



**Auditor of State
Betty Montgomery**

**VILLAGE OF LINDSEY
SANDUSKY COUNTY**

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**Auditor of State
Betty Montgomery**

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, 2003 and 2002. 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 *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.

The Village's financial transactions were processed using 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 conduct the audit of 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 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 of Lindsey, Sandusky County, as of December 31, 2003 and 2002, 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 26, 2004 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 audit.

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



Betty Montgomery
Auditor of State

April 26, 2004

**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, 2003

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts			
Property Tax and Other Local Taxes	\$ 39,322	\$ -	\$ 39,322
Intergovernmental Receipts	43,362	24,570	67,932
Charges for Services	-	75,000	75,000
Fines, Licenses, and Permits	405	-	405
Earnings on Investments	1,379	1,719	3,098
Miscellaneous	10,644	-	10,644
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	95,112	101,289	196,401
	<hr/>	<hr/>	<hr/>
Cash Disbursements			
Current:			
Security of Persons and Property	10,105	47,466	57,571
Public Health Services	261	-	261
Leisure Time Activities	9,001	-	9,001
Community Environment	11,016	-	11,016
Basic Utility Services	3,633	-	3,633
Transportation	-	40,099	40,099
General Government	38,511	-	38,511
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	72,527	87,565	160,092
	<hr/>	<hr/>	<hr/>
Total Receipts Over Disbursements	22,585	13,724	36,309
	<hr/>	<hr/>	<hr/>
Other Financing Disbursements			
Other Financing Uses	(159)	-	(159)
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts Over Cash Disbursements and Other Financing Disbursements	22,426	13,724	36,150
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	47,457	180,787	228,244
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$ 69,883	\$ 194,511	\$ 264,394
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**VILLAGE OF LINDSEY
SANDUSKY COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2003

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 101,005
Operating Cash Disbursements	
Personal Services	18,118
Contractual Services	17,548
Supplies and Materials	104,713
Total Operating Cash Disbursements	140,379
Operating Loss	(39,374)
Non-Operating Cash Receipts	
Sale of Fixed Assets	17,548
Proceeds from OWDA Loan	39,887
Other Non-Operating Receipts	1,725
Total Non-Operating Cash Receipts	59,160
Non-Operating Cash Disbursements	
Debt Service	50,229
Net Disbursements Over Receipts	(30,443)
Fund Cash Balances, January 1	100,339
Fund Cash Balances, December 31	\$ 69,896

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, 2002

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts			
Property Tax and Other Local Taxes	\$ 38,539	\$ -	\$ 38,539
Intergovernmental Receipts	59,808	24,136	83,944
Charges for Services	-	105,000	105,000
Fines, Licenses, and Permits	931	-	931
Earnings on Investments	1,723	2,283	4,006
Miscellaneous	2,501	-	2,501
	<u>103,502</u>	<u>131,419</u>	<u>234,921</u>
Total Cash Receipts			
	<u>103,502</u>	<u>131,419</u>	<u>234,921</u>
Cash Disbursements			
Current:			
Security of Persons and Property	17,537	41,058	58,595
Public Health Services	256	-	256
Leisure Time Activities	2,931	-	2,931
Community Environment	7,005	-	7,005
Basic Utility Services	1,750	-	1,750
Transportation	-	29,580	29,580
General Government	46,761	-	46,761
	<u>76,240</u>	<u>70,638</u>	<u>146,878</u>
Total Cash Disbursements			
	<u>76,240</u>	<u>70,638</u>	<u>146,878</u>
Total Receipts Over Disbursements	<u>27,262</u>	<u>60,781</u>	<u>88,043</u>
Other Financing Disbursements			
Other Financing Uses	<u>(161)</u>	<u>-</u>	<u>(161)</u>
Excess of Cash Receipts Over Cash Disbursements and Other Financing Disbursements	27,101	60,781	87,882
Fund Cash Balances, January 1	<u>20,356</u>	<u>120,006</u>	<u>140,362</u>
Fund Cash Balances, December 31	<u>\$ 47,457</u>	<u>\$ 180,787</u>	<u>\$ 228,244</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**VILLAGE OF LINDSEY
SANDUSKY COUNTY**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2002

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$ 106,992
Miscellaneous	4,184
	111,176
Total Operating Cash Receipts	111,176
Operating Cash Disbursements	
Personal Services	18,628
Supplies and Materials	45,197
Capital Outlay	120,800
	184,625
Total Operating Cash Disbursements	184,625
Operating Loss	(73,449)
Non-Operating Cash Receipts	
Proceeds from Notes	120,800
Non-Operating Cash Disbursements	
Debt Service	26,810
Net Receipts Over Disbursements	20,541
Fund Cash Balances, January 1	79,798
Fund Cash Balances, December 31	\$ 100,339

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, 2003 AND 2002

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 water and sewer utilities, park operations, and police services. The Village contracts with the Sandusky County Sheriff's department to provide security of persons and property. The Village contracts with the Rice and Washington Townships to provide fire protection 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

Certificates of deposit are valued at cost.

