

**VILLAGE OF LAKEMORE  
SUMMIT COUNTY, OHIO  
*BASIC FINANCIAL STATEMENTS  
(AUDITED)***

*FOR THE YEARS ENDED  
DECEMBER 31, 2014 and 2013*

**TRACY FAST, FISCAL OFFICER**





# Dave Yost • Auditor of State

Village Council  
Village of Lakemore  
PO Box 455  
1400 Main Street  
Lakemore, Ohio 44250

We have reviewed the *Independent Auditor's Report* of the Village of Lakemore, Summit County, prepared by Julian & Grube, Inc., for the audit period January 1, 2013 through December 31, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Lakemore is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

November 16, 2015

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**VILLAGE OF LAKEMORE  
SUMMIT COUNTY, OHIO**

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**VILLAGE OF LAKEMORE  
SUMMIT COUNTY, OHIO**

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## **Julian & Grube, Inc.** *Serving Ohio Local Governments*

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### Independent Auditor's Report

Village of Lakemore  
Summit County  
P.O. Box 455  
1400 Main Street  
Lakemore, Ohio 44250

To the Members of Council and Mayor:

#### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Lakemore, Summit County, Ohio, as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Village of Lakemore's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village of Lakemore's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village of Lakemore's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Lakemore, Summit County, Ohio, as of December 31, 2014 and 2013, and the respective changes in cash financial position and the respective budgetary comparisons for the General fund, Permissive Motor Vehicle License Tax fund, Fire and Emergency Medical Services fund, Street Construction Maintenance and Repair fund, Community Development Block Grant fund (2014 only) and Moving Ohio Forward Grant fund (2013 only) thereof for the years then ended in accordance with the accounting basis described in Note 2.

***Accounting Basis***

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

***Emphasis of Matter***

As discussed in Note 3 to the December 31, 2013 financial statements, the Village of Lakemore reclassified the Utilities Deposits fund from an enterprise fund to an agency fund. Our opinion is not modified with respect to this matter.

As discussed in Note 17, on August 31, 2010, the Auditor of State declared the Village of Lakemore to be in a state of fiscal emergency, in accordance with Section 118.03 of the Ohio Revised Code. We did not modify our opinion regarding this matter.

***Other Matters***

***Supplemental and Other Information***

We applied no procedures to the Management's Discussion and Analysis presented on pages 3 - 9 for the year ended December 31, 2014 and 43 - 49 for the year ended December 31, 2013 of the report, and accordingly, we express no opinion or any other assurance on them.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2015, on our consideration of the Village of Lakemore'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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Lakemore's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
July 29, 2015



**Village of Lakemore, Summit County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2014*  
*Unaudited*

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This discussion and analysis of the Village of Lakemore's financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2014, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

**Highlights**

Key highlights for 2014 are as follows:

- Net position of governmental activities increased due to an increase in operating grants, capital grants, income tax and property tax receipts as the Village received additional SAFER grant and Moving Ohio Forward grant monies, and the economy continues to recover from the economic downturn. The fund most affected by the increase in cash and cash equivalents was the general fund, which had an increase in receipts from 2013.
- The Village's governmental receipts are primarily property taxes, income taxes, intergovernmental revenues, and fines, licenses and permits. Intergovernmental revenues have decreased due to monies received from estate taxes in 2013, not recurring in 2014.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

**Report Components**

The statement of net position and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

## Village of Lakemore, Summit County, Ohio

*Management's Discussion and Analysis*

*For the Year Ended December 31, 2014*

*Unaudited*

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### **Reporting the Village of Lakemore as a Whole**

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Village consists of all funds, agencies, departments and offices that are not legally separated from the Village.

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organizations' governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Village is obligated for the debt of the organization. Component units may also include organizations for which the Village approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The Village has no component unit.

The statement of net position and the statement of activities reflect how the Village did financially during 2014, within the limitations of cash basis accounting. The statement of net position presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program or business activity is self-financing on a cash basis or draws from the general receipts of the Village.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other non-financial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net position and the statement of activities, we divide the Village into two types of activities:

*Governmental activities* Most of the Village's basic services are reported here, including police, fire, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

*Business-type activities* The Village has four business-type activities for the provision of water, sewer, trash collection and storm sewer. Business-type activities are financed by a fee charged to the customers receiving the service.

**Village of Lakemore, Summit County, Ohio**

*Management's Discussion and Analysis*

*For the Year Ended December 31, 2014*

*Unaudited*

**Reporting the Village of Lakemore Most Significant Funds**

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into three categories: governmental, proprietary and fiduciary.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the general fund, the permissive motor vehicle license tax, fire and emergency medical services, street construction maintenance and repair and community development block grant special revenue funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has four enterprise funds: the water fund, the sewer fund, the trash collection fund and the storm sewer fund. When the services are provided to other departments of the Village, the service is reported as an internal service fund. The Village does not have any internal service funds.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Village's programs.

**The Village of Lakemore as a Whole**

Table 1 provides a summary of the Village's net position for 2014 compared to 2013 on a cash basis.

(Table 1)

**Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents (Deficit)	\$199,675	(\$290,166)	\$701,475	\$819,113	\$901,150	\$528,947
<b>Net Position</b>						
Restricted for:						
Capital Outlay	\$1,750	\$1,750	\$0	\$0	\$1,750	\$1,750
Other Purposes	328,247	299,222	0	0	328,247	299,222
Unrestricted (Deficit)	(130,277)	(591,138)	701,475	819,113	571,198	227,975
<b>Total Net Position (Deficit)</b>	<b>\$199,720</b>	<b>(\$290,166)</b>	<b>\$701,475</b>	<b>\$819,113</b>	<b>\$901,195</b>	<b>\$528,947</b>

**Village of Lakemore, Summit County, Ohio**

*Management's Discussion and Analysis*

*For the Year Ended December 31, 2014*

*Unaudited*

- Total governmental assets increased over 2013 due to management's diligent attempt to control spending, as well as increases in property tax, income tax, and program receipts.
- Net position of business-type activities decreased from 2013. The Village received additional monies from Summit County for sewer. These additional revenues were offset by an increase in sewer costs due to efforts to become current on the outstanding sewer billing with the City of Akron.

Table 2 reflects the changes in net position for 2014 compared to 2013 on a cash basis.

(Table 2)  
**Changes in Net Position**

	Governmental Activities		Business Type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Receipts:</b>						
<i>Program Receipts</i>						
Charges for Services	\$166,626	\$175,854	\$1,142,625	\$1,012,270	\$1,309,251	\$1,188,124
Operating Grants	373,427	273,896	0	0	373,427	273,896
Capital Grants and Contributions	187,813	0	0	0	187,813	0
<i>Total Program Receipts</i>	<u>727,866</u>	<u>449,750</u>	<u>1,142,625</u>	<u>1,012,270</u>	<u>1,870,491</u>	<u>1,462,020</u>
<i>General Receipts:</i>						
Property Taxes	223,525	182,438	0	0	223,525	182,438
Income Taxes	877,990	822,788	0	0	877,990	822,788
Intergovernmental	153,482	179,494	0	0	153,482	179,494
Proceeds of OWDA Loan	0	0	65,625	101,047	65,625	101,047
Miscellaneous	34,919	55,558	7,188	79,518	42,107	135,076
<i>Total General Receipts</i>	<u>1,289,916</u>	<u>1,240,278</u>	<u>72,813</u>	<u>180,565</u>	<u>1,362,729</u>	<u>1,420,843</u>
<i>Total Receipts</i>	<u>2,017,782</u>	<u>1,690,028</u>	<u>1,215,438</u>	<u>1,192,835</u>	<u>3,233,220</u>	<u>2,882,863</u>
<b>Disbursements:</b>						
General Government	203,666	241,133	0	0	203,666	241,133
Security of Persons and Property	896,550	925,072	0	0	896,550	925,072
Leisure Time Activities	3,950	2,406	0	0	3,950	2,406
Community Environment	5,912	6,854	0	0	5,912	6,854
Transportation	132,626	138,350	0	0	132,626	138,350
Public Health Services	65,676	118,650	0	0	65,676	118,650
Capital Outlay	186,142	0	0	0	186,142	0
Principal Retirement	29,369	7,136	0	0	29,369	7,136
Interest and Fiscal Charges	4,050	3,693	0	0	4,050	3,693
Water	0	0	421,821	358,117	421,821	358,117
Sewer	0	0	731,974	813,375	731,974	813,375
Trash Collection	0	0	179,281	183,270	179,281	183,270
<i>Total Disbursements</i>	<u>1,527,941</u>	<u>1,443,294</u>	<u>1,333,076</u>	<u>1,354,762</u>	<u>2,861,017</u>	<u>2,798,056</u>
Change in Net Position	489,841	246,734	(117,638)	(161,927)	372,203	84,807
<i>Net Position (Deficit)</i>						
<i>Beginning of Year</i>	<u>(290,166)</u>	<u>(536,900)</u>	<u>819,113</u>	<u>981,040</u>	<u>528,947</u>	<u>444,140</u>
<i>Net Position (Deficit) End of Year</i>	<u>\$199,675</u>	<u>(\$290,166)</u>	<u>\$701,475</u>	<u>\$819,113</u>	<u>\$901,150</u>	<u>\$528,947</u>

**Village of Lakemore, Summit County, Ohio**

*Management's Discussion and Analysis*

*For the Year Ended December 31, 2014*

*Unaudited*

Program receipt in the governmental activities increased in 2014, due to more capital grant revenues received by the Village as a result of additional grant funding for the Community Development Block Grant (CDBG) program. The Village continues to seek out additional sources of revenue. General revenues increased slightly from 2013. The increase in income tax revenues was due to the tax credit reduction. The increase in property tax revenue was due to an upturn in the economy.

