



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

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**STATE OF OHIO**



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STATE OF OHIO  
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**REPORT OF INDEPENDENT ACCOUNTANTS**

Village of Lockbourne  
Franklin County  
85 Commerce Street  
Lockbourne, Ohio 43137

To the Village Council:

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

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. 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, 1999, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 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 management, and 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

March 31, 2000



**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>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$4,909	\$0	\$4,909
Intergovernmental Receipts	58,772	21,680	80,452
Fines, Licenses, and Permits	137	0	137
Earnings on Investments	10,029	0	10,029
Miscellaneous	636	0	636
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	74,483	21,680	96,163
	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	2,820	0	2,820
Leisure Time Activities	78	0	78
Basic Utility Services	15,982	0	15,982
Transportation	0	10,914	10,914
General Government	38,282	0	38,282
	<hr/>	<hr/>	<hr/>
Total Disbursements	57,162	10,914	68,076
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	17,321	10,766	28,087
Fund Cash Balances, January 1, 1999	91,406	46,919	138,325
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31, 1999</b>	<b><u>\$108,727</u></b>	<b><u>\$57,685</u></b>	<b><u>\$166,412</u></b>
	<hr/>	<hr/>	<hr/>
Reserve for Encumbrances, December 31, 1999	<u>\$3,378</u>	<u>\$70</u>	<u>\$3,448</u>

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

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

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$97,403
Total Operating Cash Receipts	97,403
<b>Operating Cash Disbursements:</b>	
Contractual Services	56,674
Supplies and Materials	934
Total Operating Cash Disbursements	57,608
Operating Receipts Over (Under) Operating Disbursements	39,795
<b>Non-Operating Cash Receipts:</b>	
Special Assessments	7,520
Total Non-Operating Cash Receipts	7,520
<b>Non-Operating Cash Disbursements:</b>	
Debt Service	42,332
Total Non-Operating Cash Disbursements	42,332
Net Receipts Over/(Under) Disbursements	4,983
Fund Cash Balances, January 1, 1999	99,230
<b>Fund Cash Balances, December 31, 1999</b>	<b>\$104,213</b>
Reserve for Encumbrances, December 31, 1999	\$10,431

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

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Lockbourne, Franklin 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 general governmental services, including water and sewer utilities, and park operations (leisure time activities). The Village contracts with the Franklin County Sheriff's department to provide security of persons and property.

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**

Certificates of deposit are valued at cost.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

**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.

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

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

**D. Fund Accounting (Continued)**

**3. Enterprise Funds**

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Funds:

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

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

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the function 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.

**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 re-appropriated. .

A summary of 1999 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.

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

**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:

	<u>1999</u>
Demand deposits	\$ 170,623
Certificates of deposit	<u>100,000</u>
Total deposits	<u><u>270,623</u></u>

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 1999 follows:

**1999 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted</u> <u>Receipts</u>	<u>Actual</u> <u>Receipts</u>	<u>Variance</u>
General	\$ 75,447	\$ 74,483	\$ (964)
Special Revenue	14,468	21,680	7,212
Enterprise	<u>72,776</u>	<u>104,923</u>	<u>32,147</u>
Total	<u><u>\$ 162,691</u></u>	<u><u>\$ 201,086</u></u>	<u><u>\$ 38,395</u></u>

**1999 Budgeted vs. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation</u> <u>Authority</u>	<u>Budgetary</u> <u>Expenditures</u>	<u>Variance</u>
General	\$ 122,684	\$ 60,540	\$ 62,144
Special Revenue	45,000	10,984	34,016
Enterprise	<u>100,000</u>	<u>110,371</u>	<u>(10,371)</u>
Total	<u><u>\$ 267,684</u></u>	<u><u>\$ 181,895</u></u>	<u><u>\$ 85,789</u></u>

**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 payment, the first half is due December 31. The second half payment is due the following June 20.

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

**4. PROPERTY TAX (Continued)**

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. DEBT**

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan 1003	\$ 93,866	8.05%
Ohio Water Development Authority Loan 5037	215,642	6.87%
Ohio Water Development Authority Loan 6012	140,515	5.90%
Total	\$ 450,023	

The Ohio Water Development Authority (OWDA) loans relate to a water and sewer projects. The loans will be repaid in semiannual installments including interest, over 24 years. The loans are collateralized by water and sewer receipts.

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

	OWDA Loan 1003	OWDA Loan 5037	OWDA Loan 6012
Year ending December 31:			
2000	\$ 5,500	\$ 9,744	\$ 5,922
2001	11,000	19,488	11,844
2002	11,000	19,488	11,844
2003	11,000	19,488	11,844
2004	11,000	19,488	11,844
Subsequent	115,498	331,300	195,429
Total	\$ 164,998	\$ 418,996	\$ 248,727

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

**6. RETIREMENT SYSTEMS**

The Village's officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan 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 1999, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

**7. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions

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

Village of Lockbourne  
Franklin County  
85 Commerce Street  
Lockbourne, Ohio 43137

To the Village Council:

We have audited the accompanying financial statements of the Village of Lockbourne, Franklin County, Ohio (the Village), as of and for the year ended December 31, 1999, and have issued our report thereon dated March 31, 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 a certain immaterial instance of noncompliance that we have reported to management of the Village in a separate letter dated March 31, 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 March 31, 2000.

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

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

**JIM PETRO**  
Auditor of State

March 31, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**VILLAGE OF LOCKBOURNE**

**FRANKLIN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 11, 2000**