VILLAGE OF LAKELINE
LAKE COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

Mary Taylor, CPA
Auditor of State

VILLAGE OF LAKELINE
LAKE COUNTY

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

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 Village 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 17, 2010

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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 Village of Lakeline, Lake County, Ohio (the Village) as of and for the years ended December 31, 2009 and 2008. 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(B) and 115.56 mandate 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 Villages 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, 2009 and 2008 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, 2009 and 2008, or its changes in financial position 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 of the Village of Lakeline, Lake County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2010 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 17, 2010

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, 2009

	Governmental Fund Types		
	General	**Special Revenue**	**Totals (Memorandum Only)**
Cash Receipts:			
Property and Local Taxes	$34,209	$0	$34,209
Intergovernmental	33,188	10,646	43,834
Special Assessments	0	21,932	21,932
Fines, Licenses and Permits	2,204	0	2,204
Earnings on Investments	219	340	559
Total Cash Receipts	69,820	32,918	102,738
Cash Disbursements:			
Current:			
Security of Persons and Property	47,665	0	47,665
Basic Utility Service	8,232	0	8,232
Transportation	0	3,118	3,118
General Government	16,371	708	17,079
Redemption of Principal	0	15,640	15,640
Interest and Fiscal Charges	0	6,568	6,568
Total Cash Disbursements	72,268	26,034	98,302
Total Receipts Over/(Under) Disbursements	(2,448)	6,884	4,436
Fund Cash Balances, January 1	77,492	177,792	255,284
Fund Cash Balances, December 31	**$75,044**	**$184,676**	**$259,720**

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, 2008

	Governmental Fund Types		
	General	**Special Revenue**	**Totals (Memorandum Only)**
Cash Receipts:			
Property and Local Taxes	$31,309	$0	$31,309
Intergovernmental	56,554	10,570	67,124
Special Assessments	0	20,884	20,884
Fines, Licenses and Permits	1,987	0	1,987
Earnings on Investments	2,023	3,462	5,485
Miscellaneous	489	0	489
Total Cash Receipts	92,362	34,916	127,278
Cash Disbursements:			
Current:			
Security of Persons and Property	46,413	0	46,413
Basic Utility Service	13,069	0	13,069
Transportation	0	40,657	40,657
General Government	18,912	4	18,916
Redemption of Principal	0	15,027	15,027
Interest and Fiscal Charges	0	7,176	7,176
Total Cash Disbursements	78,394	62,864	141,258
Total Receipts Over/(Under) Disbursements	13,968	(27,948)	(13,980)
Other Financing Receipts:			
Other Financing Sources	12,733	0	12,733
Total Other Financing Receipts / (Disbursements)	12,733	0	12,733
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	26,701	(27,948)	(1,247)
Fund Cash Balances, January 1	50,791	205,740	256,531
Fund Cash Balances, December 31	**$77,492**	**$177,792**	**$255,284**

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

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 Lakeline, Lake County, (the Village) as a body corporate and politic. A publicly-elected six member Council directs the Village. The Village provides general government services, including street maintenance and building inspections. The Village contracts with City of Eastlake for fire, ambulance and police services.

The Village participates in a public entity risk pool. Note 7 to the financial statements provide additional information for this entity. The organization is:

> Public Entity Risk Pool: 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 over 550 Ohio governments ("Members").

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. Deposits and Investments

The Village invested in STAR Ohio (the State Treasure'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 reports all financial resources except those required to be accounted for in another fund.

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.

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

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 Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

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

	2009	2008
Demand deposits	$56,944	$53,067
Star Ohio	202,776	202,217
Total deposits	$259,720	$255,284

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

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

3. Budgetary Activity

Budgetary activity for the years ending 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	$69,601	$69,820	$219
Special Revenue	29,890	32,918	3,028
Total	$99,491	$102,738	$3,247

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	$97,400	$72,268	$25,132
Special Revenue	41,500	26,034	15,466
Total	$138,900	$98,302	$40,598

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	$79,180	$105,095	$25,915
Special Revenue	18,340	34,916	16,576
Total	$97,520	$140,011	$42,491

3. Budgetary Activity (Continued)

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	$108,780	$78,394	$30,386
Special Revenue	85,713	62,864	22,849
Total	$194,493	$141,258	$53,235

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. Under certain circumstances, State statutes permit later dates to be established.