Disbursements for general government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, the finance office and the law department. The decrease in general government disbursements was due to the Village being current on utilities. The Village paid for some of its 2012 utilities in 2013.

Security of persons and property are the costs of police and fire protection; leisure time activities are the costs of maintaining the parks and playing fields; community environment is for the code enforcement officer; transportation is the cost of maintaining the streets; and public health services is for animal control and the Moving Ohio Forward program. The decrease in security of persons and property is due to the village being current on the contract with Springfield Township for police protection, when in prior years it was not. The increase in capital outlay disbursements is due to additional costs from the CDBG program.

**Governmental and Business-Type Activities**

If you look at the Statement of Activities on pages 12 and 13, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for general government and security of persons and property. Transportation also represents a significant cost. The next two columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) columns compare the program receipts for governmental and business-type activities to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. A comparison between the total cost of services and the net cost for governmental and business-type activities is presented in Table 3.

(Table 3)

	Governmental Activities		Governmental Activities	
	Total Cost Of Services 2014	Net Cost of Services 2014	Total Cost Of Services 2013	Net Cost of Services 2013
General Government	\$203,666	\$190,489	\$241,133	\$227,163
Security of Persons and Property	896,550	635,182	925,072	663,545
Leisure Time Activities	3,950	3,567	2,406	2,267
Community Environment	5,912	5,912	6,854	6,487
Transportation	132,626	(180,747)	138,350	9,450
Public Health Services	65,676	(73,889)	118,650	73,803
Capital Outlay	186,142	186,142	0	0
Principal Retirement	29,369	29,369	7,136	7,136
Interest and Fiscal Charges	4,050	4,050	3,693	3,693
<i>Total Expenses</i>	<u>\$1,527,941</u>	<u>\$800,075</u>	<u>\$1,443,294</u>	<u>\$993,544</u>

The dependence upon income tax and other tax receipts is apparent as the majority of governmental activities are supported through these general receipts.

**Village of Lakemore, Summit County, Ohio**

*Management's Discussion and Analysis*

*For the Year Ended December 31, 2014*

*Unaudited*

**The Village of Lakemore Funds**

Total governmental funds had receipts of \$2,017,782 and disbursements of \$1,527,941. The greatest change within governmental funds occurred within the general fund as the result of increased revenue due to a fifty percent credit reduction and charges for services from the Village making a greater effort in collections to increase revenues.

General fund receipts were greater than disbursements indicating that the general fund is in a surplus spending situation for the current year. It was the recommendation of the finance committee and the administration that a reduction in disbursements was preferable to requesting additional funds from the taxpayers.

**General Fund Budgeting Highlights**

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

The Village's final budgeted receipts were less than actual receipts. The positive difference was due to greater than expected collections of general fund revenues, mainly due to under estimating the amount of income tax and intergovernmental revenues were overestimated.

Final budgeted disbursements were more than actual disbursements. The positive difference was due to greater spending controls for general government and security of persons and property.

**Capital Assets and Debt Administration**

Capital Assets

The Village does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2014, the Village's outstanding debt included:

**Table 4**  
*Outstanding Long-Term Obligations at Year End*

	<u>2014</u>	<u>2013</u>
<b><i>Governmental Activities Debt:</i></b>		
Capital Lease	<u>\$105,923</u>	<u>\$53,014</u>
<b><i>Business-Type Activities Debt:</i></b>		
OWDA Loans	\$165,666	\$107,371
Rural Community Action Loan	<u>25,885</u>	<u>29,628</u>
Total	<u>\$191,551</u>	<u>\$136,999</u>

The Ohio Water Development Authority (OWDA) loan relates to a Village Capital Improvement Fund Loan for the design of the drinking water facilities improvements.

**Village of Lakemore, Summit County, Ohio**

*Management's Discussion and Analysis*

*For the Year Ended December 31, 2014*

*Unaudited*

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The Rural Community Action Loan relates to the installation of a new control panel for the Village water system.

The OWDA and Rural Community Action loans will be paid with user charges from the water enterprise fund.

The Village's overall legal debt margin was \$4,809,469 with an unvoted debt margin of \$2,519,246 at December 31, 2014.

See Note 14 to the basic financial statements for additional information on the Village's debt.

**Current Issues**

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base.

The Village continues to seek out alternative funding in the way of grants to help our financial baseline. The Village is also seeking to continue the improvements to both the electrical and the water/sewer infrastructure to offer our citizens the services they have come to expect.

**Contacting the Village's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Tracy Fast, Fiscal Officer, Village of Lakemore, P.O. Box 455, 1400 Main Street, Lakemore, Ohio, 44250.

## **Basic Financial Statements**



**Village of Lakemore, Ohio**  
*Statement of Net Position - Cash Basis*  
*December 31, 2014*

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$199,675	\$701,475	\$901,150
<b>Net Position</b>			
Restricted for:			
Capital Projects	\$1,750	\$0	\$1,750
Other Purposes	328,202	0	328,202
Unrestricted (Deficit)	(130,277)	701,475	571,198
<i>Total Net Position</i>	\$199,675	\$701,475	\$901,150

See accompanying notes to the basic financial statements

**Village of Lakemore, Ohio**  
*Statement of Activities - Cash Basis*  
For the Year Ended December 31, 2014

	Program Cash Receipts			
	Cash Disbursements	Charges for Services	Operating Grants	Capital Grants
<b>Governmental Activities</b>				
General Government	\$203,666	\$13,177	\$0	\$0
Security of Persons and Property:				
Police	520,476	34,607	1,073	0
Fire	376,074	118,203	107,485	0
Leisure Time Activities	3,950	383	0	0
Community Environment	5,912	0	0	0
Transportation	132,626	256	125,304	187,813
Public Health Services	65,676	0	139,565	0
Capital Outlay	186,142	0	0	0
Principal Retirement	29,369	0	0	0
Interest and Fiscal Charges	4,050	0	0	0
<i>Total Governmental Activities</i>	<u>1,527,941</u>	<u>166,626</u>	<u>373,427</u>	<u>187,813</u>
<b>Business-Type Activities</b>				
Water	421,821	365,789	0	0
Sewer	731,974	594,947	0	0
Trash	179,281	181,870	0	0
Storm Sewer	0	19	0	0
<i>Total Business-Type Activities</i>	<u>1,333,076</u>	<u>1,142,625</u>	<u>0</u>	<u>0</u>
<i>Total</i>	<u>\$2,861,017</u>	<u>\$1,309,251</u>	<u>\$373,427</u>	<u>\$187,813</u>

**General Receipts**

Property Taxes Levied for:

    General Purposes

    Safety Forces

Income Taxes Levied for:

    General Purposes

Grants and Entitlements not Restricted to Specific Programs

Proceeds of OWDA Loan

Miscellaneous

*Total General Receipts*

*Change in Net Position*

*Net Position (Deficit) Beginning of Year*

*Net Position End of Year*

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts  
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
(\$190,489)	\$0	(\$190,489)
(484,796)	0	(484,796)
(150,386)	0	(150,386)
(3,567)	0	(3,567)
(5,912)	0	(5,912)
180,747	0	180,747
73,889	0	73,889
(186,142)	0	(186,142)
(29,369)	0	(29,369)
(4,050)	0	(4,050)
<u>(800,075)</u>	<u>0</u>	<u>(800,075)</u>
0	(56,032)	(56,032)
0	(137,027)	(137,027)
0	2,589	2,589
0	19	19
<u>0</u>	<u>(190,451)</u>	<u>(190,451)</u>
<u>(800,075)</u>	<u>(190,451)</u>	<u>(990,526)</u>
95,586	0	95,586
127,939	0	127,939
877,990	0	877,990
153,482	0	153,482
0	65,625	65,625
34,919	7,188	42,107
<u>1,289,916</u>	<u>72,813</u>	<u>1,362,729</u>
489,841	(117,638)	372,203
<u>(290,166)</u>	<u>819,113</u>	<u>528,947</u>
<u>\$199,675</u>	<u>\$701,475</u>	<u>\$901,150</u>

**Village of Lakemore, Ohio**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2014*

	General	Permissive Motor Vehicle License Tax	Fire and Emergency Medical Services
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents (Deficit)	(\$128,419)	\$54,797	\$93,816
Restricted Assets			
Equity in Pooled Cash and Cash Equivalents	84,581	0	0
<i>Total Assets</i>	<u>(\$43,838)</u>	<u>\$54,797</u>	<u>\$93,816</u>
<b>Fund Balances</b>			
Nonspendable	\$84,581	\$0	\$0
Restricted	1,858	54,797	93,816
Unassigned (Deficit)	(130,277)	0	0
<i>Total Fund Balances (Deficit)</i>	<u>(\$43,838)</u>	<u>\$54,797</u>	<u>\$93,816</u>

See accompanying notes to the basic financial statements

Street Construction Maintenance and Repair	Community Development Block Grant	Other Governmental Funds	Total Governmental Funds
\$62,023	\$4,359	\$28,518	\$115,094
<u>0</u>	<u>0</u>	<u>0</u>	<u>84,581</u>
<u>\$62,023</u>	<u>\$4,359</u>	<u>\$28,518</u>	<u>\$199,675</u>
\$0	\$0	\$0	\$84,581
62,023	4,359	28,518	245,371
<u>0</u>	<u>0</u>	<u>0</u>	<u>(130,277)</u>
<u>\$62,023</u>	<u>\$4,359</u>	<u>\$28,518</u>	<u>\$199,675</u>

