



**VILLAGE OF LAKEMORE  
SUMMIT COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000-1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



VILLAGE OF LAKEMORE  
SUMMIT COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Village of Lakemore  
Summit County  
1400 Main Street  
Lakemore, Ohio 44250

To the Village Council:

We have audited the accompanying financial statements of the Village of Lakemore, Summit County, (the Village) as of and for the years ended December 31, 2000 and 1999. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 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 and reserves for encumbrances of the Village 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 January 8, 2002 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. 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 management, 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

January 8, 2002

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**VILLAGE OF LAKEMORE  
SUMMIT 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**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>						
Property Tax and Other Local Taxes	\$582,461		\$359	\$210,001	\$6,977	\$799,798
Intergovernmental Receipts	294,188	\$187,279			1,024	482,491
Charges for Services	106,451	55,615				162,066
Fines, Licenses, and Permits	22,300	1,179				23,479
Earnings on Investments	108,699					108,699
Miscellaneous	4,036	106				4,142
<b>Total Cash Receipts</b>	<u>1,118,135</u>	<u>244,179</u>	<u>359</u>	<u>210,001</u>	<u>8,001</u>	<u>1,580,675</u>
<b>Cash Disbursements:</b>						
Current:						
Security of Persons and Property	444,627	166,070			15,133	625,830
Public Health Services	7,890					7,890
Leisure Time Activities	40,524					40,524
Community Environment	13,905					13,905
Basic Utility Services	121,536	863				122,399
Transportation	53,247	130,258				183,505
General Government	280,715		11	8,150	140	289,016
Debt Service:						
Principal Payments	3,749		26,270			30,019
Interest Payments			1,650			1,650
Capital Outlay	7,170	37,645		82,880		127,695
<b>Total Cash Disbursements</b>	<u>973,363</u>	<u>334,836</u>	<u>27,931</u>	<u>91,030</u>	<u>15,273</u>	<u>1,442,433</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>144,772</u>	<u>(90,657)</u>	<u>(27,572)</u>	<u>118,971</u>	<u>(7,272)</u>	<u>138,242</u>
<b>Other Financing Receipts/(Disbursements):</b>						
Transfers-In		60,888			5,684	66,572
Advances-In		38,508				38,508
Transfers-Out	(66,572)					(66,572)
Advances-Out	(38,508)					(38,508)
Other Sources	5,421					5,421
Other Uses		(3,188)				(3,188)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(99,659)</u>	<u>96,208</u>	<u>0</u>	<u>0</u>	<u>5,684</u>	<u>2,233</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>45,113</u>	<u>5,551</u>	<u>(27,572)</u>	<u>118,971</u>	<u>(1,588)</u>	<u>140,475</u>
<b>Fund Cash Balances, January 1</b>	<u>572,448</u>	<u>280,494</u>	<u>33,442</u>	<u>85,830</u>	<u>18,164</u>	<u>990,378</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$617,561</b></u>	<u><b>\$286,045</b></u>	<u><b>\$5,870</b></u>	<u><b>\$204,801</b></u>	<u><b>\$16,576</b></u>	<u><b>\$1,130,853</b></u>
<b>Reserves for Encumbrances</b>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>

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

**VILLAGE OF LAKEMORE  
SUMMIT COUNTY**

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

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>						
Property Tax and Other Local Taxes	\$580,777		\$31,165	\$213,882	\$5,837	\$831,661
Intergovernmental Receipts	296,651	\$143,213	4,284		835	444,983
Charges for Services	109,243	65,567				174,810
Fines, Licenses, and Permits	31,102	1,033				32,135
Earnings on Investments	73,586					73,586
Miscellaneous	5,080	770		190		6,040
	1,096,439	210,583	35,449	214,072	6,672	1,563,215
<b>Cash Disbursements:</b>						
Current:						
Security of Persons and Property	421,271	168,247				589,518
Public Health Services	7,765					7,765
Leisure Time Activities	43,456					43,456
Community Environment	14,835					14,835
Basic Utility Services	125,609					125,609
Transportation	25,068	74,972	532	8,303	110	108,985
General Government	218,031					218,031
Debt Service:						
Principal Payments			30,000			30,000
Interest Payments			3,300			3,300
Capital Outlay	4,638	19,464		189,925		214,027
	860,673	262,683	33,832	198,228	110	1,355,526
Total Receipts Over/(Under) Disbursements	235,766	(52,100)	1,617	15,844	6,562	207,689
<b>Other Financing Receipts/(Disbursements):</b>						
Transfers-In		93,719				93,719
Transfers-Out	(93,719)					(93,719)
Other Uses	(658)	(580)				(1,238)
	(94,377)	93,139	0	0	0	(1,238)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	141,389	41,039	1,617	15,844	6,562	206,451
Fund Cash Balances, January 1	431,059	239,455	31,825	69,986	11,602	783,927
<b>Fund Cash Balances, December 31</b>	<b>\$572,448</b>	<b>\$280,494</b>	<b>\$33,442</b>	<b>\$85,830</b>	<b>\$18,164</b>	<b>\$990,378</b>
Reserves for Encumbrances	\$0	\$0	\$0	\$0	\$0	\$0

