



**VILLAGE OF LAKELINE
LAKE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2003 & 2002



**Auditor of State
Betty Montgomery**

VILLAGE OF LAKELINE
LAKE COUNTY

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Village of Lakeline
Lake County
33801 Lakeshore Boulevard
Lakeline, Ohio 44095

To the Village Council:

We have audited the accompanying financial statements of the Village of Lakeline, Lake County, Ohio (the Village) as of and for the years ended December 31, 2003 and December 31, 2002. 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 of Lakeline, Lake County, Ohio, as of December 31, 2003 and December 31, 2002, 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 July 23, 2004 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.

Village of Lakeline
Lake County
Independent Accountants' Report
Page 2

This report is intended solely for the information and use of the 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

July 23, 2004

**VILLAGE OF LAKELINE
LAKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

| | <u>Governmental Fund Types</u> | | <u>Totals (Memorandum Only)</u> |
|--|--------------------------------|----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | |
| Cash Receipts: | | | |
| Property Tax | \$12,794 | \$0 | \$12,794 |
| Special Assessments | 0 | 33,033 | 33,033 |
| Intergovernmental Receipts | 47,247 | 6,839 | 54,086 |
| Fines, Licenses, and Permits | 215 | 0 | 215 |
| Earnings on Investments | 2,435 | 0 | 2,435 |
| Miscellaneous | 1,173 | 0 | 1,173 |
| | <hr/> | <hr/> | <hr/> |
| Total Cash Receipts | 63,864 | 39,872 | 103,736 |
| | <hr/> | <hr/> | <hr/> |
| Cash Disbursements: | | | |
| Current: | | | |
| Security of Persons and Property | 25,400 | 0 | 25,400 |
| Community Environment | 2,163 | 0 | 2,163 |
| Basic Utility Services | 11,439 | 0 | 11,439 |
| General Government | 12,477 | 788 | 13,265 |
| Debt Service: | | | |
| Principal Payments | 0 | 12,303 | 12,303 |
| Interest Payments | 0 | 9,889 | 9,889 |
| | <hr/> | <hr/> | <hr/> |
| Total Cash Disbursements | 51,479 | 22,980 | 74,459 |
| | <hr/> | <hr/> | <hr/> |
| Total Receipts Over/(Under) Disbursements | 12,385 | 16,892 | 29,277 |
| | <hr/> | <hr/> | <hr/> |
| Fund Cash Balances, January 1, 2003 | 75,789 | 130,738 | 206,527 |
| | <hr/> | <hr/> | <hr/> |
| Fund Cash Balances, December 31, 2003 | <u>\$88,174</u> | <u>\$147,630</u> | <u>\$235,804</u> |

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

**VILLAGE OF LAKELINE
LAKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - 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 | \$13,206 | \$0 | \$13,206 |
| Special Assessments | 0 | 34,635 | 34,635 |
| Intergovernmental Receipts | 35,467 | 6,640 | 42,107 |
| Fines, Licenses, and Permits | 187 | 0 | 187 |
| Earnings on Investments | 3,647 | 0 | 3,647 |
| Miscellaneous | 1,092 | 0 | 1,092 |
| | <hr/> | <hr/> | <hr/> |
| Total Cash Receipts | 53,599 | 41,275 | 94,874 |
| | <hr/> | <hr/> | <hr/> |
| Cash Disbursements: | | | |
| Current: | | | |
| Security of Persons and Property | 21,966 | 0 | 21,966 |
| Community Environment | 10,559 | 0 | 10,559 |
| Basic Utility Services | 11,112 | 0 | 11,112 |
| General Government | 14,301 | 1,100 | 15,401 |
| Debt Service: | | | |
| Principal Payments | 0 | 11,821 | 11,821 |
| Interest Payments | 0 | 10,371 | 10,371 |
| | <hr/> | <hr/> | <hr/> |
| Total Cash Disbursements | 57,938 | 23,292 | 81,230 |
| | <hr/> | <hr/> | <hr/> |
| Total Receipts Over/(Under) Disbursements | (4,339) | 17,983 | 13,644 |
| | <hr/> | <hr/> | <hr/> |
| Fund Cash Balances, January 1, 2002 | 80,128 | 112,755 | 192,883 |
| | <hr/> | <hr/> | <hr/> |
| Fund Cash Balances, December 31, 2002 | <u>\$75,789</u> | <u>\$130,738</u> | <u>\$206,527</u> |

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

**VILLAGE OF LAKELINE
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Lakeline, Lake 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 government services, including street maintenance and building inspections. The Village contracts with the City of Eastlake for fire, ambulance and police services.

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

The Village invested in STAR Ohio (the State Treasurer's investment pool) which is valued at amounts reported by the State Treasurer.

