



OHIO AUDITOR OF STATE  
**KEITH FABER**





**VILLAGE OF LINNDALE  
 CUYAHOGA COUNTY  
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# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

## INDEPENDENT AUDITOR'S REPORT

Village of Linndale  
Cuyahoga County  
4016 West 119<sup>th</sup> Street  
Linndale, Ohio 44135

To the Village Council:

### ***Report on the Audit of the Financial Statements***

#### ***Unmodified and Adverse Opinions***

We have audited the financial statements of the Village of Linndale, Cuyahoga County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

#### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 1.

#### ***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2021 and 2020, or the changes in financial position thereof for the years then ended.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Emphasis of Matter***

As discussed in Note 9 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

We also noted the Village restated its January 1, 2020 fund balance in the Special Revenue and Custodial funds. We did not modify our opinion regarding this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2022, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

October 11, 2022

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**Village of Linndale, Ohio**  
 Cuyahoga County  
 Combined Statement of Receipts, Disbursements  
 and Changes in Fund Balances (Cash Basis)  
 All Governmental Fund Types  
 For the Year Ended December 31, 2021

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$5,376	\$291		\$5,667
Municipal Income Tax	58,315			58,315
Intergovernmental	5,439	8,257		13,696
Charges for Services		300		300
Fines, Licenses and Permits	1,230,052	1,525		1,231,577
Earnings on Investments	1			1
Miscellaneous	33,235			33,235
<i>Total Cash Receipts</i>	<u>1,332,418</u>	<u>10,373</u>	<u>\$0</u>	<u>1,342,791</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	1,118,083	10,338		1,128,421
Basic Utility Services	10,167			10,167
Transportation	233	34,590		34,823
General Government	336,918			336,918
<i>Total Cash Disbursements</i>	<u>1,465,401</u>	<u>44,928</u>	<u>0</u>	<u>1,510,329</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(132,983)</u>	<u>(34,555)</u>	<u>0</u>	<u>(167,538)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In		174,350	32,893	207,243
Transfers Out	(207,243)			(207,243)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(207,243)</u>	<u>174,350</u>	<u>32,893</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	<u>(340,226)</u>	<u>139,795</u>	<u>32,893</u>	<u>(167,538)</u>
<i>Fund Cash Balances, January 1</i>	<u>1,360,815</u>	<u>246,693</u>	<u>57,107</u>	<u>1,664,615</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	386,488	90,000	476,488
Assigned	10,236	0	0	10,236
Unassigned (Deficit)	1,010,353	0	0	1,010,353
<i>Fund Cash Balances, December 31</i>	<u>\$1,020,589</u>	<u>\$386,488</u>	<u>\$90,000</u>	<u>\$1,497,077</u>

See accompanying notes to the basic financial statements

**Village of Linndale, Ohio**  
*Cuyahoga County*  
*Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Cash Basis)*  
*Fiduciary Fund Type*  
*For the Year Ended December 31, 2021*

	Fiduciary Fund Type
	Custodial
<b>Operating Cash Receipts</b>	
<i>Total Operating Cash Receipts</i>	\$0
<b>Operating Cash Disbursements</b>	
<i>Total Operating Cash Disbursements</i>	0
<i>Operating Income (Loss)</i>	0
<i>Net Change in Fund Cash Balances</i>	0
<i>Fund Cash Balances, January 1</i>	1,986
<i>Fund Cash Balances, December 31</i>	<u>\$1,986</u>

*See accompanying notes to the basic financial statements*

**VILLAGE OF LINNDALE  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**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 Linndale, Cuyahoga 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, and police services. The Village contracts with the City of Cleveland to receive fire/EMS protection services.

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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**C. Deposits and Investments**

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values U.S. Treasury Notes and common stock at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

**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 accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and

**VILLAGE OF LINNDALE  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Memorial Park Fund – This fund receives donations and general fund transfers to fund construction of the park

Tow Fund- This fund received money from individuals who had their vehicles impounded by the Police and from individuals by outside sources.

