



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF LAKEVIEW
LOGAN COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Lakeview
Logan County
P.O. Box 197
Lakeview, Ohio 43331

To the Village Council:

We have audited the accompanying financial statements of the Village of Lakeview, Logan County, (the "Village"), as of and for the years ended December 31, 2001 and 2000. 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. 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 and reserves for encumbrances of the Village as of December 31, 2001 and 2000, 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 September 6, 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 audit.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

September 6, 2002

**VILLAGE OF LAKEVIEW
LOGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$46,285	\$139,682		\$185,967
Intergovernmental Receipts	62,266	45,779		108,045
Charges for Services	81,206	1,000		82,206
Fines, Licenses, and Permits	25,436			25,436
Earnings on Investments	51,103	832		51,935
Miscellaneous	10,510			10,510
Total Cash Receipts	<u>276,806</u>	<u>187,293</u>		<u>464,099</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	130,207			130,207
Leisure Time Activities		2,054		2,054
Basic Utility Services	5,538			5,538
Transportation	1,447	80,112		81,559
General Government	81,687	12,621		94,308
Capital Outlay	31,425	20,280	4,415	56,120
Total Cash Disbursements	<u>250,304</u>	<u>115,067</u>	<u>4,415</u>	<u>369,786</u>
Total Receipts Over/(Under) Disbursements	26,502	72,226	(4,415)	94,313
Fund Cash Balances, January 1	<u>207,015</u>	<u>313,345</u>	<u>4,415</u>	<u>524,775</u>
Fund Cash Balances, December 31	<u><u>\$233,517</u></u>	<u><u>\$385,571</u></u>	<u><u>\$0</u></u>	<u><u>\$619,088</u></u>
Reserves for Encumbrances, December 31	<u><u>\$2,032</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$2,032</u></u>

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

**VILLAGE OF LAKEVIEW
LOGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$1,068,737		\$1,068,737
Operating Cash Disbursements:			
Personal Services	246,428		246,428
Contractual Services	601,580		601,580
Supplies and Materials	72,203		72,203
Capital Outlay	601,673		601,673
Total Operating Cash Disbursements	1,521,884		1,521,884
Operating(Loss)	(453,147)		(453,147)
Non-Operating Cash Receipts:			
Intergovernmental Receipts	125,000		125,000
Proceeds from Loans	321,275		321,275
Court Receipts		24,889	24,889
Total Non-Operating Cash Receipts	446,275	24,889	471,164
Non-Operating Cash Disbursements:			
Debt Service	25,381		25,381
Court Disbursements		24,929	24,929
Total Non-Operating Cash Disbursements	25,381	24,929	50,310
Receipts (Under) Disbursements	(32,253)	(40)	(32,293)
Fund Cash Balances, January 1	1,006,948	809	1,007,757
Fund Cash Balances, December 31	<u>\$974,695</u>	<u>\$769</u>	<u>\$975,464</u>
Reserve for Encumbrances, December 31	<u>\$53,077</u>	<u>\$0</u>	<u>\$53,077</u>

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

**VILLAGE OF LAKEVIEW
LOGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$45,260	\$138,115		\$183,375
Intergovernmental Receipts	171,138	45,954		217,092
Charges for Services	49,500	1,000		50,500
Fines, Licenses, and Permits	9,138			9,138
Earnings on Investments	36,361	790		37,151
Miscellaneous	14,802	2,582		17,384
Total Cash Receipts	<u>326,199</u>	<u>188,441</u>		<u>514,640</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	128,648			128,648
Leisure Time Activities		768		768
Basic Utility Services	3,104			3,104
Transportation	4,216	87,196		91,412
General Government	114,713	19,658		134,371
Debt Service:				
Financing and Other Debt-Service Related			29,434	29,434
Capital Outlay		115,168		115,168
Total Cash Disbursements	<u>250,681</u>	<u>222,790</u>	<u>29,434</u>	<u>502,905</u>
Total Receipts Over/(Under) Disbursements	75,518	(34,349)	(29,434)	11,735
Fund Cash Balances, January 1	<u>131,497</u>	<u>347,694</u>	<u>33,849</u>	<u>513,040</u>
Fund Cash Balances, December 31	<u><u>\$207,015</u></u>	<u><u>\$313,345</u></u>	<u><u>\$4,415</u></u>	<u><u>\$524,775</u></u>

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

**VILLAGE OF LAKEVIEW
LOGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$978,422		\$978,422
Operating Cash Disbursements:			
Personal Services	216,580		216,580
Contractual Services	533,914		533,914
Supplies and Materials	52,794		52,794
Capital Outlay	137,300		137,300
Total Operating Cash Disbursements	940,588		940,588
Operating Income	37,834		37,834
Non-Operating Cash Receipts:			
Other Non-Operating Receipts	10,845		10,845
Court Receipts		4,799	4,799
Total Non-Operating Cash Receipts	10,845	4,799	15,644
Non-Operating Cash Disbursements:			
Debt Service	8,919		8,919
Other Non-Operating Cash Disbursements	7,690		7,690
Court Disbursements		4,876	4,876
Total Non-Operating Cash Disbursements	16,609	4,876	21,485
Excess of Receipts Over/(Under) Disbursements	32,070	(77)	31,993
Fund Cash Balances, January 1	974,878	886	975,764
Fund Cash Balances, December 31	\$1,006,948	\$809	\$1,007,757

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

**VILLAGE OF LAKEVIEW
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Lakeview, Logan 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 electrical utilities, park operations, and police services. The Village appropriates general fund money to support a volunteer fire department.

