



**VILLAGE OF LINNDALE
CUYAHOGA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Village Council
Village of Linndale
Cuyahoga County
4016 West 119th Street
Linndale, Ohio 44135

We have audited the accompanying financial statements of the Village of Linndale, Cuyahoga County, Ohio, (the Village) as of and for the years ended December 31, 1999 and December 31, 1998. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Linndale, Cuyahoga County, as of December 31, 1999 and December 31, 1998, 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 June 26, 2000 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.

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

Jim Petro
Auditor of State

June 26, 2000

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**VILLAGE OF LINNDALE
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$111,279	\$603	\$111,882
Other Government Grants-In-Aid	11,312		11,312
Fines and Fees	327,209	36,632	363,841
Earnings on Investments	912	21	933
Charges for Services	3,050		3,050
Miscellaneous Receipts	1,045		1,045
	<u>454,807</u>	<u>37,256</u>	<u>492,063</u>
Total Cash Receipts			
Cash Disbursements:			
Security of Persons and Property	290,723	28,725	319,448
Leisure Time Activities	1,036		1,036
Community Environment	1,193		1,193
Basic Utility Service	8,548		8,548
Transportation	2,962		2,962
General Government	166,799	9,692	176,491
	<u>471,261</u>	<u>38,417</u>	<u>509,678</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(16,454)</u>	<u>(1,161)</u>	<u>(17,615)</u>
Other Financing Receipts/(Disbursements):			
Advances-In	28,030	29,125	57,155
Advances-Out	<u>(29,125)</u>	<u>(28,030)</u>	<u>(57,155)</u>
	<u>(1,095)</u>	<u>1,095</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(17,549)	(66)	(17,615)
Fund Cash Balances, January 1	<u>104,122</u>	<u>(15,816)</u>	<u>88,306</u>
Fund Cash Balances, December 31	<u>\$86,573</u>	<u>(\$15,882)</u>	<u>\$70,691</u>

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

**VILLAGE OF LINNDALE
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 FIDUCIARY FUND TYPE
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	Fiduciary Fund Type
	Agency
Operating Cash Receipts:	
Mayor's Court Receipts	\$427,828
Total Operating Cash Receipts	427,828
Operating Cash Disbursements:	
Mayor's Court Disbursements	414,085
Total Operating Cash Disbursements	414,085
Operating Income/(Loss)	13,743
Fund Cash Balances, January 1	24,314
Fund Cash Balances, December 31	\$38,057

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

**VILLAGE OF LINNDALE
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$127,479	\$4,276	\$131,755
Other Government Grants-In-Aid	10,833		10,833
Fines and Fees	365,119	33,731	398,850
Charges for Services	16,977		16,977
Miscellaneous Receipts	4,782		4,782
Total Cash Receipts	<u>525,190</u>	<u>38,007</u>	<u>563,197</u>
Cash Disbursements:			
Security of Persons and Property	316,113		316,113
Leisure Time Activities	4,759		4,759
Basic Utility Service	8,340		8,340
Transportation	55		55
General Government	160,118	16,981	177,099
Total Cash Disbursements	<u>489,385</u>	<u>16,981</u>	<u>506,366</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>35,805</u>	<u>21,026</u>	<u>56,831</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	35,805	21,026	56,831
Fund Cash Balances, January 1	<u>68,317</u>	<u>(36,842)</u>	<u>31,475</u>
Fund Cash Balances, December 31	<u>\$104,122</u>	<u>(\$15,816)</u>	<u>\$88,306</u>

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

**VILLAGE OF LINNDALE
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Fiduciary Fund Type
	Agency
Operating Cash Receipts:	
Mayor's Court Receipts	\$434,757
Total Operating Cash Receipts	434,757
Operating Cash Disbursements:	
Mayor's Court Disbursements	442,656
Total Operating Cash Disbursements	442,656
Operating Income/(Loss)	(7,899)
Fund Cash Balances, January 1	32,213
Fund Cash Balances, December 31	\$24,314

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

**VILLAGE OF LINNDALE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND DECEMBER 31, 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Linndale, Cuyahoga 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 operates under the direction of a six-member Council. The Village provides general governmental services including police, road maintenance, and recreation. The Village contracts with the City of Cleveland for fire protection.