Law Enforcement Trust Fund- This fund receives money from the confiscated drug currency or from auction of stolen merchandise whose ownership could not be identified and is to be used for Police department expenditures.

**3. Capital Project Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds: The Village had three capital projects. Village wide WIFI service was installed and implemented available to all residents. The Police Department had new siding and building signs installed. An 8” fence was purchased and installed on Village property.

**4. Fiduciary Funds**

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village’s own programs. The Village had one fiduciary fund: Kufner Towing Contract Fund. This fund receives fees from towed vehicles. \$25.00 per vehicle is placed into the fund and paid to Kufner Towing.

**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 Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**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 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 carried over, and need not be reappropriated.

VILLAGE OF LINNDALE  
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**F. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

The Village classifies assets as **nonspendable** when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is **restricted** when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

Council can **commit** amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as **restricted** or **committed**. Governmental funds other than the general fund report all fund balances as **assigned** unless they are restricted or committed. In the general fund, **assigned** amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

**Unassigned** fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

**VILLAGE OF LINNDALE  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Fund Balances	General	Special Revenue	Capital Projects	Custodial	Total
Unassigned:	\$1,010,353	\$0	\$0	\$0	\$1,010,353
Restricted:	0	386,488	90,000	0	476,488
Unclaimed Monies	0	0	0	1,986	1,986
Assigned:					
Outstanding Encumbrances	10,236	0	0	0	10,236
<i>Total</i>	<u>\$1,020,589</u>	<u>\$386,488</u>	<u>\$90,000</u>	<u>\$1,986</u>	<u>\$1,499,063</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of the capital projects fund is restricted, committed or assigned. These restricted, committed and assigned amounts in the special revenue and capital projects would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**G. 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.

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

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

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

Demand deposits	2021 \$1,499,063
Total deposits	\$1,499,063

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

**VILLAGE OF LINNDALE  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**3. Budgetary Activity**

Budgetary activity for the year ending 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,507,598	\$1,332,418	(\$1,175,180)
Special Revenue	280,000	184,723	(95,277)
Capital Projects	90,000	32,893	(57,107)
Total	\$2,877,598	\$1,550,034	(\$1,327,564)

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,888,226	\$1,682,880	\$205,346
Special Revenue	281,145	44,928	236,217
Capital Projects	90,000	0	90,000
Total	\$2,259,371	\$1,727,808	\$531,563

**4. 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.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

**5. 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.

Employers within the Village withhold income tax on employee compensation and remit the tax to the

**VILLAGE OF LINNDALE  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**6. RETIREMENT SYSTEMS**

The Village's certified full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2021, OP&F participants contributed 12.25% of their wages. For 2021, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages, respectively. For 2021, OPERS members contributed 10%, respectively, of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

**7. POST EMPLOYMENT BENEFITS**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 0 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

**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.

The Village also provided health insurance to full-time employees through a private carrier. The Village's liability for health care is limited to the premiums paid.

**9. COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.



**Village of Linndale, Ohio**  
*Cuyahoga County*  
*Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2020*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$3,621	\$252		\$3,873
Municipal Income Tax	56,398			56,398
Intergovernmental	6,841	8,465		15,306
Charges for Services		1,550		1,550
Fines, Licenses and Permits	33,456	6,363		39,819
Earnings on Investments	1			1
Miscellaneous	39,387			39,387
<i>Total Cash Receipts</i>	<u>139,704</u>	<u>16,630</u>	<u>\$0</u>	<u>156,334</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	762,020	29,249		791,269
Basic Utility Services	8,385			8,385
Transportation	2,249	42,599		44,848
General Government	339,639			339,639
Capital Outlay			111,824	111,824
<i>Total Cash Disbursements</i>	<u>1,112,293</u>	<u>71,848</u>	<u>111,824</u>	<u>1,295,965</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(972,589)</u>	<u>(55,218)</u>	<u>(111,824)</u>	<u>(1,139,631)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In			30,000	30,000
Transfers Out	(30,000)			(30,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(30,000)</u>	<u>0</u>	<u>30,000</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	<u>(1,002,589)</u>	<u>(55,218)</u>	<u>(81,824)</u>	<u>(1,139,631)</u>
<i>Fund Cash Balances, January 1, Restated</i>	<u>2,363,404</u>	<u>301,911</u>	<u>138,931</u>	<u>2,804,246</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	244,548	57,107	301,655
Assigned	13,167	2,145	0	15,312
Unassigned (Deficit)	1,347,648		0	1,347,648
<i>Fund Cash Balances, December 31</i>	<u>\$1,360,815</u>	<u>\$246,693</u>	<u>\$57,107</u>	<u>\$1,664,615</u>

