAGE OF LINDSEY  
SANDUSKY COUNTY

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Mary Taylor, CPA  
Auditor of State

Village of Lindsey  
Sandusky County  
240 S. Main Street, P.O. Box 364  
Lindsey, Ohio 43442-0364

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

April 15, 2010

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Village of Lindsey  
Sandusky County  
240 S. Main Street P.O. Box 364  
Lindsey, Ohio 43442-0364

To the Village Council:

We have audited the accompanying financial statements of the Village of Lindsey, Sandusky County, (the Village) as of and for the years ended December 31, 2009 and 2008. 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The

Auditor of State permits, but does not require villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2009 and 2008, or its changes in financial position or cash flows, where applicable for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Lindsey, Sandusky County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2010, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Mary Taylor, CPA**  
Auditor of State

April 15, 2010



**VILLAGE OF LINDSEY  
SANDUSKY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$36,618		\$36,618
Charges for Services		\$81,700	81,700
Fines, Licenses and Permits	100		100
Intergovernmental	51,325	34,390	85,715
Earnings on Investments	111	162	273
Miscellaneous	2,146		2,146
	<u>90,300</u>	<u>116,252</u>	<u>206,552</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	19,036	76,438	95,474
Public Health Services	267		267
Leisure Time Activities	15,700		15,700
Community Environment	4,981		4,981
Basic Utility Services	6,117		6,117
Transportation		6,421	6,421
General Government	40,101		40,101
	<u>86,202</u>	<u>82,859</u>	<u>169,061</u>
<b>Total Cash Disbursements</b>			
	<u>86,202</u>	<u>82,859</u>	<u>169,061</u>
<b>Total Receipts Over Disbursements</b>	<u>4,098</u>	<u>33,393</u>	<u>37,491</u>
Fund Cash Balances, January 1	91,462	336,783	428,245
<b>Fund Cash Balances, December 31</b>	<u><u>\$95,560</u></u>	<u><u>\$370,176</u></u>	<u><u>\$465,736</u></u>

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

**VILLAGE OF LINDSEY  
SANDUSKY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$141,245
<b>Operating Cash Disbursements:</b>	
Personal Services	9,441
Supplies and Materials	63,843
Total Operating Cash Disbursements	73,284
Operating Income	67,961
<b>Non-Operating Cash Receipts:</b>	
Miscellaneous Receipts	2,235
<b>Non-Operating Cash Disbursements:</b>	
Redemption of Principal	33,353
Interest and Other Fiscal Charges	9,152
Total Non-Operating Cash Disbursements	42,505
Net Receipts Over Disbursements	27,691
Fund Cash Balances, January 1	94,441
<b>Fund Cash Balances, December 31</b>	<b>\$122,132</b>

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

**VILLAGE OF LINDSEY  
SANDUSKY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$36,840		\$36,840
Intergovernmental	68,175	\$31,595	99,770
Charges for Services		75,000	75,000
Fines, Licenses and Permits	255		255
Earnings on Investments	1,296	1,672	2,968
Miscellaneous	2,615	234	2,849
	<u>109,181</u>	<u>108,501</u>	<u>217,682</u>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	18,462	49,811	68,273
Public Health Services	268		268
Leisure Time Activities	13,524		13,524
Community Environment	4,704		4,704
Basic Utility Services		2,873	2,873
Transportation	12,025		12,025
General Government	43,630		43,630
	<u>92,613</u>	<u>52,684</u>	<u>145,297</u>
Total Receipts Over Disbursements	<u>16,568</u>	<u>55,817</u>	<u>72,385</u>
Fund Cash Balances, January 1	<u>74,894</u>	<u>280,966</u>	<u>355,860</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$91,462</u></b>	<b><u>\$336,783</u></b>	<b><u>\$428,245</u></b>

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

**VILLAGE OF LINDSEY  
SANDUSKY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$227,008
<b>Operating Cash Disbursements:</b>	
Personal Services	8,785
Contractual Services	73,421
Supplies and Materials	84,422
Total Operating Cash Disbursements	166,628
Operating Income	60,380
<b>Non-Operating Cash Receipts:</b>	
Miscellaneous Receipts	1,715
Other Financing Sources	755
Total Non-Operating Cash Receipts	2,470
<b>Non-Operating Cash Disbursements:</b>	
Redemption of Principal	31,464
Interest and Other Fiscal Charges	10,681
Total Non-Operating Cash Disbursements	42,145
Net Receipts Over Disbursements	20,705
Fund Cash Balances, January 1	73,736
<b>Fund Cash Balances, December 31</b>	<b>\$94,441</b>

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

**VILLAGE OF LINDSEY  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Lindsey, Sandusky County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, police services and fire protection. The Village contracts with the Sandusky County Sheriff's department to provide security of persons and property. The Village appropriates special revenue fund money to support a volunteer fire department.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the Auditor of State prescribes or permits.

**C. Fund Accounting**

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

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than 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 - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Fire Fund – This fund receives revenues from Rice and Washington Townships for providing fire protection services.

**VILLAGE OF LINDSEY  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**3. Enterprise Funds**

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant enterprise funds:

Water Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

**D. 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 Village 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 individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2009 and 2008 budgetary activity appears in Note 4.