**Village of Lakemore, Ohio**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2014*

	General	Permissive Motor Vehicle License Tax	Fire and Emergency Medical Services
<b>Receipts</b>			
Property Taxes	\$95,586	\$0	\$114,199
Income Taxes	877,990	0	0
Intergovernmental	153,481	6,809	107,485
Charges for Services	31,128	0	117,690
Fines, Licenses and Permits	17,295	0	0
Miscellaneous	22,197	164	8,430
<i>Total Receipts</i>	<u>1,197,677</u>	<u>6,973</u>	<u>347,804</u>
<b>Disbursements</b>			
Current:			
General Government	203,666	0	0
Security of Persons and Property:			
Police	506,302	0	0
Fire	28,565	0	347,509
Leisure Time Activities	3,950	0	0
Community Environment	5,912	0	0
Transportation	0	10,503	0
Public Health Services	0	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	29,369	0	0
Interest and Fiscal Charges	4,050	0	0
<i>Total Disbursements</i>	<u>781,814</u>	<u>10,503</u>	<u>347,509</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>415,863</u>	<u>(3,530)</u>	<u>295</u>
<b>Other Financing Sources (Uses)</b>			
Advance In	121,567	0	0
Advance Out	(11,440)	0	(7,349)
Transfers In	0	0	65,128
Transfers Out	(65,128)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>44,999</u>	<u>0</u>	<u>57,779</u>
<i>Net Change in Fund Balance</i>	460,862	(3,530)	58,074
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>(504,700)</u>	<u>58,327</u>	<u>35,742</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>(\$43,838)</u>	<u>\$54,797</u>	<u>\$93,816</u>

See accompanying notes to the basic financial statements

Street Construction Maintenance and Repair	Community Development Block Grant	Other Governmental Funds	Total Governmental Funds
\$0	\$0	\$13,740	\$223,525
0	0	0	877,990
118,495	187,813	140,639	714,722
0	0	0	148,818
0	0	513	17,808
4,128	0	0	34,919
<u>122,623</u>	<u>187,813</u>	<u>154,892</u>	<u>2,017,782</u>
0	0	0	203,666
0	0	14,174	520,476
0	0	0	376,074
0	0	0	3,950
0	0	0	5,912
122,123	0	0	132,626
0	0	65,676	65,676
0	186,142	0	186,142
0	0	0	29,369
0	0	0	4,050
<u>122,123</u>	<u>186,142</u>	<u>79,850</u>	<u>1,527,941</u>
<u>500</u>	<u>1,671</u>	<u>75,042</u>	<u>489,841</u>
0	0	11,440	133,007
0	0	(114,218)	(133,007)
0	0	0	65,128
0	0	0	(65,128)
<u>0</u>	<u>0</u>	<u>(102,778)</u>	<u>0</u>
500	1,671	(27,736)	489,841
<u>61,523</u>	<u>2,688</u>	<u>56,254</u>	<u>(290,166)</u>
<u>\$62,023</u>	<u>\$4,359</u>	<u>\$28,518</u>	<u>\$199,675</u>

**Village of Lakemore, Ohio**  
*Statement of Receipts, Disbursements and Changes  
 In Fund Balance - Budget and Actual (Budget Basis)  
 General Fund  
 For the Year Ended December 31, 2014*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property Taxes	\$91,609	\$91,609	\$95,586	\$3,977
Income Taxes	758,000	594,000	877,990	283,990
Intergovernmental	238,551	295,247	153,481	(141,766)
Charges for Services	22,337	28,624	31,128	2,504
Fines, Licenses and Permits	12,411	15,848	17,295	1,447
Miscellaneous	20,000	20	22,197	22,177
<i>Total Receipts</i>	<u>1,142,908</u>	<u>1,025,348</u>	<u>1,197,677</u>	<u>172,329</u>
<b>Disbursements</b>				
Current:				
General Government	209,027	207,757	203,666	4,091
Security of Persons and Property:				
Police	519,939	506,989	506,302	687
Fire	23,355	28,860	28,565	295
Leisure Time Activities	4,000	3,950	3,950	0
Community Environment	6,099	5,965	5,912	53
Debt Service:				
Principal Retirement	21,260	29,369	29,369	0
Interest and Fiscal Charges	5,380	4,050	4,050	0
<i>Total Disbursements</i>	<u>789,060</u>	<u>786,940</u>	<u>781,814</u>	<u>5,126</u>
<i>Excess of Receipts Over Disbursements</i>	<u>353,848</u>	<u>238,408</u>	<u>415,863</u>	<u>177,455</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	0	0	121,567	121,567
Advances Out	0	0	(11,440)	(11,440)
Transfers Out	(68,058)	(65,128)	(65,128)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(68,058)</u>	<u>(65,128)</u>	<u>44,999</u>	<u>110,127</u>
<i>Net Change in Fund Balance</i>	285,790	173,280	460,862	287,582
<i>Fund Deficit Beginning of Year</i>	(591,715)	(591,715)	(591,715)	0
Prior Year Encumbrances Appropriated	576	576	576	0
<i>Fund Deficit End of Year</i>	<u>(\$305,349)</u>	<u>(\$417,859)</u>	<u>(\$130,277)</u>	<u>\$287,582</u>

See accompanying notes to the basic financial statements



**Village of Lakemore, Ohio**  
*Statement of Receipts, Disbursements and Changes  
 In Fund Balance - Budget and Actual (Budget Basis)  
 Permissive Motor Vehicle License Tax Fund  
 For the Year Ended December 31, 2014*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Intergovernmental	\$5,700	\$5,700	\$6,809	\$1,109
Miscellaneous	0	0	164	164
<i>Total Revenues</i>	5,700	5,700	6,973	1,273
<b>Disbursements</b>				
Current:				
Transportation	19,775	19,775	10,503	9,272
<i>Net Change in Fund Balance</i>	(14,075)	(14,075)	(3,530)	10,545
<i>Fund Balance Beginning of Year</i>	58,327	58,327	58,327	0
<i>Fund Balance End of Year</i>	<u>\$44,252</u>	<u>\$44,252</u>	<u>\$54,797</u>	<u>\$10,545</u>

See accompanying notes to the basic financial statements

**Village of Lakemore, Ohio**  
*Statement of Receipts, Disbursements and Changes  
 In Fund Balance - Budget and Actual (Budget Basis)  
 Fire and Emergency Medical Services Fund  
 For the Year Ended December 31, 2014*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property Taxes	\$104,511	\$104,511	\$114,199	\$9,688
Intergovernmental	125,000	182,128	107,485	(74,643)
Charges for Services	392,200	422,446	117,690	(304,756)
Miscellaneous	8,500	8,500	8,430	(70)
<i>Total Receipts</i>	<u>630,211</u>	<u>717,585</u>	<u>347,804</u>	<u>(369,781)</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property:				
Fire	<u>668,587</u>	<u>741,089</u>	<u>347,509</u>	<u>393,580</u>
<i>Excess of Revenues Over (Under) Disbursements</i>	<u>(38,376)</u>	<u>(23,504)</u>	<u>295</u>	<u>23,799</u>
<b>Other Financing Sources (Uses)</b>				
Advances Out	0	0	(7,349)	(7,349)
Transfers In	50,000	31,754	65,128	33,374
Transfers Out	<u>0</u>	<u>(13,246)</u>	<u>0</u>	<u>13,246</u>
<i>Total Other Financing Sources (Uses)</i>	<u>50,000</u>	<u>18,508</u>	<u>57,779</u>	<u>39,271</u>
<i>Net Change in Fund Balance</i>	11,624	(4,996)	58,074	63,070
<i>Fund Balance Beginning of Year</i>	<u>35,742</u>	<u>35,742</u>	<u>35,742</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$47,366</u></u>	<u><u>\$30,746</u></u>	<u><u>\$93,816</u></u>	<u><u>\$63,070</u></u>

See accompanying notes to the basic financial statements

**Village of Lakemore, Ohio**  
*Statement of Receipts, Disbursements and Changes  
 In Fund Balance - Budget and Actual (Budget Basis)  
 Street Construction Maintenance and Repair Fund  
 For the Year Ended December 31, 2014*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Intergovernmental	\$115,660	\$115,660	\$118,495	\$2,835
Miscellaneous	0	0	4,128	4,128
<i>Total Receipts</i>	115,660	115,660	122,623	6,963
<b>Disbursements</b>				
Current:				
Transportation	114,823	126,684	122,123	4,561
<i>Net Change in Fund Balance</i>	837	(11,024)	500	11,524
<i>Fund Balance Beginning of Year</i>	61,495	61,495	61,495	0
Prior Year Encumbrances Appropriated	28	28	28	0
<i>Fund Balance End of Year</i>	<u>\$62,360</u>	<u>\$50,499</u>	<u>\$62,023</u>	<u>\$11,524</u>

See accompanying notes to the basic financial statements

**Village of Lakemore, Ohio**  
*Statement of Receipts, Disbursements and Changes  
 In Fund Balance - Budget and Actual (Budget Basis)  
 Community Development Block Grant Fund  
 For the Year Ended December 31, 2014*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Intergovernmental	\$89,000	\$199,382	\$187,813	(\$11,569)
<b>Disbursements</b>				
Capital Outlay	<u>89,000</u>	<u>199,382</u>	<u>186,142</u>	<u>13,240</u>
<i>Net Change in Fund Balance</i>	0	0	1,671	1,671
<i>Fund Balance Beginning of Year</i>	<u>2,688</u>	<u>2,688</u>	<u>2,688</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,688</u></u>	<u><u>\$2,688</u></u>	<u><u>\$4,359</u></u>	<u><u>\$1,671</u></u>

See accompanying notes to the basic financial statements

**Village of Lakemore, Ohio**  
*Statement of Fund Net Position - Cash Basis*  
*Enterprise Funds*  
*December 31, 2014*

	<u>Water</u>	<u>Sewer</u>	<u>Trash</u>	<u>Storm Sewer</u>	<u>Total</u>
<b>Current Assets</b>					
Equity in Pooled Cash and Cash Equivalents	<u>\$326,852</u>	<u>\$191,308</u>	<u>\$183,296</u>	<u>\$19</u>	<u>\$701,475</u>
<b>Net Position</b>					
Unrestricted	<u>\$326,852</u>	<u>\$191,308</u>	<u>\$183,296</u>	<u>\$19</u>	<u>\$701,475</u>