See accompanying notes to the basic financial statements

**Village of Linndale, Ohio**  
*Cuyahoga County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balance (Cash Basis)*  
*Fiduciary Fund Type*  
*For the Year Ended December 31, 2020*

	Fiduciary Fund Type
	Custodial
<b>Operating Cash Receipts</b>	
<i>Total Operating Cash Receipts</i>	\$0
<b>Operating Cash Disbursements</b>	
<i>Total Operating Cash Disbursements</i>	0
<i>Operating Income (Loss)</i>	0
<i>Net Change in Fund Cash Balances</i>	0
<i>Fund Cash Balances, January 1, Restated</i>	1,986
<i>Fund Cash Balances, December 31</i>	\$1,986

*See accompanying notes to the basic financial statements*

**VILLAGE OF LINNDALE  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**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 Linndale, Cuyahoga 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, and police services. The Village contracts with the City of Cleveland to receive fire/EMS protection services.

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

**B. Accounting Basis**

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These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**C. Deposits and Investments**

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values U.S. Treasury Notes and common stock at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

**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 accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

**VILLAGE OF LINNDALE  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

Memorial Park Fund – This fund receives donations and general fund transfers to fund construction of the park

Tow Fund- This fund received money from individuals who had their vehicles impounded by the Police and from individuals by outside sources.

Law Enforcement Trust Fund- This fund receives money from the confiscated drug currency or from auction of stolen merchandise whose ownership could not be identified and is to be used for Police department expenditures.

**3. Capital Project Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds: The Village had three capital projects. Village wide WIFI service was installed and implemented available to all residents. The Police Department had new siding and building signs installed. An 8" fence was purchased and installed on Village property.

**4. Fiduciary Funds**

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village had one fiduciary fund: Kufner Towing Contract Fund. This fund receives fees from towed vehicles. \$25.00 per vehicle is placed into the fund and paid to Kufner Towing.

**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 Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**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 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 carried over, and need not be reappropriated.

VILLAGE OF LINNDALE  
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**F. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

The Village classifies assets as **nonspendable** when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is **restricted** when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

Council can **commit** amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as **restricted** or **committed**. Governmental funds other than the general fund report all fund balances as **assigned** unless they are restricted or committed. In the general fund, **assigned** amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

**Unassigned** fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

**VILLAGE OF LINNDALE  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Custodial</u>	<u>Total</u>
Unassigned:	\$1,347,648	\$0	\$0	\$0	\$1,347,648
Restricted:	0	244,548	57,107	0	301,655
Unclaimed Monies	0	0	0	1,986	1,986
Assigned:					
Outstanding Encumbrances	<u>13,167</u>	<u>2,145</u>	<u>0</u>	<u>0</u>	<u>15,312</u>
<i>Total</i>	<u>\$1,360,815</u>	<u>\$246,693</u>	<u>\$57,107</u>	<u>\$1,986</u>	<u>\$1,666,601</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects fund is restricted, committed or assigned. These restricted, committed and assigned amounts in the special revenue and capital projects would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**G. 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.