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



**VILLAGE OF LAKEMORE  
SUMMIT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN  
FUND CASH BALANCES - ALL PROPRIETARY FUNDS  
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

	<b>Enterprise Fund Types</b>	
	<b>2000</b>	<b>1999</b>
<b>Operating Cash Receipts:</b>		
Charges for Services	\$532,083	\$576,269
Miscellaneous	2,730	
	534,813	576,269
<b>Operating Cash Disbursements:</b>		
Personal Services	166,182	143,456
Contractual Services	372,211	315,876
Supplies and Materials	29,983	28,009
Capital Outlay	266	21,018
	568,642	508,359
Operating Income/(Loss)	(33,829)	67,910
<b>Non-Operating Cash Receipts:</b>		
Other Non-Operating Receipts	3,200	3,802
<b>Non-Operating Cash Disbursements:</b>		
Other Non-Operating Cash Disbursements	650	795
Excess of Receipts Over/(Under) Disbursements	(31,279)	70,917
Fund Cash Balances, January 1	663,551	592,634
<b>Fund Cash Balances, December 31</b>	<b>\$632,272</b>	<b>\$663,551</b>
Reserves for Encumbrances	\$0	\$0

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

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**VILLAGE OF LAKEMORE  
SUMMIT COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Lakemore (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, police services, and fire and emergency medical services.

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**

Investments are included in fund cash balances. 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.

Repurchase agreements (sweep) are valued at cost.

**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 LAKEMORE  
SUMMIT COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(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.

*COPFAST Fund* - This fund receives federal monies for the purpose of hiring part-time police officers.

3. Debt Service Fund

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

*Fire Protection Fund* - This fund receives local government monies for the payment of the fire truck note.

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 projects funds:

*Capital Improvement Fund* - This fund receives 30% of local income tax revenue for various capital projects.

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.

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

**VILLAGE OF LAKEMORE  
SUMMIT COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**6. Fiduciary Funds (Trust and Agency Funds)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant expendable trust funds:

*Police Disability and Pension* - This fund is used to account for payments to the police disability and pension fund.

**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 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.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered 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. The Village did not encumber all commitments required by Ohio law.

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 capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**VILLAGE OF LAKEMORE  
SUMMIT COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Village maintains a cash and investment 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:

	2000	1999
Demand deposits	\$ (41,875)	\$ (46,071)
Repurchase agreements	1,805,000	1,700,000
Total deposits and investments	\$1,763,125	\$1,653,929

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

**Investments:** The Village's investment agent holds securities collateralizing repurchase agreements. The securities are not in the Village's name.

**3. BUDGETARY ACTIVITY**

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

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,469,179	\$1,123,556	(\$345,623)
Special Revenue	298,000	305,067	7,067
Debt Service	37,531	359	(37,172)
Capital Projects	345,000	210,001	(134,999)
Enterprise	1,200,000	733,313	(466,687)
Expendable Trust	14,643	13,685	(958)
Total	\$3,364,353	\$2,385,981	(\$978,372)

**VILLAGE OF LAKEMORE  
SUMMIT COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$397,500	\$1,039,935	(\$642,435)
Special Revenue	472,000	338,024	133,976
Debt Service	0	27,931	(27,931)
Capital Projects	203,000	91,030	111,970
Enterprise	290,000	569,292	(279,292)
Expendable Trust	0	15,273	(15,273)
Total	<u>\$1,362,500</u>	<u>\$2,081,485</u>	<u>(\$718,985)</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,050,823	\$1,096,439	\$45,616
Special Revenue	127,500	304,302	176,802
Debt Service	35,997	35,449	(548)
Capital Projects	203,000	214,072	11,072
Enterprise	630,000	580,071	(49,929)
Expendable Trust	6,730	6,672	(58)
Total	<u>\$2,054,050</u>	<u>\$2,237,005</u>	<u>\$182,955</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,432,675	\$955,050	\$477,625
Special Revenue	292,563	263,263	29,300
Debt Service	68,077	33,832	34,245
Capital Projects	404,655	198,228	206,427
Enterprise	1,219,707	509,154	710,553
Expendable Trust	13,153	110	13,043
Total	<u>\$3,430,830</u>	<u>\$1,959,637</u>	<u>\$1,471,193</u>

**4. NONCOMPLIANCE**

Contrary to Ohio Rev. Code 5705.41(D), the Village did not certify all of its expenditures prior to the financial obligation.