See accompanying notes to the basic financial statements

**Village of Lakemore, Ohio**  
*Statement of Cash Receipts,  
Disbursements and Changes in Fund Net Position - Cash Basis  
Enterprise Funds  
For the Year Ended December 31, 2014*

	Water	Sewer	Trash	Storm Sewer	Total
<b>Operating Receipts</b>					
Charges for Services	\$365,789	\$594,947	\$181,870	\$19	\$1,142,625
Miscellaneous	2,500	400	4,288	0	7,188
<i>Total Operating Receipts</i>	<u>368,289</u>	<u>595,347</u>	<u>186,158</u>	<u>19</u>	<u>1,149,813</u>
<b>Operating Disbursements</b>					
Personal Services	114,055	37,388	17,562	0	169,005
Fringe Benefits	44,098	23,007	12,957	0	80,062
Contractual Services	117,257	663,890	146,767	0	927,914
Materials and Supplies	64,875	7,689	1,995	0	74,559
<i>Total Operating Disbursements</i>	<u>340,285</u>	<u>731,974</u>	<u>179,281</u>	<u>0</u>	<u>1,251,540</u>
<i>Operating Income (Loss)</i>	<u>28,004</u>	<u>(136,627)</u>	<u>6,877</u>	<u>19</u>	<u>(101,727)</u>
<b>Non-Operating Receipts (Disbursements)</b>					
OWDA Loan Issued	65,625	0	0	0	65,625
Capital Outlay	(65,612)	0	0	0	(65,612)
Redemption of Principal	(11,073)	0	0	0	(11,073)
Interest and Fiscal Charges	(4,851)	0	0	0	(4,851)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(15,911)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(15,911)</u>
<i>Change in Net Position</i>	12,093	(136,627)	6,877	19	(117,638)
<i>Net Position Beginning of Year</i>	<u>314,759</u>	<u>327,935</u>	<u>176,419</u>	<u>0</u>	<u>819,113</u>
<i>Net Position End of Year</i>	<u>\$326,852</u>	<u>\$191,308</u>	<u>\$183,296</u>	<u>\$19</u>	<u>\$701,475</u>

See accompanying notes to the basic financial statements:

**Village of Lakemore, Ohio**  
*Statement of Fiduciary Assets and Liabilities - Cash Basis*  
*Agency Funds*  
*December 31, 2014*

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<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$61,082</u></u>
<b>Liabilities</b>	
Deposits Held and Due to Others	<u><u>\$61,082</u></u>

See accompanying notes to the basic financial statements

**Village of Lakemore, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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**Note 1 - Reporting Entity**

The Village of Lakemore, Summit County, Ohio, is a body politic and corporate 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 six-member Council elected at large for four year terms. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading.

The primary government of the Village consists of all funds, agencies, departments and offices that are not legally separate from the Village. For the Village of Lakemore this includes the departments and agencies that provide the following services: police and fire protection, water, sewer, trash collection, parks, recreation and street maintenance.

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or the Village is obligated for the debt of the organization. Component units may also include organizations for which the Village approves the budget, the issuance of debt or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The Village has no component units.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**Note 2 - Summary of Significant Accounting Policies**

As discussed further in the "Basis of Accounting" section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Village's accounting policies.

***Basis of Presentation***

The Village's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

***Government-wide Financial Statements*** The statement of net position and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.



**Village of Lakemore, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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The statement of net position presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each program or function of the Village's governmental activities and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program or business activity is self-financing on a cash basis or draws from the general receipts of the Village.

***Fund Financial Statements*** During the year, the Village segregates transactions related to certain Village functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

***Governmental Funds*** Governmental funds are those through which most governmental functions of the Village are financed. The following are the Village's major governmental funds:

***General Fund*** The general fund accounts for and reports all financial resources except those required to be accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Permissive Motor Vehicle License Tax Fund*** The permissive motor vehicle license tax fund accounts for and reports additional motor vehicle registration fees restricted for maintenance and repair of streets within the Village.

***Fire and Emergency Medical Services Fund*** The fire and emergency medical services fund accounts for and reports property taxes and charges for services restricted for fire and emergency medical services operations.

***Street Construction, Maintenance and Repair Fund*** The street construction, maintenance and repair fund accounts for and reports ninety-two and one half percent of the State gasoline tax and motor vehicle registration fees restricted for street maintenance and repair.

**Village of Lakemore, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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***Community Development Block Grant Fund*** The community development block grant (CDBG) fund accounts for and reports restricted County grant monies for disbursements as prescribed under the CDBG program.

The other governmental funds of the Village account for grants and other resources whose use is restricted, committed or assigned to a particular purpose.

***Proprietary Funds*** The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service. The Village has no internal service funds. The following are descriptions of the Village's enterprise funds.

***Enterprise Funds*** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village has three enterprise funds:

***Water Fund*** The water fund accounts for revenues generated from the charges for distribution of water service to the residential and commercial users located within the Village.

***Sewer Fund*** The sewer fund accounts for sewer services to the residential and commercial users located within the Village. The costs of providing these services are financed primarily through user charges.

***Trash Collection Fund*** The trash fund accounts for trash collection services to the residential and commercial users located within the Village. The costs of providing these services are financed primarily through user charges.

***Storm Sewer Fund*** The storm sewer fund accounts for charges for maintenance and improvement to the storm sewer system.

***Fiduciary Funds*** Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the Village under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Village's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Village only utilizes the agency fund type. The Village's agency funds account for and report utility and construction deposits.

***Basis of Accounting***

The Village's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in the note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**Village of Lakemore, Ohio**  
*Notes to the Basic Financial Statements*  
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***Cash and Cash Equivalents***

To improve cash management, cash received by the Village is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "equity in pooled cash and cash equivalents (deficit)". The Village had no investments during the year or at year end.

***Restricted Assets***

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Unclaimed monies that are required to be held for five years before they may be utilized by the Village are reported as restricted.

***Inventory and Prepaid Items***

The Village reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

***Capital Assets***

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

***Accumulated Leave***

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

***Employer Contributions to Cost-Sharing Pension Plans***

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 11 and 12, the employer contributions include portions for pension benefits and for postretirement health care benefits.

***Long-term Obligations***

The Village's cash basis financial statements do not report liabilities for bonds and other long-term obligations. These statements report proceeds of debt when cash is received and debt service disbursements for debt principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

**Village of Lakemore, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

***Restricted*** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (Village ordinances).

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

***Committed*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance or resolution, as both are equally legally binding) of Village Council. Those committed amounts cannot be used for any other purpose unless the Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution, as both are equally legally binding) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the Village Council or a Village official delegated that authority by ordinance or by State Statute.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit fund balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

***Net Position***

Net position is reported as restricted when there are limitations imposed on the use either through constitutional provisions, enabling legislation (adopted by the Village) or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes primarily includes resources restricted for street maintenance and public safety.

**Village of Lakemore, Ohio**  
*Notes to the Basic Financial Statements*  
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The Village first applies restricted resources when incurring a disbursement for which it may use either restricted or unrestricted resources.

***Interfund Transactions***

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental activities are eliminated on the government-wide financial statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

***Budgetary Process***

All funds, except agency funds, are legally required to be budgeted and appropriated. The community development block grant special revenue fund was not budgeted since no activity was anticipated and none occurred. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate. The appropriations ordinance is the Village Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established by the Village Council at the fund, department, and object level for all funds. Any budgetary modifications at this level may only be made by ordinance of the Village Council.

The certificate of estimated resources may be amended during the year if the Village Fiscal Officer projects increases or decreases in receipts. The amounts reported as the original and final budget in the budgetary statements reflect the amounts in the amended certificate of estimated resources in effect at the time the original and final appropriations ordinance were passed by Village Council.

The Village Council may amend appropriations throughout the year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budget reflect the first appropriation ordinance for a fund covering the entire year, including amounts automatically carried over from prior years. The amounts reported as the final budget represent the final appropriation ordinance the Village Council passed during the year.

**Note 3 – Accountability and Compliance**

The budgetary financial statements reflect amounts that ordinarily would result in noncompliance citations under Revised Code Chapter 5705. Since the Village is in fiscal emergency, however, its financial operations are restricted by the provisions of Chapter 118 rather than Chapter 5705. Citations to Chapter 5705 would therefore be presented only for funds which did not contribute to the Village being placed in fiscal emergency.

**Village of Lakemore, Ohio**  
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For the Year Ended December 31, 2014

The Village had 27 percent of disbursements tested with an invoice that was dated prior to the purchase order, thus causing those disbursements not to be certified in a timely manner in 2014, contrary to Ohio Revised Code Section 5705.41(D).

**Note 4 –Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis for the general fund and major special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is that outstanding year end encumbrances are treated as expenditures (budgetary basis) rather than as restricted, committed, or assigned fund balance (cash basis). At year end, there were no encumbrances in governmental funds.

**Note 5 - Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Permissive Motor Vehicle License Tax	Fire and Emergency Medical Services	Street Construction Maintenance and Repair	Community Development Block Grant	Other Governmental Funds	Total
<b><i>Nonspendable</i></b>							
Unclaimed Monies	\$84,581	\$0	\$0	\$0	\$0	\$0	\$84,581
<b><i>Restricted for</i></b>							
Public Safety	1,685	0	93,816	0	0	25,934	121,435
Street Maintenance	0	54,797	0	62,023	0	0	116,820
Community Development	173	0	0	0	4,359	834	5,366
Capital Improvements	0	0	0	0	0	1,750	1,750
<b><i>Total Restricted</i></b>	<b>1,858</b>	<b>54,797</b>	<b>93,816</b>	<b>62,023</b>	<b>4,359</b>	<b>28,518</b>	<b>245,371</b>
<b><i>Unassigned (Deficit)</i></b>	<b>(130,277)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(130,277)</b>
<b><i>Total Fund Balances (Deficit)</i></b>	<b>(\$43,838)</b>	<b>\$54,797</b>	<b>\$93,816</b>	<b>\$62,023</b>	<b>\$4,359</b>	<b>\$28,518</b>	<b>\$199,675</b>

**Note 6 - Deposits and Investments**

Monies held by the Village are classified by State statute into three categories.