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 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.

Sanitary Sewer Fund -This fund receives special assessment revenues used for the retirement of the Village sanitary sewer loan.

**VILLAGE OF LAKELINE
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds be budgeted annually).

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and object level of control for the General Fund and the fund level for all other funds, 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.

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.

A summary of 2003 and 2002 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.

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:

| | 2003 | 2002 |
|--------------------------------|-----------|-----------|
| Demand deposits | \$17,179 | \$7,290 |
| Total deposits | 17,179 | 7,290 |
| STAR Ohio | 218,625 | 199,237 |
| Total deposits and investments | \$235,804 | \$206,527 |

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation,

Investments: Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**VILLAGE OF LAKELINE
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending 2003 and 2002 follows:

| 2003 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$56,854 | \$63,864 | \$7,010 |
| Special Revenue | 26,993 | 39,872 | 12,879 |
| Total | \$83,847 | \$103,736 | \$19,889 |

| 2003 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$95,180 | \$51,479 | \$43,701 |
| Special Revenue | 24,600 | 22,980 | 1,620 |
| Total | \$119,780 | \$74,459 | \$45,321 |

| 2002 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$61,638 | \$53,598 | (\$8,040) |
| Special Revenue | 12,487 | 41,276 | 28,789 |
| Total | \$74,125 | \$94,874 | \$20,749 |

| 2002 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$74,350 | \$57,938 | \$16,412 |
| Special Revenue | 29,100 | 23,292 | 5,808 |
| Total | \$103,450 | \$81,230 | \$22,220 |

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.

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

**VILLAGE OF LAKELINE
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

5. DEBT

Debt outstanding at December 31, 2003 was as follows:

| | <u>Principal</u> | <u>Interest Rate</u> |
|---------------------------------------|------------------|----------------------|
| Ohio Water Development Authority Loan | \$235,531 | 4.04% |

The Ohio Water Development Authority Loan relates to a 1996 sanitary sewer construction and maintenance project. The loan will be repaid in semiannual installments over 20 years.

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

| | <u>OWDA Loan</u> |
|--------------------------|------------------|
| Year ending December 31: | |
| 2004 | \$22,192 |
| 2005 | 22,192 |
| 2006 | 22,192 |
| 2007 | 22,192 |
| 2008 | 22,192 |
| 2009-2013 | 110,960 |
| 2014-2017 | 88,768 |
| Total | \$310,688 |

6. RETIREMENT SYSTEMS

Several Village employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple-employer plan. This 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 2003, OPERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2003 and for 2002. The Village has paid all contributions required through December 31, 2003.

7. RISK POOL MEMBERSHIP

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with over 500 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

**VILLAGE OF LAKELINE
LAKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

7. RISK POOL MEMBERSHIP (Continued)

The Plan issues its own policies and reinsures with A- VII or better rated carriers, except for a 5% portion the Plan retains. With policies effective September 1, 2003 and after, The Plan pays the lesser of 5% or \$25,000 for casualty losses up to the coverage limit and the lesser of 5% or \$50,000 for property losses up to the coverage limit. The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

| | <u>2003</u> | <u>2002</u> |
|-----------------|--------------------|--------------------|
| Assets | \$5,402,167 | \$5,584,592 |
| Liabilities | <u>(1,871,123)</u> | <u>(2,441,793)</u> |
| Members' Equity | <u>\$3,531,044</u> | <u>\$3,142,799</u> |

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

8. NORTHEAST OHIO PUBLIC ENERGY COUNCIL

The Village is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of 100 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity and natural gas at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity and natural gas to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The Village did not contribute to NOPEC during 2003 and 2002. Contact NOPEC at 1615 Clark Avenue, Cleveland, Ohio 44109.

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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 Lakeline
Lake County
33801 Lakeshore Boulevard
Lakeline, Ohio 44095

To the Village Council:

We have audited the financial statements of the Village of Lakeline, Lake County, Ohio, (the Village) as of and for the year ended December 31, 2003 and December 31, 2002, and have issued our report thereon dated July 23, 2004. 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 directly and materially 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 items 2003-001 through 2003-003. We also noted other immaterial instances of noncompliance that we have reported to the management of the Village in a separate letter dated July 23, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting 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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with management's assertions in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2003-004.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness.

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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 July 23, 2004.

This report is intended solely for the information and use of the 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

July 23, 2004

**VILLAGE OF LAKELINE
LAKE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

| |
|--|
| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS |
|--|

The items indicated with an asterisk (*) denote comments which have been previously brought to management's attention for the years ended December 31, 2001 and December 31, 2000, for which no corrective action has been taken.

| | |
|-----------------------|-----------------|
| Finding Number | 2003-001 |
|-----------------------|-----------------|

FINDING FOR ADJUSTMENT *

Ohio Revised Code Section 5705.10 states that all revenue derived from a source other than the general property tax which the law prescribes shall be used for a particular purpose is to be paid into a special fund for such purpose.

