



**Auditor of State
Betty Montgomery**

VILLAGE OF LOCKBOURNE
FRANKLIN COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Lockbourne
Franklin County
85 Commerce Street
P.O. Box 95
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 years ended December 31, 2002 and 2001. 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 of the Village as of December 31, 2002 and 2001, 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 20, 2003, 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 management, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 20, 2003

**VILLAGE OF LOCKBOURNE
FRANKLIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$17,758	\$0	\$17,758
Intergovernmental Receipts	51,561	37,575	89,136
Fines, Licenses, and Permits	173	0	173
Earnings on Investments	5,313	0	5,313
Miscellaneous	982	0	982
	<u>75,787</u>	<u>37,575</u>	<u>113,362</u>
Cash Disbursements:			
Current:			
Leisure Time Activities	7,770	0	7,770
Basic Utility Services	10,004	0	10,004
Transportation	0	21,613	21,613
General Government	32,664	0	32,664
	<u>50,438</u>	<u>21,613</u>	<u>72,051</u>
Total Receipts Over Disbursements	25,349	15,962	41,311
Fund Cash Balances, January 1	<u>169,056</u>	<u>77,629</u>	<u>246,685</u>
Fund Cash Balances, December 31	<u><u>\$194,405</u></u>	<u><u>\$93,591</u></u>	<u><u>\$287,996</u></u>

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

**VILLAGE OF LOCKBOURNE
FRANKLIN COUNTY**

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

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$45,769
Total Operating Cash Receipts	45,769
Operating Cash Disbursements:	
Contractual Services	2,820
Other	116
Total Operating Cash Disbursements	2,936
Operating Income	42,833
Non-Operating Cash Disbursements:	
Redemption of Principal	(12,000)
Interest and Other Fiscal Charges	(30,332)
Total Non-Operating Cash Disbursements	(42,332)
Net Receipts Over Disbursements	501
Fund Cash Balances, January 1	93,907
Fund Cash Balances, December 31	\$94,408

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

**VILLAGE OF LOCKBOURNE
FRANKLIN 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>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$21,199	\$0	\$21,199
Intergovernmental Receipts	81,638	23,696	105,334
Fines, Licenses, and Permits	519	0	519
Earnings on Investments	9,466	0	9,466
Miscellaneous	1,043	0	1,043
	<u>113,865</u>	<u>23,696</u>	<u>137,561</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	1,082	0	1,082
Leisure Time Activities	4,128	0	4,128
Basic Utility Services	12,922	0	12,922
Transportation	0	20,931	20,931
General Government	36,053	0	36,053
Capital Outlay	32,320	0	32,320
	<u>86,505</u>	<u>20,931</u>	<u>107,436</u>
Total Cash Disbursements			
Total Receipts Over Disbursements	27,360	2,765	30,125
Fund Cash Balances, January 1	141,696	74,864	216,560
Fund Cash Balances, December 31	<u><u>\$169,056</u></u>	<u><u>\$77,629</u></u>	<u><u>\$246,685</u></u>

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

**VILLAGE OF LOCKBOURNE
FRANKLIN COUNTY**

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

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$29,478
Total Operating Cash Receipts	29,478
Operating Cash Disbursements:	
Contractual Services	4,719
Other	116
Total Operating Cash Disbursements	4,835
Operating Income	24,643
Non-Operating Cash Disbursements:	
Redemption of Principal	(11,670)
Interest and Other Fiscal Charges	(30,661)
Total Non-Operating Cash Disbursements	(42,331)
Net Receipts (Under) Disbursements	(17,688)
Fund Cash Balances, January 1	111,595
Fund Cash Balances, December 31	\$93,907

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

**VILLAGE OF LOCKBOURNE
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Lockbourne, Franklin County, Ohio (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

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. The Village had no investments for 2002 and 2001.

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 Funds

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 Fund:

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

**VILLAGE OF LOCKBOURNE
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(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 fund 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. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances at year end are canceled, and reappropriated in the subsequent year..

A summary of 2002 and 2001 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.

**VILLAGE OF LOCKBOURNE
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

2. EQUITY IN POOLED CASH

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

	2002	2001
Deposits	\$382,404	\$340,592

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 years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$87,837	\$75,787	(\$12,050)
Special Revenue	24,500	37,575	13,075
Enterprise	31,000	45,769	14,769
Total	\$143,337	\$159,131	\$15,794

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$85,300	\$50,438	\$34,862
Special Revenue	57,500	21,613	35,887
Enterprise	119,000	45,268	73,732
Total	\$261,800	\$117,319	\$144,481

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$81,030	\$113,865	\$32,835
Special Revenue	16,850	23,696	6,846
Enterprise	90,725	29,478	(61,247)
Total	\$188,605	\$167,039	(\$21,566)

**VILLAGE OF LOCKBOURNE
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$139,208	\$86,505	\$52,703
Special Revenue	50,000	20,931	29,069
Enterprise	140,932	47,166	93,766
Total	\$330,140	\$154,602	\$175,538

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

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

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

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

5. DEBT

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan 1003	\$82,682	8.05%
Ohio Water Development Authority Loan 5037	200,638	6.87%
Ohio Water Development Authority Loan 6012	129,212	5.90%
Total	\$412,532	

The Ohio Water Development Authority (OWDA) loans relate to water and sewer projects. The loans will be repaid in semiannual installments including interest, over 25 years. The loans are collateralized by water and sewer receipts.

**VILLAGE OF LOCKBOURNE
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

5. DEBT (Continued)

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

	OWDA Loan 1003	OWDA Loan 5037	OWDA Loan 6012
Year ending December 31:			
2003	\$11,000	\$19,488	\$11,844
2004	11,000	19,488	11,844
2005	11,000	19,488	11,844
2006	11,000	19,488	11,844
2007	11,000	19,488	11,844
Subsequent	82,500	272,832	152,159
Total	<u>\$137,500</u>	<u>\$370,272</u>	<u>\$211,379</u>

6. RETIREMENT SYSTEM

The Village's officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. The Village has paid all contributions required through December 31, 2002.

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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**Auditor of State
Betty Montgomery**

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

Village of Lockbourne
Franklin County
85 Commerce Street
P.O. Box 95
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 years ended December 31, 2002 and 2001, and have issued our report thereon dated June 20, 2003. 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 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 June 20, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Village in a separate letter dated June 20, 2003.

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Village of Lockbourne
Franklin County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
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This report is intended solely for the information and use of management and the 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 20, 2003



**Auditor of State
Betty Montgomery**

88 East Broad Street
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Columbus, Ohio 43216-1140

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800-282-0370

Facsimile 614-466-4490

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
NOVEMBER 6, 2003**