Active deposits are public deposits determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

**Village of Lakemore, Ohio**  
*Notes to the Basic Financial Statements*  
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Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to payment of principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations provided that investments in securities described in the division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio);

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the fiscal officer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

## **Note 7 – Income Taxes**

The Village levies a 2.0 percent income tax whose proceeds are placed into the general fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. Residents of the Village are granted 50 percent credit for taxes paid to other municipalities. Income taxes are collected by the Regional Income Tax Agency (RITA). Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

**Village of Lakemore, Ohio**  
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The Village of Lakemore determined that it was necessary to reduce the income tax credit in order to achieve a balanced budget while effectively funding the necessary functions of the Village of Lakemore. For 2011 and continuing until the Village of Lakemore is released from Fiscal Emergency by the State of Ohio, the income tax credit limit is reduced to 50 percent for taxes paid to other municipalities by residents of the Village.

**Note 8 – Property Taxes**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the Village. Property tax revenue received during 2014 for real and public utility property taxes represents collections of the 2013 taxes. Property tax payments received during 2014 for tangible personal property (other than public utility property) is for 2014 taxes.

2014 real property taxes are levied after October 1, 2014, on the assessed value as of January 1, 2014, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2014 real property taxes are collected in and intended to finance 2015.

Real property taxes are payable annually or semi-annually. If paid annually, the payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2014 public utility property taxes which became a lien December 31, 2013, are levied after October 1, 2014, and are collected in 2015 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2014 was \$4.80 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2014 property tax receipts were based are as follows:

Real Property	
Residential/Agricultural	\$40,765,090
Other Real Estate	4,957,320
Public Utility Personal Property	<u>82,060</u>
Total	<u><u>\$45,804,470</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Fiscal Officer periodically remits to the Village its portion of the taxes collected.

**Note 9 - Contingencies**

***Grants***

The Village receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or any other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Village at December 31, 2014.



**Village of Lakemore, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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***Litigation***

The Village of Lakemore is a party to legal proceedings. The Village management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the Village.

**Note 10 - Risk Management**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio 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.

Prior to September 1, 2002, property and casualty insurance coverages provided by OPRM (as Ohio Plan) were fully reinsured, up to a limit of \$5,000,000 per occurrence, per member, with the exception of its paid loss ratio cap on casualty reinsurance treaties. Effective September 1, 2002, OPRM began retaining five percent of the premium and losses on the first \$500,000 casualty treaty and five percent of the first \$1,000,000 property treaty on a quota share basis. Effective November 1, 2005 (and through October 31, 2009), OPRM began retaining 15 percent of the premium and losses on the first \$250,000 casualty treaty and ten percent of the first \$1,000,000 property treaty. Effective November 1, 2009, the OPRM retained 17.5 percent of the premium and losses on the first \$250,000 casualty treaty and ten percent of the first \$1,000,000 property treaty. Effective November 1, 2010, the OPRM retained 40 percent of the premium and losses on the first \$250,000 casualty treaty and ten percent of the first \$1,000,000 property treaty. Effective November 1, 2011, the OPRM retained 41.5 percent of the premium and losses on the first \$250,000 casualty treaty and ten percent of the first \$1,000,000 property treaty. Effective November 1, 2012, the OPRM retained 50 percent of the premium and losses on the first \$250,000 casualty treaty and ten percent of the first \$1,000,000 property treaty. Effective November 1, 2014, the OPRM retained 47 percent of the premium and losses on the first \$250,000 casualty treaty and ten percent of the first \$1,000,000 property treaty. OPRM had 774 and 783 members as of December 31, 2013 and 2014 respectively.

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, 2013 and 2014.

**Village of Lakemore, Ohio**  
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	2013	2014
Assets	\$13,774,304	\$14,830,185
Liabilities	(7,968,395)	(8,942,504)
Members' Equity	\$5,805,909	\$5,887,681

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

Workers' compensation is provided by the State. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**Note 11 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Plan Description - The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the traditional plan benefit. Member contributions, the investment of which is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the year ended December 31, 2014, members in state and local classifications contributed 10 percent of covered payroll. For 2014, member and employer contribution rates were consistent across all three plans.

The Village's 2014 contribution rate was 14 percent. The portion of the Village's contribution used to fund pension benefits is net of postemployment health care benefits. The portion of the Village's contribution allocated to health care for members in both the traditional and combined plans was 2 percent for 2014. Effective January 1, 2015, the portion of the employer contribution allocated to health care remained at 2 percent. Employer contribution rates are actuarially determined.

**Village of Lakemore, Ohio**  
*Notes to the Basic Financial Statements*  
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The Village's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2014, 2013, and 2012 was \$31,443, \$31,306, and \$31,412, respectively. The full amount has been contributed for 2014, 2013 and 2012. Contributions to the member-directed plan for 2014 were \$67 made by the Village and \$48 made by plan members.

Effective July 1, 1991, all employees not otherwise covered by the Ohio Public Employees Retirement System have an option to choose Social Security or the City Retirement System. As of December 31, 2014, two employees of the Village have elected Social Security. The contribution rate is 6.2 percent of wages.

## **Note 12 - Postemployment Benefits**

### ***Ohio Public Employees Retirement System***

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care plan for qualifying members of both the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment health care coverage. The plan includes a medical plan, a prescription drug program, and Medicare Part B premium reimbursement.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The postemployment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of postemployment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, state and local employers contributed 14 percent of covered payroll. This is the maximum employer contribution rate permitted by the Ohio Revised Code.

Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment health care benefits. The portion of the employer contribution allocated to health care for members in both the traditional and combined plans was 2 percent for 2014. Effective January 1, 2015, the portion of the employer contribution allocated to health care remained at 2 percent for both plans as recommended by the OPERS actuary.

**Village of Lakemore, Ohio**  
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The OPERS retirement board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the postemployment health care plan.

The Village's contribution allocated to fund postemployment health care benefits for the years ended December 31, 2014, 2013, and 2012 was \$5,240, \$2,408, and \$12,565, respectively. The full amount has been contributed for 2014, 2013 and 2012.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 9, 2012, with a transition plan commencing on January 1, 2014. With the passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contribution toward the health care fund after the end of the transition period.

**Note 13 – Capital Lease**

In 2009, the Village entered into a capital lease for a Pierce Saber fire truck. The lease meets the criteria for a capital lease.

In 2014, the Village entered into capital leases for a police cruiser and a dump truck. The leases meet the criteria for a capital lease.

The following is a schedule of the future minimum leases payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2014.

	Amounts
2015	\$32,273
2016	32,273
2017	20,434
2018	20,404
2019	9,932
Total Minimum Lease Payments	115,316
Less: Amount representing interest	(9,393)
Present Value of Minimum Lease Payments	\$105,923

**Note 14 - Long-Term Obligations**

Original issue amounts and interest rates of the Village's debt issues were as follows:

Debt Issue	Interest Rate	Original Issue	Year of Maturity
<b>Business-Type Activities</b>			
<i>OWDA Loans</i>			
Water Treatment Plant - 2000	0.00%	\$166,672	2033
<i>Rural Community Action Loan</i>	4.00%	40,000	2020

**Village of Lakemore, Ohio**  
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The changes in long-term obligations during the year were as follows:

	Balance 12/31/13	Additions	Reductions	Balance 12/31/14	Amounts Due in One Year
<b>Governmental Activities</b>					
Fire Truck Lease	\$53,014	\$0	(\$8,109)	\$44,905	\$8,382
Police Cruiser Lease	0	33,330	(10,757)	22,573	11,106
Dump Truck Lease	0	48,948	(10,503)	38,445	9,101
<b>Total Governmental Activities</b>	<b>\$53,014</b>	<b>\$82,278</b>	<b>(\$29,369)</b>	<b>\$105,923</b>	<b>\$28,589</b>
<b>Business-Type Activities</b>					
OWDA Loans	\$107,371	\$65,625	(\$7,330)	\$165,666	\$3,722
Rural Community Action Loan	29,628	0	(3,743)	25,885	3,895
<b>Total Business-Type Activities</b>	<b>\$136,999</b>	<b>\$65,625</b>	<b>(\$11,073)</b>	<b>\$191,551</b>	<b>\$7,617</b>

The fire truck capital lease relates to a capital lease for a Pierce Saber fire truck. The Village will make annual lease payments with the final payment due in 2019. The general fund will be making payments on the capital lease.

The police cruiser capital lease relates to a capital lease for a Dodge Charger sedan. The Village will make annual lease payments with the final payment due in 2016. The general fund will be making payments on the capital lease.

The dump truck capital lease relates to a capital lease for a Ford F450 dump truck. The Village will make annual lease payments with the final payment due in 2018. The general fund will be making payments on the capital lease.

The Village has entered into a contractual agreement for a construction loan from the Ohio Water Development Authority (OWDA). Under the terms of these agreements, the OWDA will reimburse, advance or directly pay the construction costs of approved projects. The OWDA will capitalize administrative costs and construction interest and then add them to the total amount of the final loan. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Lines of credit had been established for the Ohio Water Development Authority in the amount of \$179,897 for the water project. Since the loan repayment schedule has not yet been finalized, a repayment schedule is not included in the schedule of debt service requirements. Until a final repayment schedule is available, the Village is paying based on estimates. The balance of the loan at December 31, 2014 is \$165,666.