In Fiscal Years 2003 and 2002, the Village posted License, Permissive, and Gas Tax revenues to the General Fund instead of the appropriate Special Revenue Fund. The Village has misposted these revenues over the past audits. These amounts were corrected in the Villages audited financial statements. We recommend that the Village post all License, Permissive, and Gas Tax revenues to the appropriate funds. Additionally, the Village should make all appropriate adjustments to their accounting records.

| | |
|-----------------------|-----------------|
| Finding Number | 2003-002 |
|-----------------------|-----------------|

STATE PAYROLL WITHHOLDING *

Ohio Revised Code Section 5747.06(A), requires in part that every employer, including the state and its political subdivisions, shall deduct and withhold from compensation, state income tax paid to each employee for each payroll period. There are six exceptions to this rule, one of which is a regular employee earning less than three hundred dollars in a calendar quarter. Ohio Revised Code Section 5747.06 (B) requires the employer to furnish a written statement of earnings and deductions made to each employee for the calendar year.

Ohio Revised Code Section 5747.07(E)(2), requires in part that each employer is liable for payment of withholdings tax whether or not such tax has been withheld from employees' compensation, unless the failure to withhold was based upon employer's good faith in reliance upon the statement of the employee as to liability, and the amount shall be deemed to be a special fund in trust for the general revenue fund.

During Fiscal Years 2002 and 2003, the Clerk-Treasurer and Solicitor had compensation greater than \$300 per quarter and the Village did not withhold or report the appropriate state taxes to the State of Ohio. In Fiscal Year 2004, the Village began withholding and remitting the appropriate State Tax Withholding.

**VILLAGE OF LAKELINE
LAKE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002
(Continued)**

| | |
|-----------------------|-----------------|
| Finding Number | 2003-003 |
|-----------------------|-----------------|

INTERNAL REVENUE CODE *

26 United States Code sections 3102(a) – (b) and 3402 require an employer, who in any calendar year pays to an employee cash remuneration, to withhold from employees the appropriate federal and FICA taxes. Additionally, the employer is responsible to pay an amount equal to the FICA taxes withheld from employees.

Internal Revenue Regulation 31.6011(b)-1, requires employers to report all compensation on Form W-2. In Fiscal Years 2002 and 2003, the Mayor, Clerk Treasurer and Solicitor were paid more than \$600 and received 1099's. All other employees earned less than \$600 and did not receive a W-2 or a 1099. Also, no employees of the Village had the proper taxes withheld nor did the Village pay its appropriate share.

In Fiscal Year 2004, the Village began withholding and remitting the appropriate Federal Tax Withholdings. We recommend the Village continue to withhold and pay all taxes in accordance with the Internal Revenue Sections above and issue a W-2 or 1099 for all employees as required.

| | |
|-----------------------|-----------------|
| Finding Number | 2003-004 |
|-----------------------|-----------------|

CASH JOURNAL, LEDGERS, AND ANNUAL FINANCIAL REPORTS

The annual financial reports submitted to the Auditor of State by the Village Clerk did not reconcile to the supporting cash journal and subsidiary ledgers. In addition, the subsidiary ledgers did not reconcile to the cash journal and the annual financial reports were incomplete and could not be reconciled to the ledgers or cash journal.

Additionally, in the prior years in which the Village was audited, its unencumbered fund balances did not agree with the 2003 or 2002 Certificate of Estimated Resources filed with the County Auditor or the Village's cash journal.

We recommend that the Village Clerk reconcile the ledgers to the cash journal on a monthly basis and that the ledgers reconcile to the monthly financial reports submitted to the Council and the annual financial reports submitted to the Auditor of State. Additionally, the Village Clerk should utilize the released audit report as a guide for the preparation of the annual financial report submitted to the Auditor of State.

**VILLAGE OF LAKELINE
LAKE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003 AND 2002**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i> |
|----------------|---|------------------|---|
| 2001-30843-001 | ORC 5705.41 (B),(D) Expenditures exceeding appropriations | No | Partially corrected, see management letter. |
| 2001-30843-002 | ORC 5747.06 State withholding | No | Comment reissued as 2003-002 |
| 2001-30843-003 | 26 USC 3102 & 3402 Internal Revenue Code | No | Comment reissued as 2003-003 |
| 2001-30843-004 | ORC 5705.10 Finding for Adjustment | No | Comment reissued as 2003-001. |



**Auditor of State
Betty Montgomery**

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VILLAGE OF LAKELINE

LAKE 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
OCTOBER 5, 2004**