Public utilities are also taxed on personal and real property located within the Village. Tangible personal property tax is assessed by the property owners for 2008 and only against local and inter-exchange telephone companies for 2009, 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, 2009 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	$150,423	4.04%

The O.W.D.A. Loan was issued in anticipation of the collection of special assessments levied against the respective property owners for the repairs to Village sewer lines.

5. Debt (Continued)

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

Year ending December 31:	OWDA Loan
2010	$22,192
2011	22,192
2012	22,192
2013	22,192
2014	22,192
2015-2017	66,577
Total	$177,537

6. Retirement Systems

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed 10%, respectively, of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2009.

7. Risk Management - Risk Pool Membership

The Village belongs 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 is legally separate from its member governments.

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 retain 15% 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 over 650 members as of December 31, 2008. The Village participates in this coverage.

In August, 2007, OGRMP 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 40 members as of December 31, 2008. The Village does not participate in this coverage.

7. Risk Management - Risk Pool Membership (Continued)

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.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2008 and 2007 (the latest information available), and include amounts for both OPRRM and OPHC:

	2008	2007
Assets	$10,471,114	$11,136,455
Liabilities	(5,286,781)	(4,273,553)
Members' Equity	$5,184,333	$6,862,902

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

8. Jointly Governed Organizations

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 2009 and 2008. Contact NOPEC at 31320 Solon Road, Suite 20, Solon, Ohio 44139.

Mary Taylor, CPA
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 Lakeline
Lake County
33801 Lakeshore Boulevard
Lakeline, Ohio 44095

To the Village Council:

We have audited the financial statements of the Village of Lakeline (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated September 17, 2010 wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. 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(B) and 115.56 mandate 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2009-001 through 2009-003 described in the accompanying schedule of findings to be material weaknesses.

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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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-001 and 2009-003.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated September 17, 2010.

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 17, 2010

VILLAGE OF LAKELINE
LAKE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008

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

FINDING NUMBER 2009-001

Allocation of Interest - Material Weakness/Noncompliance Finding

Ohio Revised Code Section 135.21 provides for the allocation of interest among funds. Interest earned on monies deposited by a treasurer which do not belong in the treasury of the subdivision, due to their status as custodial funds, because he is acting as ex official treasurer, or otherwise, generally must be apportioned to the funds to which the principal belongs (including undivided tax funds).

Interest earned on money received from the federal government may be due to the fund to which the principal belongs. All interest earned must be allocated to the General Fund, with the following exceptions:

- Interest earned on money derived from a motor vehicle license or fuel tax must follow the principal. [Article XII, Section 5a, Ohio Const. and 1982 Op. Atty Gen. No. 82-031.]

- Interest earned on money received from the federal government may be due to the fund to which the principal belongs.

During 2008, the Village did not post interest income in accordance with the above requirements. This resulted in interest income being overstated in the General fund by $3,347 and understated in the Street Construction, Maintenance, and Repair and Gasoline Tax special revenue funds by $3,031 and $316, respectively. This could result in improper use of funds.

We recommend the Finance Director review all transactions to ensure that every transaction is posted to the proper fund and line item in accordance with the above requirements.

The audited statements reflect adjustments for the matters described above.

OFFICIAL'S RESPONSE:

Beginning in 2009 and going forward, interest earned is allocated to each funds corresponding balance in relation to the other funds, rather than the former 100% allocation to the General Fund.