The Village has pledged future receipts, net of operating disbursements, to repay the OWDA loan in the water fund. The debt is payable solely from net receipts through 2014. Annual principal payments on the debt issue are expected to require 26.17 percent of net revenues. Principal and interest paid for the current year and total net revenues available were \$11,052 and \$28,004, respectively.

The Rural Community Action Loan relates to the installation of a new control panel for the Village water system. The Village will repay the loan in monthly installments of \$405 including interest, over 10 years. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover the debt service requirements.

**Village of Lakemore, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

The OWDA and Rural Community Action loans will be paid with user charges from the water enterprise fund. The Village's overall legal debt margin was \$4,809,469 with an unvoted debt margin of \$2,519,246 at December 31, 2014. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2014 are as follows:

	Business-Type Activities	
	Rural Community Action Loan	
	Principal	Interest
2015	\$3,895	\$965
2016	4,054	806
2017	4,219	641
2018	4,390	470
2019	4,571	289
2020-2021	4,756	104
Total	\$25,885	\$3,275

**Note 15 – Interfund Transactions**

*Interfund Transfers*

The transfer of \$65,128 from the general fund to the fire and emergency medical services special revenue fund was to eliminate fund deficits.

*Interfund Balances*

During 2014, the general fund advanced monies to the Moving Ohio Forward special revenue fund in the amounts of \$11,440. The fire and emergency services and Moving Ohio Forward special revenue funds advanced \$7,349 and \$114,218 respectively to repay the general fund.

**Note 16 - Encumbrances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the water enterprise fund had \$728 in encumbrances expected to be honored upon performance by the vendor in the next year.

**Note 17 – Fiscal Emergency**

The Auditor of State's office placed the Village in fiscal emergency on August 31, 2010 in accordance with Section 118.03, Ohio Revised Code. The declaration resulted in the establishment of a financial planning and supervision commission. The Commission is comprised of the Mayor of the Village, Council President, three financial consultants from various corporations and/or organizations who reside or work within the Village and two representatives from the State of Ohio.

**Village of Lakemore, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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In accordance with Section 118.06 of the Ohio Revised Code, the Village is required to submit to the Commission a financial recovery plan for the Village which outlines the measures to be taken to eliminate the fiscal emergency conditions. The Village adopted its initial financial recovery plan on February 16, 2011. The Village's latest financial recovery plan was adopted on April 7, 2014.

A village is placed into fiscal emergency when any one of six conditions is present. For the Village of Lakemore, two of the six conditions were present at the date of the Auditor of State's determination. The conditions present in the Village included deficit fund balances and a sizable deficiency when the Village's treasury balance was compared to the positive cash balances of the Village's funds. Under Section 118.03(A)(5) of the Revised code, the aggregate sum of all deficit funds at the end of the preceding fiscal year, less any transferable balance in the general fund and in any special revenue fund that exceed one-sixth of the general fund budget and the receipts of the deficit funds is a fiscal emergency condition. As of December 31, 2009, the Village had deficit fund balances in the following funds: general fund, police disability and pension fund, emergency medical services fund, note on police facility fund, capital improvement fund and the water fund. The Auditor of State's calculation determined the total unprovided portion of aggregate deficit funds was \$839,450 for the year ended December 31, 2010. Under Section 118.03(A)(6) of the Revised code, moneys and marketable investments in or held for the unsegregated treasury of the municipal corporation, county, or township, minus outstanding checks and warrants, were less in amount than the aggregate of the positive balances of the general fund and those special funds the purposes of which the unsegregated treasury is held to meet, and such deficiency exceeded one-sixth of the total amount received into the unsegregated treasury during the preceding fiscal year. The Auditor of State's calculation determined the treasury deficiency exceeded one-sixth of the treasury receipts at December 31, 2010 by \$584,532.

**Village of Lakemore, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2014*

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## **Village of Lakemore, Summit County, Ohio**

### *Management's Discussion and Analysis*

*For the Year Ended December 31, 2013*

*Unaudited*

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This discussion and analysis of the Village of Lakemore's financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2013, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

### **Highlights**

Key highlights for 2013 are as follows:

- Net position of governmental activities increased due to an increase in income taxes and intergovernmental revenues being slightly offset by decreases in property tax as the economy continues to recover from the economic downturn. The fund most affected by the increase in cash and cash equivalents was the general fund, which had a decrease in disbursements from 2012.
- The Village's governmental receipts are primarily property taxes, income taxes, intergovernmental revenues, and fines, licenses and permits. Intergovernmental revenues have increased due to additional monies received from estate taxes.

### **Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

### **Report Components**

The statement of net position and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

### **Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

## Village of Lakemore, Summit County, Ohio

*Management's Discussion and Analysis*

*For the Year Ended December 31, 2013*

*Unaudited*

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### **Reporting the Village of Lakemore as a Whole**

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Village consists of all funds, agencies, departments and offices that are not legally separated from the Village.

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organizations' governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Village is obligated for the debt of the organization. Component units may also include organizations for which the Village approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The Village has no component unit.

The statement of net position and the statement of activities reflect how the Village did financially during 2013, within the limitations of cash basis accounting. The statement of net position presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program or business activity is self-financing on a cash basis or draws from the general receipts of the Village.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other non-financial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net position and the statement of activities, we divide the Village into two types of activities:

*Governmental activities* Most of the Village's basic services are reported here, including police, fire, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

*Business-type activities* The Village has three business-type activities for the provision of water, sewer and trash collection. Business-type activities are financed by a fee charged to the customers receiving the service.

**Village of Lakemore, Summit County, Ohio**

*Management's Discussion and Analysis*

*For the Year Ended December 31, 2013*

*Unaudited*

**Reporting the Village of Lakemore Most Significant Funds**

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into three categories: governmental, proprietary and fiduciary.

**Governmental Funds** - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the general fund, the permissive motor vehicle license tax, fire and emergency medical services, street construction maintenance and repair and moving Ohio forward grant special revenue funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**Proprietary Funds** – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has three enterprise funds: the water fund, the sewer fund and the trash collection fund. When the services are provided to other departments of the Village, the service is reported as an internal service fund. The Village does not have any internal service funds.

**Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Village's programs.

**The Village of Lakemore as a Whole**

Table 1 provides a summary of the Village's net position for 2013 compared to 2012 on a cash basis.

(Table 1)  
**Net Position**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents (Deficit)	<u>(\$290,166)</u>	<u>(\$536,900)</u>	<u>\$819,113</u>	<u>\$1,040,179</u>	<u>\$528,947</u>	<u>\$503,279</u>
<b>Net Position</b>						
Restricted for:						
Capital Outlay	\$1,750	\$4,438	\$0	\$0	\$1,750	\$4,438
Other Purposes	299,222	300,910	0	0	299,222	300,910
Unrestricted (Deficit)	<u>(591,138)</u>	<u>(842,248)</u>	<u>819,113</u>	<u>1,040,179</u>	<u>227,975</u>	<u>197,931</u>
<i>Total Net Position (Deficit)</i>	<u>(\$290,166)</u>	<u>(\$536,900)</u>	<u>\$819,113</u>	<u>\$1,040,179</u>	<u>\$528,947</u>	<u>\$503,279</u>

**Village of Lakemore, Summit County, Ohio**

*Management's Discussion and Analysis*

*For the Year Ended December 31, 2013*

*Unaudited*

- Total governmental assets increased over 2012 due to management's diligent attempt to control spending, as well as increases in income tax and intergovernmental revenues.
- Net position of business-type activities decreased from 2012. The Village received additional monies from Summit County for sewer. These additional revenues were offset by an increase in sewer costs. This increase is due to efforts to become current on the sewer billing with the City of Akron.

Table 2 reflects the changes in net position for 2013 compared to 2012 on a cash basis.

(Table 2)  
**Changes in Net Position**

	Governmental Activities		Business Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Receipts:</b>						
<i>Program Receipts</i>						
Charges for Services	\$175,854	\$208,663	\$1,012,270	\$1,130,049	\$1,188,124	\$1,338,712
Operating Grants	273,896	157,312	0	0	273,896	157,312
<b>Total Program Receipts</b>	<b>449,750</b>	<b>365,975</b>	<b>1,012,270</b>	<b>1,130,049</b>	<b>1,462,020</b>	<b>1,496,024</b>
<i>General Receipts:</i>						
Property Taxes	182,438	188,454	0	0	182,438	188,454
Income Taxes	822,788	754,175	0	0	822,788	754,175
Intergovernmental	179,494	184,679	0	0	179,494	184,679
Proceeds of OWDA Loan	0	0	101,047	0	101,047	0
Miscellaneous	55,558	121,119	79,518	107,008	135,076	228,127
<b>Total General Receipts</b>	<b>1,240,278</b>	<b>1,248,427</b>	<b>180,565</b>	<b>107,008</b>	<b>1,420,843</b>	<b>1,355,435</b>
<b>Total Receipts</b>	<b>1,690,028</b>	<b>1,614,402</b>	<b>1,192,835</b>	<b>1,237,057</b>	<b>2,882,863</b>	<b>2,851,459</b>
<b>Disbursements:</b>						
General Government	241,133	273,991	0	0	241,133	273,991
Security of Persons and Property	925,072	867,505	0	0	925,072	867,505
Leisure Time Activities	2,406	5,333	0	0	2,406	5,333
Community Environment	6,854	3,353	0	0	6,854	3,353
Transportation	138,350	130,491	0	0	138,350	130,491
Public Health Services	118,650	371	0	0	118,650	371
Principal Retirement	7,136	6,723	0	0	7,136	6,723
Interest and Fiscal Charges	3,693	2,777	0	0	3,693	2,777
Water	0	0	358,117	323,427	358,117	323,427
Sewer	0	0	813,375	585,406	813,375	585,406
Trash Collection	0	0	183,270	161,245	183,270	161,245
Deposits	0	0	0	1,290	0	1,290
<b>Total Disbursements</b>	<b>1,443,294</b>	<b>1,290,544</b>	<b>1,354,762</b>	<b>1,071,368</b>	<b>2,798,056</b>	<b>2,361,912</b>
Change in Net Position	246,734	323,858	(161,927)	165,689	84,807	489,547
<i>Net Position (Deficit)</i>						
Beginning of Year	(536,900)	(860,758)	981,040	874,490	444,140	13,732
<b>Net Position (Deficit) End of Year</b>	<b>(\$290,166)</b>	<b>(\$536,900)</b>	<b>\$819,113</b>	<b>\$1,040,179</b>	<b>\$528,947</b>	<b>\$503,279</b>

Program revenues in the governmental activities increased in 2013, due to more operating grant revenues received by the Village as a result of additional grant funding for the Moving Ohio Forward program. The Village continues to seek out additional sources of revenue. General revenues increased slightly from 2012. The increase in income tax revenues was due to the tax credit reduction. This increase was offset by a

**Village of Lakemore, Summit County, Ohio**

*Management's Discussion and Analysis*

*For the Year Ended December 31, 2013*

*Unaudited*

decrease in property taxes and miscellaneous revenues as a result of the tough economic conditions and the inclusion of the unclaimed monies in 2012.