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

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

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

	2020
Demand deposits	\$1,666,601
Total deposits	\$1,666,601

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

**VILLAGE OF LINNDALE  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**3. Budgetary Activity**

Budgetary activity for the year ending 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,176,606	\$139,704	(\$1,036,902)
Special Revenue	280,000	16,630	(263,370)
Capital Projects	120,000	30,000	(90,000)
Total	\$1,576,606	\$186,334	(\$1,390,272)

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,485,266	\$1,155,460	\$329,806
Special Revenue	260,000	71,848	188,152
Capital Projects	120,000	111,824	8,176
Total	\$1,865,266	\$1,339,132	\$526,134

**4. 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.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

**5. 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.

**VILLAGE OF LINNDALE  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

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.

**6. RETIREMENT SYSTEMS**

The Village's certified full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2020, OP&F participants contributed 12.25% of their wages. For 2020, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages, respectively. For 2020, OPERS members contributed 10%, respectively, of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

**7. POST EMPLOYMENT BENEFITS**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

**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.

The Village also provided health insurance to full-time employees through a private carrier. The Village's liability for health care is limited to the premiums paid.

**9. COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.



VILLAGE OF LINNDALE  
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020

10. RESTATEMENT

The Village restated its fund balance at January 1, 2020 in the Special Revenue and Custodial funds due to activity being reported in the Custodial funds that did not meet the definition of custodial activity and unrecorded LETF fund activity. Restatement activity is as follows:

	<u>Special Revenue</u>	<u>Custodial</u>
Ending Fund Balance at 12/31/19	\$216,267	\$69,390
Restatement	<u>85,644</u>	<u>(67,404)</u>
Beginning Fund Balance at 1/1/20	<u>\$301,911</u>	<u>\$1,986</u>

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# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

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

Village of Linndale  
Cuyahoga County  
4016 West 119<sup>th</sup> Street  
Linndale, Ohio 44135

To the Village Council:

We have audited, 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, the financial statements of the cash balances, receipts, and disbursements for each governmental and fiduciary fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements of the Village of Linndale, Cuyahoga County (the Village), and have issued our report thereon dated October 11, 2022, wherein we noted the Village followed financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the Village restated its beginning fund balance at January 1, 2020 in the Special Revenue and Custodial funds. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

### ***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2021-001 that we consider to be a material weakness.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

October 11, 2022

**VILLAGE OF LINNDALE  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2021 AND 2020**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Financial Reporting**

**FINDING NUMBER 2021-001**

MATERIAL WEAKNESS

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Due to a lack of internal controls, in 2020 and 2021, the following activity was improperly recorded, and where applicable, adjustments to the financial statements and, where applicable, UAN system were made by the Clerk-Treasurer:

- In 2020, the Village did not report activity in the Law Enforcement Trust Fund, which included beginning balance of \$18,240, Fines, Licenses and Permits of \$6,363, Security of Persons and Property of \$14,175, and ending cash balance of \$10,428;
- In 2021, the Village did not report activity in the Law Enforcement Trust Fund, which included beginning balance of \$10,428, Fines, Licenses and Permits of \$200, Security of Persons and property of \$8,324, and ending cash balance of \$2,304;
- In 2020, the beginning fund balance in the General Fund was overstated by \$1,676 from the audited balance at December 31, 2019 and the end balance was overstated by the same amount;
- In 2020, the Custodial Fund charges for services were overstated by \$1,550 and the ending fund balance was overstated by the same amount;
- In 2021, the Custodial Fund charges for services were overstated by \$300 and the ending fund balance was overstated by the same amount.

Failure to properly record receipts and disbursements in UAN could result in errors in the financial statements and inaccurate information being reported to Council and the Village residents.

We recommend the Village adopt policies and procedures for controls over recording of financial transactions and financial reporting to ensure the information accurately reflects the activity of the Village and thereby increasing the reliability of the financial data throughout the year.

**Official's Response:**

The Village did not respond to this finding.



# VILLAGE OF LINNDALE

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Mayor Ashlee McLaughlin, Esq.

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2021 AND 2020

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2019-001	Financial Reporting – There were various financial statement errors.	Not corrected	Repeat as Finding 2021-001

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF LINNDALE**

**CUYAHOGA COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 11/10/2022**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)