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
(Continued)**

Finding Number 2009-002

Financial Reporting – Material Weakness

Sound financial reporting is the responsibility of the Mayor, Clerk-Treasurer, and the Village Council, and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following weaknesses were noted and subsequent adjustments made to the financial statements:

- A County Auditor advance was incorrectly posted as intergovernmental revenue rather than property tax revenue in the General Fund in 2008.

- A reimbursement from the Ohio Department of Transportation in the amount of $19,914 for engineering fees were incorrectly posted to miscellaneous revenue rather than intergovernmental in the General Fund in 2008.

- The Village incorrectly posted special assessment revenue as property tax revenue in 2009 and 2008 in the amounts of $21,932 and $20,884 respectively.

- The Village incorrectly posted interest expense as principal payment in 2008 in the amount of $7,176.

The lack of controls over the posting of financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data throughout each year.

We recommend the Clerk-Treasurer review all transactions to ensure that every transaction is posted to the proper fund and line item.

The audited statements reflect adjustments for the matters described above.

OFFICIAL’S RESPONSE:

The Village agrees with the findings and will adjust financials accordingly.

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
(Continued)

Finding Number 2009-003

Transfers – Material Weakness/Noncompliance

Ohio Revised Code Sections 5705.05-.06, 5705.14, 5705.15, and 5705.16 states, no transfer can be made from one fund of a subdivision to any other fund, except as follows:

- The unexpended balance in a bond fund [i.e. a capital project fund financed with bond proceeds] that is no longer needed for the purpose for which such fund was created shall be transferred to the sinking fund or bond retirement fund from which such bonds are payable.

- The unexpended balance in any specific permanent improvement fund, other than a bond fund, after the payment of all obligations incurred in the acquisition of such improvement, shall be transferred to the sinking fund or bond retirement fund of the subdivision. However, if such money is not required to meet the obligations payable from such funds, it may be transferred to a special fund for the acquisition of permanent improvements, or, with the approval of the court of common pleas of the county in which such subdivision is located, to the general fund of the subdivision.

- The unexpended balance in the sinking fund or bond retirement fund of a subdivision, after all indebtedness, interest, and other obligations for the payment of which such fund exists have been paid and retired, shall be transferred, in the case of the sinking fund, to the bond retirement fund, and in the case of the bond retirement fund, to the sinking fund. However, if the transfer is impossible by reason of the nonexistence of the fund to receive the transfer, the unexpended balance may be transferred to any other fund of the subdivision with the approval of the court of common pleas of the county in which such division is located.

- The unexpended balance in any special fund, other than an improvement fund, may be transferred to the general fund or to the sinking fund or bond retirement fund after the termination of the activity, service, or other undertaking for which such special fund existed, but only after the payment of all obligations incurred and payable from such special fund.

- Money may be transferred from the general fund to any other fund of the subdivision.

Based on our testing, we noted that in 2009, the Village transferred $3,081 from the Street Construction, Maintenance and Repair Fund to the General Fund. This transfer does not meet the criteria for proper transfers set forth in Ohio Rev. Code Sections 5705.14, 5705.15, and 5705.16. This may result in the improper use of Village funds.

We recommend the Village Council review transfers prior to approval to ensure all transfers conform with the above Revised Code sections.

The audited statements reflect adjustments for the matters described above.

OFFICIAL'S RESPONSE:

The Village agrees with the findings and will adjust financials accordingly.

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VILLAGE OF LAKELINE
LAKE COUNTY

SCHEDULE OF PRIOR FINDINGS
DECEMBER 31, 2009 AND 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***
2007-001	Financial Reporting	No	Reissued as finding 2009-002
2007-002	Ohio Revised Code Section 5705.41 - Expenditures Exceeding appropriations	Yes	Fully corrected
2007-003	Ohio Revised Code Section 135.21 - Allocation of Interest	No	Reissued as finding 2009-001
2007-004	Ohio Revised Code Section 5705.10 (H) - Distribution of Revenue Derived from Tax Levies	Yes	Fully Corrected

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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 14, 2010