Contrary to Ohio Rev. Code 5705.38, the Village did not pass a permanent appropriation resolution for fiscal year 2000. Instead the Village passed only a temporary appropriation resolution for the year.

**VILLAGE OF LAKEMORE  
SUMMIT COUNTY**

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

**4. NONCOMPLIANCE(Continued)**

Contrary to Ohio Rev. Code 5705.41(B), budgetary expenditures exceeded appropriation authority by 100% in all funds for fiscal year 2000, and in the Debt Service and Capital Projects Funds for 1999.

Contrary to Ohio Rev. Code 5705.36, the Village did not certify the amount available from each fund at December 31, 1999 with the County Auditor.

Contrary to Ohio Rev. Code 117.38, the Village did not file a financial report with the Auditor of State for fiscal years 2000 and 1999.

Contrary to Ohio Rev. Code 135.14, the Village did not file an investment policy with the Auditor of State's Office for fiscal years 2000 and 1999.

**5. PROPERTY TAX**

Real property taxes become a lien on the 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 payments, 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. LOCAL INCOME TAX**

The Village levies a municipal income tax of 2% percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village. Residents of the Village are granted 100% credit for taxes paid to other municipalities.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**7. DEBT**

The Village made the final two principal and interest payments on its Fire Truck loan in accordance with its amortization schedule. Total principal and interest paid in 2000 was \$31,650, and total principal and interest paid in 1999 was \$33,300. There was no new debt issued during the audit period. The Village had no debt outstanding as of December 31, 2000.



**VILLAGE OF LAKEMORE  
SUMMIT COUNTY**

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

**8. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

In addition, the Village provides medical and dental insurance coverage for all full-time employees.

**9. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

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

Village of Lakemore  
Summit County  
1400 Main Street  
Lakemore, Ohio 44250

To the Village Council:

We have audited the accompanying financial statements of the Village of Lakemore, Summit County, (the Village) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated January 8, 2002. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 audits 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 2000-30977-001 through 2000-30977-006.

We also noted an immaterial instance of noncompliance that we have reported to management of the Village in a separate letter dated January 8, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audits, 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 a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 2000-30977-007.

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, we consider item 2000-30977-007 to be a material weakness.

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 January 8, 2002.

This report is intended solely for the information and use of management and 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

January 8, 2002

VILLAGE OF LAKEMORE  
SUMMIT COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999

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

FINDING NUMBER 2000-30977-001

**Noncompliance**

**Ohio Rev. Code Section 5705.41(D)** requires 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 \$1,000 may be paid by the Clerk-Treasurer 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.

During the audit period, 34% of the expenditures tested included transactions that either were not certified by the Clerk-Treasurer prior to incurring the obligation or amounts exceeding \$1,000 were paid utilizing the then and now certificates, without council approval within the 30 day allowable period. The Village should inform all its employees of the requirements of Ohio Rev. Code Section 5705.41(D). The Village should implement the use of so called Then and Now certificates and Blanket Certificates as further permitted by Ohio Rev. Code Section 5705.41. However, such certifications should only be used for recurring and reasonably predictable matters or emergency matters which may arise from time to time.

A similar matter was reported in our audit of the December 31, 1998, 1997 and 1996 financial statements.

FINDING NUMBER 2000-30977-002

**Noncompliance**

**Ohio Rev. Code Section 5705.38** requires that on or about the first day of each fiscal year, an appropriation measure be passed. The Village may pass a temporary appropriation measure to meet their ordinary expenses until April 1, at which time a permanent appropriation measure must be passed.

The Village did not adopt a permanent appropriation measure for the year 2000. The Village should adopt a permanent appropriation measure by April 1 each year.

**FINDING NUMBER 2000-30977-003**

**Noncompliance**

**Ohio Rev. Code Section 5705.41(B)** requires that no subdivision or taxing unit is to expend money unless it has been appropriated.

During the fiscal year 2000, the Village did not pass a 2000 annual appropriation measure. Consequently, all expenditures exceeded appropriations for the year.

A similar matter was reported in our audit of the December 31, 1998, 1997 and 1996 financial statements.

