



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



VILLAGE OF LAKELINE  
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## REPORT OF INDEPENDENT ACCOUNTANTS

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, 1999 and December 31, 1998. 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 audits.

We conducted our audits in accordance with generally accepted auditing standards 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 audits 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 audits provide 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, 1999 and December 31, 1998, 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 May 19, 2000 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.

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, appearing to read "Jim Petro".

**Jim Petro**  
Auditor of State

May 19, 2000

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**VILLAGE OF LAKELINE  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN FUND CASH BALANCES - GOVERNMENTAL FUND TYPES -  
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$10,950	\$0	\$10,950
Intergovernmental	35,993	6,620	42,613
Fines, Licenses, and Permits	1,577	0	1,577
Interest	5,617	0	5,617
Special Assessments	0	32,014	32,014
Miscellaneous	954	0	954
	<u>55,091</u>	<u>38,634</u>	<u>93,725</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
General Government	11,615	1,497	13,112
Security of Persons and Property	20,402	0	20,402
Basic Utilities	1,678	0	1,678
Community Environment	8,201	0	8,201
Debt Service			
Principal Payment	0	11,341	11,341
Interest Payment and Fiscal Charges	115	12,191	12,306
Total Cash Disbursements	<u>42,011</u>	<u>25,029</u>	<u>67,040</u>
	<u>13,080</u>	<u>13,605</u>	<u>26,685</u>
<b>Total Receipts Over/(Under) Disbursements</b>			
Fund Cash Balances, January 1, 1999	<u>15,704</u>	<u>96,358</u>	<u>112,062</u>
<b>Fund Cash Balances, December 31, 1999</b>	<b><u><u>\$28,784</u></u></b>	<b><u><u>\$109,963</u></u></b>	<b><u><u>\$138,747</u></u></b>

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

**VILLAGE OF LAKELINE  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN FUND CASH BALANCES - GOVERNMENTAL FUND TYPES -  
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$9,871	\$0	\$9,871
Intergovernmental	31,635	8,212	39,847
Fines, Licenses, and Permits	0	0	0
Interest	5,038	0	5,038
Special Assessments	0	44,573	44,573
Miscellaneous	1,498	0	1,498
	<u>48,042</u>	<u>52,785</u>	<u>100,827</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	44,578	6,111	50,689
Security of Persons and Property	28,915	0	28,915
Community Environment	6,403	0	6,403
Basic Utilities Services	1,665	0	1,665
Debt Service			
Principal payment	0	15,920	15,920
Interest payment and Fiscal Charges	6,743	12,667	19,410
	<u>88,304</u>	<u>34,698</u>	<u>123,002</u>
Total Cash Disbursements	<u>88,304</u>	<u>34,698</u>	<u>123,002</u>
Total Receipts Over/(Under) Disbursements	<u>(40,262)</u>	<u>18,087</u>	<u>(22,175)</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Advances- In		11,807	11,807
Advances- Out	(11,807)		(11,807)
Total Other Financing Receipts/(Disbursements)	<u>(11,807)</u>	<u>11,807</u>	<u>0</u>
Excess of Cash Receipt Over/(Under) Cash Disbursements	(52,069)	29,894	(22,175)
Fund Cash Balances, January 1, 1998	<u>67,773</u>	<u>66,464</u>	<u>134,237</u>
<b>Fund Cash Balances, December 31, 1998</b>	<b><u>\$15,704</u></b>	<b><u>\$96,358</u></b>	<b><u>\$112,062</u></b>

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



**VILLAGE OF LAKELINE  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Lakeline, Lake County, Ohio, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected Mayor and a six-member Council. The Village provides general governmental 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 investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

**D. 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 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 is used to account for gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

Sanitary Sewers Fund - This fund receives special assessment proceeds used for the construction and maintenance of the Village sanitary sewers.

**VILLAGE OF LAKELINE  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

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

**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 Village 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.

**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 re-appropriated. The Village did not use the encumbrance method of accounting.

A summary of 1999 and 1998 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 account used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 7,419	\$ 11,351
Total deposits	<u>7,419</u>	<u>11,351</u>
STAR Ohio	<u>131,328</u>	<u>100,711</u>
Total investments	<u>131,328</u>	<u>100,711</u>
Total deposits and investments	<u>\$ 138,747</u>	<u>\$ 112,062</u>

**VILLAGE OF LAKELINE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

**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 December 31, 1999 and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$42,886	\$55,091	(\$12,205)
Special Revenue	12,311	38,634	(26,323)
Total	\$55,197	\$93,725	(\$38,528)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$42,825	\$42,011	\$814
Special Revenue	24,700	25,029	(329)
Total	\$67,525	\$67,040	\$485

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$61,333	\$48,042	\$13,291
Special Revenue	22,327	52,785	(30,458)
Total	\$83,660	\$100,827	(\$17,167)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$101,200	\$88,304	\$12,896
Special Revenue	49,900	34,698	15,202
Total	\$151,100	\$123,002	\$28,098

**VILLAGE OF LAKELINE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

As of December 31, 1999 the Special Revenue - Street Construction Maintenance and Repair Fund had total appropriations in excess of estimated revenue plus carryover balances contrary to Section 5705.39, Revised Code in the amount of \$11,689.