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

B. 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

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.

Certificates of deposit 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:

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

1% Income Tax Fund - This fund is used to maintain the streets of the Village. Money is received into this fund from the income tax collected from Village residents.

**VILLAGE OF LAKEVIEW
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

Tanker Fire Truck Fund – This fund receives money from a tax levied on all taxable property in the Village. The revenue is used to pay off the fire truck tanker purchased in 1995.

4. 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.

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

5. Fiduciary Funds (Agency Funds)

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following fiduciary fund:

Mayor's Court Fund – This fund accounts for receipts and disbursements of the Court.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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 also approve estimated resources.

**VILLAGE OF LAKEVIEW
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law. The budgetary presentations have been adjusted to include material items that should have been encumbered.

A summary of 2001 and 2000 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 AND INVESTMENTS

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

Demand deposits	\$533,606	\$594,897
Savings Account	623,311	500,000
Certificates of deposit	437,635	437,635
Total deposits	\$1,594,552	\$1,532,532

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$225,000	\$276,806	\$51,806
Special Revenue	188,100	187,293	(807)
Enterprise	1,561,000	1,515,012	(45,988)
Total	\$1,974,100	\$1,979,111	\$5,011

**VILLAGE OF LAKEVIEW
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$431,395	\$252,336	\$179,059
Special Revenue	501,444	115,067	386,377
Debt Service	4,415	4,415	0
Enterprise	2,013,949	1,600,342	413,607
Total	<u>\$2,951,203</u>	<u>\$1,972,160</u>	<u>\$979,043</u>

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$300,000	\$326,199	\$26,199
Special Revenue	189,600	188,441	(1,159)
Enterprise	1,033,000	989,267	(43,733)
Total	<u>\$1,522,600</u>	<u>\$1,503,907</u>	<u>(\$18,693)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$350,120	\$250,681	\$99,439
Special Revenue	528,765	222,790	305,975
Debt Service	23,751	29,432	(5,681)
Enterprise	1,981,878	957,197	1,024,681
Total	<u>\$2,884,514</u>	<u>\$1,460,100</u>	<u>\$1,424,414</u>

During 2000, the Debt Service Fund had expenditures greater than appropriations which violated the requirements of Ohio Rev. Code Section 5705.41(B).

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.

**VILLAGE OF LAKEVIEW
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

4. PROPERTY TAX (Continued)

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. LOCAL INCOME TAX

The Village levies a municipal income tax of one 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 either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

6. DEBT

Debt outstanding at December 31, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$241,240	5.30%
Ohio Public Works Commission	73,125	
Total	<u>\$314,365</u>	

The Ohio Water Development Authority (OWDA) loan relates to a water tank project that was mandated by the Ohio Environmental Protection Agency. During 2001, the OWDA has approved up to \$354,431 in loans to the Village for this project. As of December 31, 2001 there is \$108,156 left to be drawn on this loan. The loans will be repaid in semiannual installments, including interest, over 20 years, however no amortization schedule has been completed.

The Ohio Public Works Commission (OPWC) loan relates to the same project as the OWDA loan, a water tank project that was mandated by the Ohio Environmental Protection Agency. During 2001, the OPWC has approved a \$75,000 no interest loan to the Village for this project. The loan will be repaid in semiannual installments, over 20 years.

**VILLAGE OF LAKEVIEW
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

6. DEBT (Continued)

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

	<u>OPWC Loan</u>
Year ending December 31:	
2002	\$3,750
2003	3,750
2004	3,750
2005	3,750
2006	3,750
2007-2012	18,750
2013-2108	18,750
2019-2021	16,875
Total	\$73,125

7. RETIREMENT SYSTEMS

The Village's law enforcement officers and firefighters belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant and 24% of fire participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

8. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- • Comprehensive Property
- General Liability;
- • Vehicles;
- • Wrongful Acts;
- Law Enforcement;
- Comprehensive Crime;
- Bonds;
- Inland Marine;
- Fire Vehicle RC; and
- EDP.

The Village also provides health insurance for full-time employees through a private carrier.



**STATE OF OHIO
OFFICE OF THE AUDITOR**

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

Village of Lakeview
Logan County
P.O. Box 197
Lakeview, Ohio 43331

To the Village Council:

We have audited the accompanying financial statements of the Village of Lakeview, Logan County, (the "Village"), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated September 6, 2002. 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in accompanying schedule of findings as items 2001-30246-001 through 2001-30246-001-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated September 6, 2002.

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. However, we noted matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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 the Village's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in accompanying schedule of findings as items 2001-30246-005 and 2001-30246-006.

