



Dave Yost • Auditor of State



VILLAGE OF LINDSEY  
SANDUSKY COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter .....	1
Independent Accountants' Report.....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2011 .....	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - Proprietary Fund Type - For the Year Ended December 31, 2011 .....	6
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2010 .....	7
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - Proprietary Fund Type - For the Year Ended December 31, 2010 .....	8
Notes to the Financial Statements .....	9
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	17
Schedule of Prior Audit Findings.....	19

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# Dave Yost • Auditor of State

Village of Lindsey  
Sandusky County  
204 S. Main Street, P.O. Box 364  
Lindsey, Ohio 43442-0364

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Dave Yost".

**Dave Yost**  
Auditor of State

August 21, 2012

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Village of Lindsey  
Sandusky County  
240 S. Main Street, P.O. Box 364  
Lindsey, Ohio 43442-0364

To the Village Council:

We have audited the accompanying financial statements of the Village of Lindsey, Sandusky County, Ohio (the Village), as of and for the years ended December 31, 2011 and 2010. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2011 and 2010, or its changes in financial position or cash flows, where applicable for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 and 2010 of the Village of Lindsey, Sandusky County, Ohio, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1E, during 2011 the Village of Lindsey, Sandusky County, Ohio adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2012, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Dave Yost**  
Auditor of State

August 21, 2012

**VILLAGE OF LINDSEY  
SANDUSKY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$39,533			\$39,533
Intergovernmental	54,348	\$25,816	\$79,500	159,664
Charges for Services		94,595		94,595
Fines, Licenses and Permits	215			215
Earnings on Investments	146	204		350
Miscellaneous	636	220		856
<i>Total Cash Receipts</i>	<u>94,878</u>	<u>120,835</u>	<u>79,500</u>	<u>295,213</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	12,775	66,452	79,500	158,727
Public Health Services	282			282
Leisure Time Activities	5,181			5,181
Community Environment	14,598			14,598
Basic Utility Services	10,989			10,989
Transportation	2,838	18,461		21,299
General Government	48,520			48,520
<i>Total Cash Disbursements</i>	<u>95,183</u>	<u>84,913</u>	<u>\$79,500</u>	<u>259,596</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(305)</u>	<u>35,922</u>		<u>35,617</u>
<b>Other Financing Receipts</b>				
Other Financing Sources		100		100
<i>Net Change in Fund Cash Balances</i>	(305)	36,022		35,717
<i>Fund Cash Balances, January 1</i>	<u>91,004</u>	<u>417,483</u>		<u>508,487</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		453,505		453,505
Unassigned	90,699			90,699
<i>Fund Cash Balances, December 31</i>	<u>\$90,699</u>	<u>\$453,505</u>		<u>\$544,204</u>

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

VILLAGE OF LINDSEY  
SANDUSKY COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Enterprise</u>
<b>Operating Cash Receipts</b>	
Charges for Services	<u>\$131,586</u>
<b>Operating Cash Disbursements</b>	
Personal Services	8,083
Supplies and Materials	<u>83,963</u>
<i>Total Operating Cash Disbursements</i>	<u>92,046</u>
<i>Operating Income</i>	<u>39,540</u>
<b>Non-Operating Receipts (Disbursements)</b>	
Special Assessments	1,888
Miscellaneous Receipts	1,590
Principal Retirement	(25,301)
Interest and Other Fiscal Charges	(5,720)
Other Financing Sources	<u>680</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(26,863)</u>
<i>Net Change in Fund Cash Balances</i>	12,677
<i>Fund Cash Balances, January 1</i>	<u>132,144</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$144,821</u></u>

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

**VILLAGE OF LINDSEY  
SANDUSKY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts:</b>			
Property and Local Taxes	\$40,218		\$40,218
Intergovernmental	43,760	\$74,402	118,162
Charges for Services	120	75,039	75,159
Fines, Licenses and Permits	325		325
Earnings on Investments	123	183	306
Miscellaneous	1,302	300	1,602
<i>Total Cash Receipts</i>	<u>85,848</u>	<u>149,924</u>	<u>235,772</u>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	18,133	100,079	118,212
Public Health Services	285		285
Leisure Time Activities	4,872		4,872
Community Environment	6,533		6,533
Basic Utility Service	12,075		12,075
Transportation		2,538	2,538
General Government	48,506		48,506
<i>Total Cash Disbursements</i>	<u>90,404</u>	<u>102,617</u>	<u>193,021</u>
<i>Net Change in Fund Cash Balances</i>	<u>(4,556)</u>	<u>47,307</u>	<u>42,751</u>
Fund Cash Balances, January 1	<u>95,560</u>	<u>370,176</u>	<u>465,736</u>
Fund Cash Balances, December 31	<u><u>\$91,004</u></u>	<u><u>\$417,483</u></u>	<u><u>\$508,487</u></u>

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

VILLAGE OF LINDSEY  
SANDUSKY COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Enterprise</u>
<b>Operating Cash Receipts:</b>	
Charges for Services	<u>\$136,156</u>
<b>Operating Cash Disbursements:</b>	
Personal Services	8,229
Supplies and Materials	<u>76,713</u>
<i>Total Operating Cash Disbursements</i>	<u>84,942</u>
<i>Operating Income</i>	<u>51,214</u>
<b>Non-Operating Cash Receipts:</b>	
Miscellaneous Receipts	1,015
Other Non-Operating Cash Receipts	<u>680</u>
<i>Total Non-Operating Receipts</i>	<u>1,695</u>
<b>Non-Operating Cash Disbursements:</b>	
Redemption of Principal	(35,396)
Interest and Other Fiscal Charges	<u>(7,501)</u>
<i>Total Non-Operating Disbursements</i>	<u>(42,897)</u>
<i>Net Change in Fund Cash Balances</i>	10,012
<i>Fund Cash Balances, January 1</i>	<u>122,132</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$132,144</u></u>

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

**VILLAGE OF LINDSEY  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**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 Lindsey, Sandusky County, Ohio (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, police services and fire protection. The Village contracts with the Sandusky County Sheriff's department to provide security of persons and property. The Village appropriates special revenue fund money to support a volunteer fire department.