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

Component units are legally separate organizations for which the Village is financially accountable. Component units may also include organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. The Village has no component units.

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

During the period of time covered by this audit the Village did not have any investments.

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:

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.

Special Revenue Fund

This fund is 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 Fund:

Court Computer Fund - used to account for additional court costs collected for the maintenance and upgrade of the court's computer system.

VILLAGE OF LINNDALE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND DECEMBER 31, 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Fiduciary Funds (Agency Fund)

This fund is used to account for funds for which the Village is acting in an agency capacity. The Village had the following significant Agency Fund:

Mayor's Court Fund - This fund receives fees from traffic violations. A portion of these fees are paid to the Village's General Fund and the remainder is remitted to the State of Ohio.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations

The Village Council must annually approve appropriation measures and subsequent amendments for each fund. The Village sends a copy of the appropriation measure and subsequent amendments to the County Budget Commission. Unencumbered appropriations lapse at year end.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

VILLAGE OF LINNDALE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND DECEMBER 31, 1998
(Continued)

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

	<u>1999</u>	<u>1998</u>
Demand deposits	\$108,348	\$112,220
Petty cash and change cash	<u>400</u>	<u>400</u>
Total deposits	<u>\$108,748</u>	<u>\$112,620</u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation or, collateralized by securities specifically pledged by the financial institution to the Village.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$520,723	\$454,807	(\$65,916)
Special Revenue	<u>43,000</u>	<u>37,256</u>	<u>(5,744)</u>
Total	<u>\$563,723</u>	<u>\$492,063</u>	<u>(\$71,660)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$503,030	\$471,261	\$31,769
Special Revenue	<u>45,600</u>	<u>38,417</u>	<u>7,183</u>
Total	<u>\$548,630</u>	<u>\$509,678</u>	<u>\$38,952</u>

1998 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$524,460	\$525,190	\$730
Special Revenue	<u>27,122</u>	<u>38,007</u>	<u>10,885</u>
Total	<u>\$551,582</u>	<u>\$563,197</u>	<u>\$11,615</u>

VILLAGE OF LINNDALE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND DECEMBER 31, 1998
(Continued)

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$483,730	\$489,385	(\$5,655)
Special Revenue	17,000	16,981	19
Total	\$500,730	\$506,366	(\$5,636)

The Village was in violation of Ohio Revised Code Section 5705.41 (B) for the General Fund in 1998. The Village was in violation of Ohio Revised Code Section 5705.39 for the Tow Fund in 1999.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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. 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. RETIREMENT SYSTEM

The Village's full-time law enforcement officers belong to the Police & Firemen's Disability & Pension Fund (PFDPF). Other full-time employees belong to the Public Employees Retirement System of Ohio (PERS). PFDPF and PERS are state operated, cost-sharing, multiple employer public employee retirement systems. These plans provide retirement benefits to vested employees who are eligible to retire based upon years of service. They also provide survivor and disability benefits to vested employees.

Contribution rates are also prescribed by the Ohio Revised Code. The Village's PERS members contributed 8.5 percent and PFDPF members contributed 10 percent of their gross salaries to the respective plans. The Village contributed an amount equal to 13.55 percent and 19.5 percent, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

6. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

**VILLAGE OF LINNDALE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND DECEMBER 31, 1998
(Continued)**

6. RISK MANAGEMENT (Continued)

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

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village Council
Village of Linndale
Cuyahoga County
4016 West 119th Street
Linndale, Ohio 44135

We have audited the accompanying financial statements of the Village of Linndale, Cuyahoga County, Ohio (the Village), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated June 26, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated June 26, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 June 26, 2000.

This report is intended for the information and use of the management, and 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". The signature is stylized with a large loop at the end.

Jim Petro
Auditor of State

June 26, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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VILLAGE OF LINNDALE

CUYAHOGA 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
AUGUST 1, 2000**