**Internal Control Over Financial Reporting
(Continued)**

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 over financial reporting that might be reportable conditions and, accordingly, would not necessarily disclose all reportable condition that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above are material weaknesses. 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 September 6, 2002.

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

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

September 6, 2002

**VILLAGE OF LAKEVIEW
LOGAN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2001-302436-001

Noncompliance Citation

Article XII, Section 5a, Ohio Const., and 1982 Op. Atty Gen. No. 82-031 require interest earned on money derived from a motor vehicle license tax or fuel tax must follow the principal. During 2001, the Village did not allocate interest to the Permissive Tax Fund, the Street Maintenance Fund, or the State Highway Fund. This report and the Village's financial records have been adjusted to correct this error. The adjustments had the following effect on these funds:

FUND	CHANGE IN FUND BALANCE
General	(\$459)
Street Repair & Maintenance Fund	195
State Highway Fund	175
Permissive Tax Fund	89

The Village should implement monitoring procedures to help insure that interest income is allocated to all required funds.

FINDING NUMBER 2001-302436-002

Noncompliance Citation

Ohio Rev. Code Section 5705.10 states that money in a fund should only be used for the purposes for which that fund has been established. **Ohio Rev. Code Section 5705.14(C)** requires the unexpended balance in a bond retirement fund to be transferred to the sinking fund. However, if the transfer is impossible by reason of nonexistence of the sinking fund, the unexpended balance may be transferred to any other fund of the subdivision with the approval of the court of common pleas of the county in which such subdivision is located.

During 2001, the Village used the remaining balance of \$4,415 in their Fire Tanker Truck Bond Retirement Fund to purchase a portable pump for their fire tanker truck. Although the bond debt for the fire tanker truck had been paid off, the Village did not receive court approval to transfer this money.

FINDING NUMBER 2001-302436-003

Noncompliance Citation

Ohio Rev. Code Section 5705.41 (B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. During 2000, the Debt Service Fund had expenditures of \$29,432 and appropriations of \$23,751 which resulted in a negative variance of \$5,681.

The Village Clerk/Treasurer should monitor the Village budgetary financial reports throughout the year to help assure budgetary expenditures do not exceed appropriations at the legal level of control. In instances where it appears appropriations are insufficient to meet projected needs, the Village Council should pass a resolution to amend appropriations.

FINDING NUMBER 2001-302436-004

Noncompliance Citation

Ohio Rev. Code Section 5705.41 (D) states that no order or contract involving the expenditure of money is 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 less than \$1000 for villages may be paid by the fiscal officer without such certificate 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.

Ten percent of the transactions tested were not certified by the Clerk/Treasurer prior to making orders for the expenditure of Village funds. In addition, neither of the two exceptions above were utilized for these transactions. Procedures should be implemented not only to assure compliance with this requirement, but to help prevent the unauthorized obligation of Village funds.

FINDING NUMBER 2001-302436-005

Reportable Condition

Recording of Financial Activity

To help assure accuracy in financial reporting the financial records of an entity should include all revenues. During 2001, the Village did not record interest income from a savings account, which resulted in the material misstatement of the financial statements. This report and the Village’s records have been adjusted to reflect this financial activity. The interest adjustments had the following effect on fund balances:

Fund	Interest Income
General Fund	\$22,939
Street Repair & Maintenance Fund	159
State Highway Fund	142
Permissive Tax Fund	<u>72</u>
Total	\$23,312

Monitoring procedures should be implemented by the Village to assist in reflecting accurate financial activity of the Village.

FINDING NUMBER 2001-302436-006

Financial Reports for Council

To effectively monitor the financial activity of an entity the governing body should periodically receive financial reports. The Village Clerk/Treasurer did not provide Council with a financial package that showed information such as budget versus actual revenues and expenditures or bank reconciliations. By not providing Council with financial information, errors, irregularities, compliance violations, or deviations from financial goals may not being detected in a timely manner.

The Clerk/Treasurer should provide Council with a financial package that includes, but is not limited to, budget versus actual revenues and expenditures, fund balances, and monthly bank reconciliations. If it is not practical to prepare various reports, the Clerk/Treasurer could provide such items as a cash journal, check register, and appropriation and receipt ledgers for Council to review. Evidence of the review and acceptance of financial reports, bank reconciliations, or journals and ledgers should be noted on the examined items or documented in the minutes.

**VILLAGE OF LAKEVIEW
LOGAN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2001 and 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-30246-001	Ohio Rev. Code Section 735.05, failure to bid contracts	Yes	
1999-30246-002	Ohio Rev. Code Section 5705.41 (D), failure to certify funds by clerk/treasurer	No	Repeated as finding 2001-302436-004
1999-30246-003	Ohio Admin Code Section 1-5-11(C), posting appropriations to ledger	Yes	
1999-30246-004	Ohio Rev. Code Section 5705.10, posting to correct funds	Yes	
1999-30246-005	Mayor's cashbook and receipt book not reconciled to the bank statements	Yes	
1999-30246-006	Village Police Department not using pre-numbered tickets and receipts	Yes	



STATE OF OHIO
OFFICE OF THE AUDITOR

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VILLAGE OF LAKEVIEW

LOGAN 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
OCTOBER 10, 2002**