The Village participates in the Ohio Plan Risk Management, Inc., a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:

The Village belongs to the Ohio Plan Risk Management, Inc. Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village 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 Auditor of State prescribes or permits.

**C. 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:

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**VILLAGE OF LINDSEY  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from private-purpose 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.

Fire Fund – This fund receives revenues from Rice and Washington Townships for providing fire protection services.

**3. Capital Project Fund**

This fund accounts for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following capital project fund:

Fire Grant Fund – This fund receives a state grant from FEMA to be used towards the purchase of a fire truck.

**4. Enterprise Funds**

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

Water Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

**D. 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. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

VILLAGE OF LINDSEY  
SANDUSKY COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)

1. Summary of Significant Accounting Policies (Continued)

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 individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2011 and 2010 budgetary activity appears in Note 3.

E. Fund Balance

For 2011, the Village adopted Government Accounting Standards Board Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. The adoption of GASB 54 had no effect on the previously reported fund balances. For December 31, 2011, 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.

**VILLAGE OF LINDSEY  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**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.

**F. 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.

**2. Equity in Pooled Deposits and Investments**

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

	2011	2010
Demand deposits	\$689,025	\$640,631

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

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$90,216	\$94,878	\$4,662
Special Revenue	115,845	120,935	5,090
Capital Projects	79,500	79,500	
Enterprise	134,400	135,744	1,344
Total	\$419,961	\$431,057	\$11,096

**VILLAGE OF LINDSEY  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**3. Budgetary Activity (Continued)**

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$181,220	\$95,183	\$86,037
Special Revenue	533,328	84,913	448,415
Capital Projects	79,500	79,500	
Enterprise	266,544	123,067	143,477
Total	\$1,060,592	\$382,663	\$677,929

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$77,726	\$85,848	\$8,122
Special Revenue	98,825	149,924	51,099
Enterprise	142,000	137,851	(4,149)
Total	\$318,551	\$373,623	\$55,072

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$174,475	\$90,404	\$84,071
Special Revenue	469,000	102,617	366,383
Enterprise	264,132	127,839	136,293
Total	\$907,607	\$320,860	\$586,747

**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.

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.

**VILLAGE OF LINDSEY  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**5. Debt**

Debt outstanding at December 31, 2011 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan #4402	\$163,443	2.75%
Ohio Public Works Commission Loan #CE03F	61,206	0.00%
Total	\$224,649	

Ohio Water Development Authority (OWDA) Loan #4402 relates to a water supply and treatment plant improvement project. The OWDA approved a loan up to \$228,829 to the Village for this project. This loan is still in the "open" status, so no amortization schedule is available at this time, and it is not included in the following schedule. The Village will repay the loan in semiannual installments, including interest over 20 years. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Ohio Public Works Commission (OPWC) Loan #CE03F relates to a water supply and treatment plant improvement project. OPWC loaned the Village \$81,608 for this project. The Village will repay the loan in semiannual installments over 20 years with a maturity date of July 1, 2027. Water receipts collateralize the loan.

Amortization of the OPWC debt is scheduled as follows:

Year ending December 31:	OPWC CE03F
2012	\$4,080
2013	4,080
2014	4,080
2015	4,080
2016	4,080
2017-2021	20,400
2022-2026	20,406
Total	\$61,206

**6. Retirement System**

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2011.

**7. Risk Pool Membership**

Prior to 2009, the Village belonged to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan was legally separate from its member governments.

**VILLAGE OF LINDSEY  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**7. Risk Pool Membership (Continued)**

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 and 725 members as of December 31, 2010 and 2009 respectively. The Village participates in this coverage.

The Plan formed the Ohio Plan Healthcare Consortium ("OPHC"), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member's healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and 2009 respectively. The Village does not participate in this coverage.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

**VILLAGE OF LINDSEY  
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**7. Risk Pool Membership (Continued)**

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2010 and 2009 (the latest information available), and include amounts for both OPRM and OPHC:

	2010		2009	
	OPRM	OPHC	OPRM	OPHC
Assets	\$12,036,541	\$1,355,131	\$11,176,186	\$1,358,802
Liabilities	(4,845,056)	(1,055,096)	(4,852,485)	(1,253,617)
Members' Equity	<u>\$7,191,485</u>	<u>\$300,035</u>	<u>\$6,323,701</u>	<u>\$105,185</u>

You can read the complete audited financial statements for OPRM and OPHC at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**8. Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



# Dave Yost • Auditor of State

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

Village of Lindsey  
Sandusky County  
240 S. Main Street, P.O. Box 364  
Lindsey, Ohio 43442-0364

To the Village Council:

We have audited the financial statements of the Village of Lindsey, Sandusky County, Ohio (the Village), as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated August 21, 2012 wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America, and in 2011 the Village adopted Governmental Accounting Standards Board Statement No. 54. We also noted the Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. 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 the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated August 21, 2012.

We intend this report solely for the information and use of management, Village Council, and others within the Village. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

August 21, 2012

VILLAGE OF LINDSEY  
SANDUSKY COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2011 AND 2010

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2009-001	Ohio Revised Code §5705.39 – Appropriations exceeded estimated resources.	No	Partially corrected; reducing this to a management letter comment.

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# Dave Yost • Auditor of State

VILLAGE OF LINDSEY

SANDUSKY 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  
SEPTEMBER 4, 2012