Disbursements for general government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, the finance office and the law department.

Security of persons and property are the costs of police and fire protection; leisure time activities are the costs of maintaining the parks and playing fields; community environment is the code enforcement officer; transportation is the cost of maintaining the streets; and public health services is for animal control and the Moving Ohio Forward program.

The increase in disbursements was due to additional costs in the fire department and for police protection services from Springfield Township. The increase in public health services was due to the Moving Ohio Forward program, which supports communities undertaking activities to demolish abandoned and vacant residential properties. The Village continues to lower disbursements to help ensure positive cash balances.

**Governmental and Business-Type Activities**

If you look at the Statement of Activities on pages 12 and 13, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for general government and security of persons and property. Transportation also represents a significant cost. The next two columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The Net Receipt (Disbursement) columns compare the program receipts for governmental and business-type activities to the cost of the service. This “net cost” amount represents the cost of the service which ends up being paid from money provided by local taxpayers. A comparison between the total cost of services and the net cost for governmental and business-type activities is presented in Table 3.

(Table 3)

	Governmental Activities		Governmental Activities	
	Total Cost	Net Cost	Total Cost	Net Cost
	Of Services	of Services	Of Services	of Services
	2013	2013	2012	2012
General Government	\$241,133	\$227,163	\$273,991	\$244,678
Security of Persons and Property	925,072	663,545	867,505	658,784
Leisure Time Activities	2,406	2,267	5,333	4,763
Community Environment	6,854	6,487	3,353	2,994
Transportation	138,350	9,450	130,491	3,519
Public Health Services	118,650	73,803	371	331
Principal Retirement	7,136	7,136	6,723	6,723
Interest and Fiscal Charges	3,693	3,693	2,777	2,777
<i>Total Expenses</i>	\$1,443,294	\$993,544	\$1,290,544	\$924,569

The dependence upon income tax and other tax receipts is apparent as the majority of governmental activities are supported through these general receipts.

**Village of Lakemore, Summit County, Ohio**

*Management's Discussion and Analysis*

*For the Year Ended December 31, 2013*

*Unaudited*

**The Village of Lakemore Funds**

Total governmental funds had receipts of \$1,690,028 and disbursements of \$1,443,294. The greatest change within governmental funds occurred within the general fund as the result of increased revenue due to a fifty percent credit reduction and charges for services from the Village making a greater effort in collections to increase revenues.

General fund receipts were greater than disbursements indicating that the general fund is in a surplus spending situation for the current year. It was the recommendation of the finance committee and the administration that a reduction in disbursements was preferable to requesting additional funds from the taxpayers.

**General Fund Budgeting Highlights**

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

The Village's final budgeted receipts were less than actual receipts. The positive difference was due to greater than expected collections of general fund revenues, mainly due to under estimating the amount of income tax, and intergovernmental revenues.

Final budgeted disbursements were more than actual disbursements. The positive difference was due to greater spending controls for general government and security of persons and property.

**Capital Assets and Debt Administration**

Capital Assets

The Village does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2013, the Village's outstanding debt included:

**Table 4**  
*Outstanding Long-Term Obligations at Year End*

	2013	2012
<b><i>Governmental Activities Debt:</i></b>		
Capital Lease	\$53,014	\$60,150
<b><i>Business-Type Activities Debt:</i></b>		
OWDA Loans	\$107,371	\$6,324
Rural Community Action Loan	29,628	33,055
Total	\$136,999	\$39,379

The Ohio Water Development Authority (OWDA) loan relates to a Village Capital Improvement Fund Loan for the design of the drinking water facilities improvements.

The Rural Community Action Loan relates to the installation of a new control panel for the Village water system.

**Village of Lakemore, Summit County, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2013*  
*Unaudited*

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The OWDA and Rural Community Action loans will be paid with user charges from the water enterprise fund.

The Village's overall legal debt margin was \$4,811,470 with an unvoted debt margin of \$2,520,294 at December 31, 2013.

See Note 15 to the basic financial statements for additional information on the Village's debt.

**Current Issues**

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base.

The Village continues to seek out alternative funding in the way of grants to help our financial baseline. The Village is also seeking to continue the improvements to both the electrical and the water/sewer infrastructure to offer our citizens the services they have come to expect.

**Contacting the Village's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Tracy Fast, Fiscal Officer, Village of Lakemore, P.O. Box 455, 1400 Main Street, Lakemore, Ohio, 44250.

## **Basic Financial Statements**



**Village of Lakemore, Ohio**  
*Statement of Net Position - Cash Basis*  
*December 31, 2013*

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents (Deficit)	(\$290,166)	\$819,113	\$528,947
<b>Net Position</b>			
Restricted for:			
Capital Projects	\$1,750	\$0	\$1,750
Other Purposes	299,222	0	299,222
Unrestricted (Deficit)	(591,138)	819,113	227,975
<i>Total Net Position (Deficit)</i>	(\$290,166)	\$819,113	\$528,947

See accompanying notes to the basic financial statements

**Village of Lakemore, Ohio**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2013*

	<u>Program Cash Receipts</u>		
	<u>Cash Disbursements</u>	<u>Charges for Services</u>	<u>Operating Grants</u>
<b>Governmental Activities</b>			
General Government	\$241,133	\$13,970	\$0
Security of Persons and Property:			
Police	547,254	30,916	2,865
Fire	377,818	130,025	97,721
Leisure Time Activities	2,406	139	0
Community Environment	6,854	367	0
Transportation	138,350	422	128,478
Public Health Services	118,650	15	44,832
Principal Retirement	7,136	0	0
Interest and Fiscal Charges	3,693	0	0
<i>Total Governmental Activities</i>	<u>1,443,294</u>	<u>175,854</u>	<u>273,896</u>
<b>Business-Type Activities</b>			
Water	358,117	364,591	0
Sewer	813,375	463,712	0
Trash	183,270	183,967	0
<i>Total Business-Type Activities</i>	<u>1,354,762</u>	<u>1,012,270</u>	<u>0</u>
<i>Total</i>	<u>\$2,798,056</u>	<u>\$1,188,124</u>	<u>\$273,896</u>

**General Receipts**

Property Taxes Levied for:  
    General Purposes  
    Safety Forces  
Income Taxes Levied for:  
    General Purposes  
Grants and Entitlements not Restricted to Specific Programs  
Proceeds of OWDA Loan  
Miscellaneous

*Total General Receipts*

*Change in Net Position*

*Net Position (Deficit) Beginning of Year (Restated - See Note 3)*

*Net Position (Deficit) End of Year*

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts  
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
(\$227,163)	\$0	(\$227,163)
(513,473)	0	(513,473)
(150,072)	0	(150,072)
(2,267)	0	(2,267)
(6,487)	0	(6,487)
(9,450)	0	(9,450)
(73,803)	0	(73,803)
(7,136)	0	(7,136)
(3,693)	0	(3,693)
(993,544)	0	(993,544)
0	6,474	6,474
0	(349,663)	(349,663)
0	697	697
0	(342,492)	(342,492)
(993,544)	(342,492)	(1,336,036)
81,860	0	81,860
100,578	0	100,578
822,788	0	822,788
179,494	0	179,494
0	101,047	101,047
55,558	79,518	135,076
1,240,278	180,565	1,420,843
246,734	(161,927)	84,807
(536,900)	981,040	444,140
(\$290,166)	\$819,113	\$528,947

**Village of Lakemore, Ohio**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2013*

	<u>General</u>	<u>Permissive Motor Vehicle License Tax</u>	<u>Fire and Emergency Medical Services</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents (Deficit)	(\$589,281)	\$58,327	\$35,742
Restricted Assets			
Equity in Pooled Cash and Cash Equivalents	<u>84,581</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u><u>(\$504,700)</u></u>	<u><u>\$58,327</u></u>	<u><u>\$35,742</u></u>
<b>Fund Balances</b>			
Nonspendable	\$84,581	\$0	\$0
Restricted	1,857	58,327	35,742
Assigned	577	0	0
Unassigned (Deficit)	<u>(591,715)</u>	<u>0</u>	<u>0</u>
<i>Total Fund Balances (Deficit)</i>	<u><u>(\$504,700)</u></u>	<u><u>\$58,327</u></u>	<u><u>\$35,742</u></u>