**E. Property, Plant, and Equipment**

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**2. Restatement of Fund Balance**

In prior years the Village had included permissive tax held by the County on its financial statements. For 2008 these funds have been appropriately excluded. The effect on the special revenue fund balance as previously reported is as follows:

**VILLAGE OF LINDSEY  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**2. Restatement of Fund Balance (Continued)**

	Special Revenue
Fund Balance as reported at December 31, 2007	\$ 287,941
Adjustment for permissive tax	(6,975)
Restated Fund Balance at January 1, 2008	\$ 280,966

**3. Equity in Pooled Cash**

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

	2009	2008
Demand deposits	\$587,868	\$522,686

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

**4. Budgetary Activity**

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$85,631	\$90,300	\$4,669
Special Revenue	111,600	116,252	4,652
Enterprise	134,500	143,480	8,980
Total	\$331,731	\$350,032	\$18,301

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$173,042	\$86,202	\$86,840
Special Revenue	466,187	82,859	383,328
Enterprise	228,941	115,789	113,152
Total	\$868,170	\$284,850	\$583,320

**VILLAGE OF LINDSEY  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**4. Budgetary Activity (Continued)**

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$94,126	\$109,181	\$15,055
Special Revenue	111,210	108,501	(2,709)
Enterprise	134,500	229,478	94,978
Total	\$339,836	\$447,160	\$107,324

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$171,771	\$92,613	\$79,158
Special Revenue	399,152	52,684	346,468
Enterprise	297,236	208,773	88,463
Total	\$868,159	\$354,070	\$514,089

Contrary to Ohio Law, appropriations exceeded estimated resources in the General Fund by \$2,751 at December 31, 2009. Appropriations exceeded estimated resources in the Fire Fund by \$89,000 and in the Water Operating Fund by \$8,000 at December 31, 2008.

**5. Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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, 2009 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan #1684	\$32,937	8.97%
Ohio Water Development Authority Loan #4402	183,042	2.75%
Ohio Public Works Commission Loan #CE03F	69,367	0.00%
Total	\$285,346	



**VILLAGE OF LINDSEY  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

Ohio Water Development Authority (OWDA) Loan #1684 relates to a new sewage treatment plant and rehabilitation work on sanitary collection sewers. OWDA loaned the Village \$242,265 for this project. The Village will repay the loan in semiannual installments, including interest over 25 years with a maturity date of July 1, 2011. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Ohio Water Development Authority (OWDA) Loan #4402 relates to a water supply and treatment plant improvement project. OWDA approved a loan up to \$228,829 to the Village for this project. This loan is still in the "open" status, so no amortization schedule is available at this time, and it is not included in the following schedule. The Village will repay the loan in semiannual installments, including interest over 20 years. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Ohio Public Works Commission (OPWC) Loan #CE03F relates to a water supply and treatment plant improvement project. OPWC loaned the Village \$81,608 for this project. The Village will repay the loan in semiannual installments over 20 years with a maturity date of July 1, 2027. Water receipts collateralize the loan.

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

Year ending December 31:	OWDA Loan 1684	OPWC CE03F
2010	\$24,604	\$4,080
2011	24,604	4,080
2012		4,080
2013		4,080
2014		4,080
2015-2019		20,400
2020-2024		20,400
2025-2027		8,167
Total	\$49,208	\$69,367

**7. Retirement System**

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2009.

**8. Risk Pool Membership**

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 Ohio governments (Members").

**VILLAGE OF LINDSEY  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**8. Risk Pool Membership (Continued)**

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A-VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2009 and 2008 (the latest information available):

	2008	2007
Assets	\$10,471,114	\$11,136,455
Liabilities	(5,286,781)	(4,273,553)
Members' Equity	\$5,184,333	\$6,862,902

You can read the complete audited financial statements for the Ohio Government Risk Management Plan at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**9. Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To the Village Council:

We have audited the financial statements of the Village of Lindsey, Seneca County (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated April 15, 2010 wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed an instance of noncompliance we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2009-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated April 15, 2010.

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, the audit committee, Village Council and others within the Village. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

April 15, 2010

VILLAGE OF LINDSEY  
SANDUSKY COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2009-001

**Noncompliance Citation**

**Ohio Revised Code § 5705.39** states that the total appropriations from each fund shall not exceed the total estimated revenue available for expenditure therefrom, as certified by the budget commission, or in the case of appeal, by the board of tax appeals. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as “estimated resources” because it includes unencumbered fund balances.

The Village had appropriations in excess of estimated resources in the following funds for the following amounts:

<u>Fund</u>	<u>Appropriations</u>	<u>Estimated Resources</u>	<u>Variance</u>
General - FY 2009	\$171,771	\$169,020	(\$2,751)
Fire Fund - FY 2008	\$187,257	\$98,257	(\$89,000)
Water Operating Fund - FY2008	\$326,041	\$318,041	(\$8,000)

To avoid over appropriating, we recommend the Council monitor appropriations and estimated resources to ensure that appropriations do not exceed the amount of estimated resources.

We also recommend the Council monitor the budgetary activity of the Village and either approve supplemental appropriations or obtain increased amended certificates of estimated resources in order to stay in compliance with Ohio law.

**Officials Response**

The Village has reviewed the finding and will take great care in complying with the procedures to assure appropriations are adequately represented.

**VILLAGE OF LINDSEY  
SANDUSKY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2007-001	OPWC grant revenues, loan proceeds and the related capital outlay expenditures were not recorded in a capital projects fund.	Yes	
2007-002	OPWC money was not recorded properly.	Yes	



**Mary Taylor, CPA**  
Auditor of State

VILLAGE OF LINDSEY

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  
MAY 6, 2010