



**Auditor of State  
Betty Montgomery**



VILLAGE OF LINNDALE  
CUYAHOGA COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Village of Linndale  
Cuyahoga County  
4016 West 119<sup>th</sup> Street  
Linndale, Ohio 44135

To the Village Council:

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, 2001 and December 31, 2000. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2001 and December 31, 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 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, 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

April 1, 2003

**VILLAGE OF LINNDALE  
CUYAHOGA 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>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$100,042	\$0	\$100,042
Intergovernmental Receipts	24,262	65,029	89,291
Charges for Services	4,095	0	4,095
Fines, Licenses, and Permits	457,235	103,203	560,438
Earnings on Investments	324	0	324
Miscellaneous	7,835	0	7,835
	<u>593,793</u>	<u>168,232</u>	<u>762,025</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	356,164	43,909	400,073
Public Health Services	92	0	92
Leisure Time Activities	1,879	0	1,879
Community Environment	465	0	465
Basic Utility Services	9,008	0	9,008
Transportation	27,116	0	27,116
General Government	215,038	94,974	310,012
	<u>609,762</u>	<u>138,883</u>	<u>748,645</u>
<b>Total Cash Disbursements</b>			
Total Receipts Over/(Under) Disbursements	<u>(15,969)</u>	<u>29,349</u>	<u>13,380</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(15,969)	29,349	13,380
Fund Cash Balances, January 1	<u>77,108</u>	<u>(15,110)</u>	<u>61,998</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$61,139</b></u>	<u><b>\$14,239</b></u>	<u><b>\$75,378</b></u>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$16,903</u>	<u>\$16,903</u>

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

**VILLAGE OF LINNDALE  
CUYAHOGA COUNTY**

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

	<b>Fiduciary Fund Type</b>
	<b>Agency</b>
<b>Operating Cash Receipts:</b>	
Mayor's Court Receipts	\$562,921
Total Operating Cash Receipts	562,921
<b>Operating Cash Disbursements:</b>	
Mayor's Court Disbursements	556,517
Total Operating Cash Disbursements	556,517
Operating Income/(Loss)	6,404
Fund Cash Balances, January 1	38,367
<b>Fund Cash Balances, December 31</b>	<b>\$44,771</b>

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



**VILLAGE OF LINNDALE  
CUYAHOGA COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$91,258	\$0	\$91,258
Intergovernmental Receipts	16,263	0	16,263
Charges for Services	1,824	0	1,824
Fines, Licenses, and Permits	428,833	89,186	518,019
Earnings on Investments	1,814	8	1,822
Miscellaneous	11,680	0	11,680
	<u>551,672</u>	<u>89,194</u>	<u>640,866</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	308,404	54,105	362,509
Public Health Services	138	0	138
Leisure Time Activities	2,077	0	2,077
Community Environment	876	0	876
Basic Utility Services	9,542	0	9,542
Transportation	18,123	0	18,123
General Government	221,072	35,222	256,294
	<u>560,232</u>	<u>89,327</u>	<u>649,559</u>
<b>Total Cash Disbursements</b>			
Total Receipts Over/(Under) Disbursements	<u>(8,560)</u>	<u>(133)</u>	<u>(8,693)</u>
<b>Other Financing Receipts and (Disbursements):</b>			
Advances-In	10,829	11,734	22,563
Advances-Out	<u>(11,734)</u>	<u>(10,829)</u>	<u>(22,563)</u>
	<u>(905)</u>	<u>905</u>	<u>0</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(9,465)	772	(8,693)
Fund Cash Balances, January 1	<u>86,573</u>	<u>(15,882)</u>	<u>70,691</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$77,108</u></b>	<b><u>(\$15,110)</u></b>	<b><u>\$61,998</u></b>
Reserves for Encumbrances, December 31	<u>\$366</u>	<u>\$0</u>	<u>\$366</u>

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

VILLAGE OF LINNDALE  
CUYAHOGA COUNTY

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

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
<b>Operating Cash Receipts:</b>	
Mayor's Court Receipts	<u>\$435,283</u>
Total Operating Cash Receipts	<u>435,283</u>
<b>Operating Cash Disbursements:</b>	
Mayor's Court Disbursements	<u>434,973</u>
Total Operating Cash Disbursements	<u>434,973</u>
Operating Income/(Loss)	<u>310</u>
Fund Cash Balances, January 1	<u>38,057</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$38,367</u></u></b>

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

**VILLAGE OF LINNDALE  
CUYAHOGA COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of 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**

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.