**FINDING NUMBER 2000-30977-004**

**Noncompliance**

**Ohio Rev. Code Section 5705.36** states, in part, on or about the first day of each fiscal year, the fiscal officer is to certify to the County Auditor the total amount from all sources which is available for expenditures from each fund in the tax budget along with any unencumbered balances that exist at the end of the preceding year.

By not certifying year-end balances to the County Auditor, and subsequently obtaining an amended Certificate of Estimated Resources from him, the Village could base appropriations on outdated estimates of available resources which could result in negative fund balances.

For the year ended December 31, 1999, the Village failed to certify the total amount available from each fund to the County Auditor. We recommend the Village prepare and submit the required forms as noted above identifying the total amount available from each fund.

A similar matter was reported in our audit of the December 31, 1998, 1997 and 1996 financial statements.

**FINDING NUMBER 2000-30977-005**

**Noncompliance**

**Ohio Rev. Code Section 117.38**, provides that the financial report of each office for each fiscal year shall be made in accordance with forms prescribed by the Auditor of State. The report shall be certified by the proper officer or board and filed with the Auditor of State within 60 days after the close of the fiscal year. At the time of filing of the report with the Auditor of State, the chief fiscal officer shall publish notice stating the Financial Report is available for public inspection at the Office of the Chief Fiscal Officer.

The Clerk-Treasurer did not file a financial report with the Auditor of State for fiscal years 2000 and 1999 or publish notice of the availability of the financial reports for public inspection.

A similar matter was reported in our audit of the December 31, 1998, 1997 and 1996 financial statements.

**FINDING NUMBER 2000-30977-006**

**Noncompliance**

**Ohio Rev. Code Section 135.14** states in part, investments cannot be made unless a written investment policy approved by the Clerk-Treasurer or governing board is on file with the Auditor of State, with the following exceptions:

- If a written investment policy is not on file with the Auditor of State, the Clerk-Treasurer or governing board is permitted to invest only in interim deposits or STAR Ohio.
- A subdivision whose average annual portfolio of investments is \$100,000 or less is not required to file an investment policy, provided that the Clerk-Treasurer or governing board certifies to the Auditor of State that the Clerk-Treasurer or governing board will comply and is in compliance with the provisions of Section 135.01 to 135.21.

The investment policy must be signed by the Clerk-Treasurer, Village Council and the investment broker. The Village has not filed such a policy. In addition, during the audit period the Village had average investments other than interim deposits or STAR Ohio in excess of \$100,000.

We recommend Village Council adopt the required investment policy and file the approved policy with the Auditor of State's Office as required.

**FINDING NUMBER 2000-30977-007**

**Material Weakness**

**Financial Records**

For the years ended December 2000 and 1999, the Village's accounting records were maintained in a manner such that interim financial activity and annual financial statements were not available for audit. The Village had to hire consultants to reconstruct the accounting records (aggregate financial activity by month and year in order to prepare summary records of financial activity and annual financial statements, after the fact). In addition, bank reconciliations were not performed on a timely basis. Providing current and reliable financial information is essential to the Council for management and future planning.

The posting of financial activity should be performed accurately and in a timely fashion, and bank reconciliations should be performed monthly, including reconciliations between the bank balances and book balances.

To help ensure that accurate financial information is provided, at a minimum, we recommend that the Clerk-Treasurer and Council develop, implement and monitor the following control procedures for assurance as to the timeliness and reliability of financial information:

**FINDING NUMBER 2000-30977-007**  
**(Continued)**

- Review and approve monthly financial statement information in a timely manner.
- Review information such as long outstanding items of more than six months or unusual or significant accounting entries.
- Establish and adhere to policies and procedures governing the basic provisions applicable to all local public offices pursuant to the Ohio Admin. Code Section 117-2. These policies and procedures include such things as internal controls, accounting and reporting records and annual financial reports.
- Review account reconciliations timely, including clearance of reconciling items on bank account reconciliations to help ensure accounts are reconciled accurately and in a timely manner.
- Develop and implement monitoring procedures to help ensure that all transactions are properly recorded and also recorded in the proper period.
- Develop and implement monitoring procedures to help ensure that all financial activity for the period is reflected in the financial statements.
- Develop and implement procedures regarding payment of financial obligations to help avoid overpayment of bills and help eliminate late payments, fines and penalties.
- Review and formally approve financial reports documenting the Village's financial activity. This review and approval should be documented in the minute record.

Implementation of these procedures will help improve the timeliness and accuracy of financial information provided to the Village Council, and also improve the financial record keeping of the Village.

A similar matter was reported in our audit of the December 31, 1998, 1997 and 1996 financial statements.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**VILLAGE OF LAKEMORE**

**SUMMIT 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  
FEBRUARY 7, 2002**