As of December 31, 1998 the Special Revenue - Street Construction Maintenance and Repair Fund had total appropriations in excess of estimated revenue plus carryover balances contrary to Section 5705.39, Revised Code in the amount of \$42,404.

As of December 31, 1999, the Special Revenue - Street Construction Maintenance and Repair Fund had total expenditures in excess of the of the amount appropriated contrary to Section 5705.41(B) Revised Code in the amount of \$997.

As of December 31, 1998, the Special Revenue - Sanitary Sewer Fund had total expenditures in excess of the of the amount appropriated contrary to Section 5705.41(B) Revised Code in the amount of \$28,587.

The Village did not certify funds as required by Section 5705.41(D) Revised Code.

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. 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 payment, 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 with 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, 1999 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Grant Loan	\$293,946	4.04%

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

**VILLAGE OF LAKELINE  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**5. DEBT (Continued)**

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

Year ending December 31:	OWDA Loan
2000	\$ 23,532
2001	23,532
2002	23,532
2003	23,532
2004	23,532
Subsequent	294,190
Total	\$ 411,850

**6. RETIREMENT SYSTEM**

The Public Employees Retirement System (PERS) of Ohio is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement 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 1998 and 1999, members of PERS contributed 8.5% of regular participants' gross salaries. The Village contributed an amount equal to 13.55% of regular participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

**7. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Public officials liability
- Automobile comprehensive and liability

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

Village of Lakeline  
Lake County  
33801 Lakeshore Boulevard  
Lakeline, Ohio 44024

To the Village Council:

We have audited the financial statements of Village of Lakeline, Lake County, Ohio, (the Village) as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated May 19, 2000. We conducted our audits in accordance with generally accepted auditing standards 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 1999-30843-001, 1999-30843-002 and 1999-30843-003.

We also noted certain immaterial instances of noncompliance that we have reported to the management of the Village in a separate letter dated May 19, 2000.

### Internal Control Over Financial Reporting

In planning and performing our audits, 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 management of the Village in a separate letter dated May 19, 2000.

This report is intended 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, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

May 19 , 2000



**VILLAGE OF LAKELINE  
DECEMBER 31, 1999 AND DECEMBER 31, 1998**

**Schedule of Findings**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	<b>1999-30843-001</b>
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Ohio Rev. Code Section 5705.41(D) states that no subdivision or taxing authority shall make an expenditure of money unless the funds have been properly appropriated. Also, no order or contract involving the expenditure of money shall be made unless there is attached thereto a certificate of the fiscal officer that the amount required to meet such commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of the appropriate fund free from any previous encumbrances. The Village did not certify the funds as required.

We recommend that the Village strengthen its controls over expenditures and prepare and approve all purchase orders prior to purchasing goods and services. Also, the Village should include specific language in all purchase orders that the funds were certified.

<b>Finding Number</b>	<b>1999-30843-002</b>
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Ohio Rev. Code Section 5705.39 states total appropriations should not exceed total estimated revenue. As of December 31, 1999, the Special Revenue - Street Construction Maintenance and Repair Fund had total appropriations in excess of estimated revenue plus carryover balances by \$11,689. As of December 31, 1998 the Special Revenue - Street Construction Maintenance and Repair Fund had total appropriations in excess of estimated revenue plus carryover balances by \$42,404.

We recommend the Village not appropriate in excess of its estimated revenues and make adjustments, as appropriate to the certificate and/or the appropriations throughout the year to ensure compliance with the above requirement.

<b>Finding Number</b>	<b>1999-30843-003</b>
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Ohio Rev. Code Section 5705.41(B) prohibits an expenditure of money unless it has been appropriated.

As of December 31, 1999, the Special Revenue - Street Construction Maintenance and Repair Fund had total expenditures in excess of the amount appropriated in the amount of \$997.

As of December 31, 1998, the Special Revenue - Sanitary Sewer Fund had total expenditures in excess of the amount appropriated in the amount of \$28,587.

We recommend the Village compare appropriations to expenditures in all funds which are legally required to be budgeted, at the legal level of control, to ensure compliance with the above requirements. This comparison should be completed on a monthly basis at a minimum.





**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**

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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**  
**JUNE 22, 2000**