Certificates of deposit are valued at cost.

**D. Fund Accounting**

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**VILLAGE OF LINNDALE  
CUYAHOGA COUNTY**

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

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

**D. Fund Accounting (Continued)**

**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:

*Computer Fund* - This fund receives money from the Mayor's Court to pay for upgrade of technological computer service. This includes services provided by the Uniform Accounting Network and by outside sources.

*Tow Fund* - This fund receives money from individuals who had their vehicles impounded by the Police and from individuals who had their vehicles towed by outside sources.

*Jail Fund* - This fund receives money from the Mayor's Court to pay for outside source prisoner housing.

*Magistrate Fund* - This fund receives money from the Mayor's Court to pay for magistrate services to the Mayor's Court.

*Law Enforcement Trust Fund* - This fund receives money from the confiscated drug currency or from an auction of stolen merchandise whose ownership could not be identified.

*State Pass Through Fund* – This fund receives money from the Mayor's Court to remit required amounts due the State of Ohio: Victims of Crime O.R.C. 2743.70; General Revenue Fund O.R.C. 2949.09; Child Safety Restraint Law O.R.C. 4511.99 (65% Due State); and Seat Belt Fines O.R.C. 4513.263.

**3. Fiduciary Funds (Agency Fund)**

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

*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.

**1. Appropriations**

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

VILLAGE OF LINNDALE  
CUYAHOGA COUNTY

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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 reappropriated.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments, which includes petty cash of \$400, at December 31 was as follows:

	2001	2000
Demand deposits	\$114,827	\$94,382
Certificates of deposit	5,322	5,983
Total deposits and investments	<u>\$120,149</u>	<u>\$100,365</u>

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

**VILLAGE OF LINNDALE  
CUYAHOGA COUNTY**

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

**3. BUDGETARY ACTIVITY**

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

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$543,665	\$593,793	\$50,128
Special Revenue	51,500	168,272	116,772
Total	\$595,165	\$762,065	\$166,900

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$647,661	\$609,762	\$37,899
Special Revenue	100,000	155,786	(55,786)
Total	\$747,661	\$765,548	(\$17,887)

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$520,667	\$551,672	\$31,005
Special Revenue	43,000	89,194	46,194
Total	\$563,667	\$640,866	\$77,199

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$563,031	\$560,598	\$2,433
Special Revenue	100,156	89,327	10,829
Total	\$663,187	\$649,925	\$13,262

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the State Pass Through Fund by \$65,209 and in the Jail Fund by \$3,293 for the year ended December 31, 2001.

**VILLAGE OF LINNDALE  
CUYAHOGA COUNTY**

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

**4. PROPERTY TAX**

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

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

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

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

**5. LOCAL INCOME TAX**

The Village levies a municipal income tax of 2 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**6. RETIREMENT SYSTEMS**

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

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

VILLAGE OF LINNDALE  
CUYAHOGA COUNTY

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

7. RISK MANAGEMENT

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

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

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.





## Auditor of State Betty Montgomery

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

Village of Linndale  
Cuyahoga County  
4016 West 119<sup>th</sup> Street  
Linndale, Ohio 44135

To the Village Council:

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, 2001 and December 31, 2000, and have issued our report thereon dated April 1, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2001-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated April 1, 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 other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the Village in a separate letter dated April 1, 2003.

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This report is intended solely 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

April 1, 2003

**VILLAGE OF LINNDALE  
CUYAHOGA COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2001-001**

Ohio Rev. Code Sections 5705.41(B) prohibits a subdivision or taxing unit from making an expenditure unless it has been properly appropriated.

The following funds had expenditures exceeding appropriations at the legal level of budgetary control on December 31, 2001:

<u>Fund/Function/Object</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
State Pass through Fund General Government	\$ 0	\$ 65,029	(\$65,029)
Jail Fund Security of Persons and Property	\$ 25,000	\$ 28,294	(\$ 3,294)





**Auditor of State  
Betty Montgomery**

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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  
DECEMBER 16, 2003**