D. 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:

**VILLAGE OF LINDSEY
SANDUSKY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

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:

Permissive Motor Vehicle License Fund - This fund receives permissive tax money for constructing, maintaining and repairing Village streets.

Fire Fund - This fund receives revenues from Rice and Washington Townships 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

**VILLAGE OF LINDSEY
SANDUSKY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

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. The Village did not encumber all commitments required by Ohio law.

A summary of 2003 and 2002 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. 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

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

	2003	2002
Demand deposits	\$ 330,142	\$ 304,013
Funds held with County Treasurer	585	21,018
Certificates of deposit	3,563	3,552
Total deposits	\$ 334,290	\$ 328,583

**VILLAGE OF LINDSEY
SANDUSKY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool. Funds held by the County Treasurer are held in the County's cash and investment pool. The County Treasurer is responsible for obtaining sufficient collateral for such funds.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 93,298	\$ 95,112	\$ 1,814
Special Revenue	97,000	101,289	4,289
Enterprise	113,000	160,165	47,165
Total	\$ 303,298	\$ 356,566	\$ 53,268

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 131,605	\$ 72,686	\$ 58,919
Special Revenue	256,768	87,565	169,203
Enterprise	213,364	190,608	22,756
Total	\$ 601,737	\$ 350,859	\$ 250,878

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 86,784	\$ 103,502	\$ 16,718
Special Revenue	126,501	131,419	4,918
Enterprise	90,000	231,976	141,976
Total	\$ 303,285	\$ 466,897	\$ 163,612

**VILLAGE OF LINDSEY
SANDUSKY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 107,140	\$ 76,401	\$ 30,739
Special Revenue	204,688	70,638	134,050
Enterprise	169,798	211,435	(41,637)
Total	\$ 481,626	\$ 358,474	\$ 123,152

Contrary to Ohio law, the District did not always certify the availability of funds prior to entering into an order or contract involving the expenditure of money. Also contrary to Ohio law, budgetary expenditures exceeded appropriation authority in several funds for the years ended December 31, 2003 and 2002. Finally, the District did not request proper amended certificates during fiscal years 2002 and 2003 upon determining that revenue to be collected was greater or less than the amount in the official certificate of estimated resources

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 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.

5. DEBT

Debt outstanding at December 31, 2003 was as follows:

**VILLAGE OF LINDSEY
SANDUSKY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$ 130,142	8.97%
Ohio Water Development Authority Loan	40,626	5.34%
Old Fort Bank Co. Loan	97,562	3.70%
Total	\$ 268,330	

The Ohio Water Development Authority (OWDA) loan relates to a utility construction project. The OWDA has approved up to \$242,265 in loans to the Village for this project. The loans will be repaid in semiannual installments, including interest, over 25 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan relates to a water well field project. The OWDA has approved up to \$184,350 in loans to the Village for this project. The loans will be repaid once the project has been completed. An amortization schedule of payments has not been received and as a result the schedule below does not include this loan. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Old Fort Bank Co. loan relates to the purchase of land to be used for a water well field project. The Old Fort Bank Co. has approved up to \$120,800 in loans to the Village for this project. The loans will be repaid in monthly installments, including interest, over 5 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover Old Fort Bank Co. debt service requirements.

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

Year ending December 31:	OWDA Loan	Old Fort Bank Co. Loan
2004	\$ 10,959	\$ 8,692
2005	22,162	8,692
2006	22,428	8,692
2007	22,718	83,853
2008	23,032	
2009 – 2011	71,288	
Total	\$ 172,587	\$ 109,929

**VILLAGE OF LINDSEY
SANDUSKY COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)

6. RETIREMENT SYSTEMS

Village full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS 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. Members of OPERS contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2003.

7. RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Ohio Government Risk Management Plan (the Plan), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to § 2744.081 of the Ohio Revised Code, the Plan is deemed 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 coverages, 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 uses conventional insurance coverages and reinsures these coverages 100 percent, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

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**Auditor of State
Betty Montgomery**

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

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, 2003 and 2002, and have issued our report thereon dated April 26, 2004 wherein we noted that the Village's financial transactions were processed using 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 conduct the audit of the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 *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 certain instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2003-001, 2003-002, and 2003-003. We also noted a certain immaterial instance of noncompliance that we have reported to management of the Village in a separate letter dated April 26, 2004.

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. 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 April 26, 2004.

This report is intended solely for the information and use of the audit committee, management, and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.



Betty Montgomery
Auditor of State

April 26, 2004

**VILLAGE OF LINDSEY
SANDUSKY COUNTY**

SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002

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

FINDING NUMBER 2003-001

Noncompliance Citation

Ohio Revised Code § 5705.41(D) states that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated. Also, no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying 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. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides for two “exceptions” to the above requirement:

1. Then and Now Certificate – If no certificate is furnished as required, upon receipt of the fiscal officer’s certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
2. If the amount involved in the Then and Now Certification is less than \$1,000 (\$3,000 after April 7, 2003) the fiscal officer may authorize it to be paid without the affirmation of the Village Council, upon completion of the Then and Now Certification.

Thirty percent of the transactions tested were not certified by the fiscal officer at the time the commitment was incurred and neither of the expectations provided for were used. To improve controls over disbursements, we recommend all Village disbursements receive certification of the fiscal officer that the funds are or will be available prior to the expense being incurred.

FINDING NUMBER 2003-002

Noncompliance Citation

Ohio Revised Code § 5705.41 (B) states that no subdivision shall make any expenditure of money unless it has been lawfully appropriated. The Village Council established appropriations at the object level during fiscal years 2003 and 2002.

As of December 31, 2003 the following funds had expenditures in excess of appropriations:

<u>Legal level of control</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
Permissive Tax fund			
Supplies and materials	\$ -	\$ 23,660	\$ (23,660)
Water fund			
Land and improvements	-	17,548	(17,548)

As of December 31, 2002 the following funds had expenditures in excess of appropriations:

<u>Legal level of control</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
Permissive Tax fund			
Supplies and materials	\$ -	\$ 24,088	\$ (24,088)
Enterprise funds			
Purchase of land	-	120,800	(120,800)

The failure to limit spending to only those amounts approved by the Village Council could allow expenditures to exceed available resources and create deficit fund balances. Actual revenues were sufficient to allow the Village to obtain an increased amended certificate from the Budget Commission and make supplemental appropriations. We recommend, if sufficient resources exist, the Clerk/Treasurer request the Village Council to amend appropriations prior to expenditures exceeding appropriations.

FINDING NUMBER 2003-003

Noncompliance Citation

Ohio Revised Code § 5705.36 states that on or about the first day of each fiscal year, the fiscal officer is to certify the total amounts from all sources which are available for expenditures from each fund. Also this section allows the Village to request an amended certificate of estimated resources upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation.

As of December 31, 2003, the Village should have requested an increased amended certificate for the following funds:

Fund Type	Estimated Receipts	Actual Receipts	Variance
Permissive Tax fund	\$ -	\$ 3,226	\$ 3,226
Water Operating fund	50,000	100,361	50,361
Total	\$ 50,000	\$ 103,587	\$ 53,587

As of December 31, 2002, the Village should have requested an increased amended certificate for the following funds:

Fund Type	Estimated Receipts	Actual Receipts	Variance
Water Operating fund	\$ 25,000	\$ 162,176	\$ 137,176

To avoid over appropriating, we recommend the Village obtain proper amended certificates upon determination that revenue to be collected will be greater or less than the amount of the official certificate of estimated resources, and prior to appropriating and expending the excess revenue.

**VILLAGE OF LINDSEY
SANDUSKY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> :
2001-30172-001	Revised Code § 5705.41(D), failure to certify the availability of funds.	No	Not corrected. Repeated as Finding # 2003-001.
2001-30172-002	Failure to maintain proper insurance coverage for project financed with OWDA debt.	Yes	Corrected.
2001-30172-003	Failure to charged utility rates in accordance with rates Council approved Ordinance.	Yes	Corrected.



**Auditor of State
Betty Montgomery**

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Facsimile 614-466-4490

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 27, 2004**