See accompanying notes to the basic financial statements

Street Construction Maintenance and Repair	Moving Ohio Forward Grant	Other Governmental Funds	Total Governmental Funds
\$61,523	\$29,209	\$29,733	(\$374,747)
<u>0</u>	<u>0</u>	<u>0</u>	<u>84,581</u>
<u>\$61,523</u>	<u>\$29,209</u>	<u>\$29,733</u>	<u>(\$290,166)</u>
\$0	\$0	\$0	\$84,581
61,523	29,209	29,733	216,391
0	0	0	577
<u>0</u>	<u>0</u>	<u>0</u>	<u>(591,715)</u>
<u>\$61,523</u>	<u>\$29,209</u>	<u>\$29,733</u>	<u>(\$290,166)</u>

**Village of Lakemore, Ohio**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2013*

	General	Permissive Motor Vehicle License Tax	Fire and Emergency Medical Services
<b>Receipts</b>			
Property Taxes	\$81,860	\$0	\$89,733
Income Taxes	822,788	0	0
Intergovernmental	179,494	9,011	97,721
Charges for Services	35,677	0	128,705
Fines, Licenses and Permits	11,472	0	0
Miscellaneous	47,511	0	5,822
<i>Total Receipts</i>	<u>1,178,802</u>	<u>9,011</u>	<u>321,981</u>
<b>Disbursements</b>			
Current:			
General Government	241,133	0	0
Security of Persons and Property:			
Police	533,640	0	0
Fire	22,788	0	355,030
Leisure Time Activities	2,406	0	0
Community Environment	6,341	0	0
Transportation	7,276	31,038	0
Public Health Services	250	0	0
Debt Service:			
Principal Retirement	7,136	0	0
Interest and Fiscal Charges	3,693	0	0
<i>Total Disbursements</i>	<u>824,663</u>	<u>31,038</u>	<u>355,030</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>354,139</u>	<u>(22,027)</u>	<u>(33,049)</u>
<b>Other Financing Sources (Uses)</b>			
Advance In	0	0	7,350
Advance Out	(110,127)	0	0
Transfers In	59,835	0	50,706
Transfers Out	(52,738)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(103,030)</u>	<u>0</u>	<u>58,056</u>
<i>Net Change in Fund Balance</i>	251,109	(22,027)	25,007
<i>Fund Balances (Deficit) Beginning of Year</i> <i>- Restated (See Note 3)</i>	<u>(755,809)</u>	<u>80,354</u>	<u>10,735</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>(\$504,700)</u>	<u>\$58,327</u>	<u>\$35,742</u>

See accompanying notes to the basic financial statements

Street Construction Maintenance and Repair	Moving Ohio Forward Grant	Other Governmental Funds	Total Governmental Funds
\$0	\$0	\$10,845	\$182,438
0	0	0	822,788
117,034	44,832	2,865	450,957
0	0	0	164,382
0	0	0	11,472
4,658	0	0	57,991
<u>121,692</u>	<u>44,832</u>	<u>13,710</u>	<u>1,690,028</u>
0	0	0	241,133
0	0	13,614	547,254
0	0	0	377,818
0	0	0	2,406
0	0	513	6,854
100,036	0	0	138,350
0	118,400	0	118,650
0	0	0	7,136
0	0	0	3,693
<u>100,036</u>	<u>118,400</u>	<u>14,127</u>	<u>1,443,294</u>
<u>21,656</u>	<u>(73,568)</u>	<u>(417)</u>	<u>246,734</u>
0	102,777	0	110,127
0	0	0	(110,127)
0	0	2,032	112,573
0	0	(59,835)	(112,573)
<u>0</u>	<u>102,777</u>	<u>(57,803)</u>	<u>0</u>
21,656	29,209	(58,220)	246,734
<u>39,867</u>	<u>0</u>	<u>87,953</u>	<u>(536,900)</u>
<u>\$61,523</u>	<u>\$29,209</u>	<u>\$29,733</u>	<u>(\$290,166)</u>

**Village of Lakemore, Ohio**  
*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual (Budget Basis)  
General Fund  
For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property Taxes	\$90,772	\$84,272	\$81,860	(\$2,412)
Income Taxes	880,588	770,000	822,788	52,788
Intergovernmental	112,825	137,925	179,494	41,569
Charges for Services	31,491	44,696	35,677	(9,019)
Fines, Licenses and Permits	10,126	42,375	11,472	(30,903)
Miscellaneous	40,963	49,905	47,511	(2,394)
<i>Total Receipts</i>	<u>1,166,765</u>	<u>1,129,173</u>	<u>1,178,802</u>	<u>49,629</u>
<b>Disbursements</b>				
Current:				
General Government	264,839	257,809	241,710	16,099
Security of Persons and Property:				
Police	542,623	534,246	533,640	606
Fire	24,050	24,201	22,788	1,413
Leisure Time Activities	5,460	2,460	2,406	54
Community Environment	3,361	8,962	6,341	2,621
Transportation	12,000	10,779	7,276	3,503
Public Health Services	250	250	250	0
Debt Service:				
Principal Retirement	14,272	7,136	7,136	0
Interest and Fiscal Charges	7,386	3,693	3,693	0
<i>Total Disbursements</i>	<u>874,241</u>	<u>849,536</u>	<u>825,240</u>	<u>24,296</u>
<i>Excess of Receipts Over Disbursements</i>	<u>292,524</u>	<u>279,637</u>	<u>353,562</u>	<u>73,925</u>
<b>Other Financing Sources (Uses)</b>				
Advances Out	0	(110,127)	(110,127)	0
Transfers In	52,814	72,742	59,835	(12,907)
Transfers Out	(65,556)	(75,154)	(52,738)	22,416
<i>Total Other Financing Sources (Uses)</i>	<u>(12,742)</u>	<u>(112,539)</u>	<u>(103,030)</u>	<u>9,509</u>
<i>Net Change in Fund Balance</i>	279,782	167,098	250,532	83,434
<i>Fund Deficit Beginning of Year</i>	(842,898)	(842,898)	(842,898)	0
Prior Year Encumbrances Appropriated	651	651	651	0
<i>Fund Deficit End of Year</i>	<u>(\$562,465)</u>	<u>(\$675,149)</u>	<u>(\$591,715)</u>	<u>\$83,434</u>

See accompanying notes to the basic financial statements



**Village of Lakemore, Ohio**  
*Statement of Receipts, Disbursements and Changes  
 In Fund Balance - Budget and Actual (Budget Basis)  
 Permissive Motor Vehicle License Tax Fund  
 For the Year Ended December 31, 2013*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Intergovernmental	\$5,700	\$5,700	\$9,011	\$3,311
<b>Disbursements</b>				
Current:				
Transportation	<u>5,000</u>	<u>35,000</u>	<u>31,038</u>	<u>3,962</u>
<i>Net Change in Fund Balance</i>	700	(29,300)	(22,027)	7,273
<i>Fund Balance Beginning of Year</i>	<u>80,354</u>	<u>80,354</u>	<u>80,354</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$81,054</u></u>	<u><u>\$51,054</u></u>	<u><u>\$58,327</u></u>	<u><u>\$7,273</u></u>

See accompanying notes to the basic financial statements

**Village of Lakemore, Ohio**  
*Statement of Receipts, Disbursements and Changes  
 In Fund Balance - Budget and Actual (Budget Basis)  
 Fire and Emergency Medical Services Fund  
 For the Year Ended December 31, 2013*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property Taxes	\$98,255	\$108,466	\$89,733	(\$18,733)
Intergovernmental	221,921	221,921	97,721	(124,200)
Charges for Services	125,000	133,752	128,705	(5,047)
Miscellaneous	0	12,192	5,822	(6,370)
<i>Total Receipts</i>	<u>445,176</u>	<u>476,331</u>	<u>321,981</u>	<u>(154,350)</u>
<b>Disbursements</b>				
Current:				
Security of Persons and Property:				
Fire	<u>490,102</u>	<u>508,769</u>	<u>355,030</u>	<u>153,739</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(44,926)</u>	<u>(32,438)</u>	<u>(33,049)</u>	<u>(611)</u>
<b>Other Financing Sources</b>				
Advances In	0	0	7,350	7,350
Transfers In	0	30,740	50,706	19,966
<i>Total Other Financing Sources</i>	<u>0</u>	<u>30,740</u>	<u>58,056</u>	<u>27,316</u>
<i>Net Change in Fund Balance</i>	(44,926)	(1,698)	25,007	26,705
<i>Fund Balance Beginning of Year</i>	9,635	9,635	9,635	0
Prior Year Encumbrances Appropriated	<u>1,100</u>	<u>1,100</u>	<u>1,100</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>(\$34,191)</u>	<u>\$9,037</u>	<u>\$35,742</u>	<u>\$26,705</u>

See accompanying notes to the basic financial statements

**Village of Lakemore, Ohio**  
*Statement of Receipts, Disbursements and Changes  
 In Fund Balance - Budget and Actual (Budget Basis)  
 Street Construction Maintenance and Repair Fund  
 For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$115,660	\$115,660	\$117,034	\$1,374
Miscellaneous	0	0	4,658	4,658
<i>Total Receipts</i>	115,660	115,660	121,692	6,032
<b>Disbursements</b>				
Current:				
Transportation	115,338	115,338	100,064	15,274
<i>Net Change in Fund Balance</i>	322	322	21,628	21,306
<i>Fund Balance Beginning of Year</i>	39,362	39,362	39,362	0
Prior Year Encumbrances Appropriated	505	505	505	0
<i>Fund Balance End of Year</i>	<u>\$40,189</u>	<u>\$40,189</u>	<u>\$61,495</u>	<u>\$21,306</u>

See accompanying notes to the basic financial statements

**Village of Lakemore, Ohio**  
*Statement of Receipts, Disbursements and Changes  
 In Fund Balance - Budget and Actual (Budget Basis)  
 Moving Ohio Forward Grant Fund  
 For the Year Ended December 31, 2013*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$147,000	\$147,610	\$44,832	(\$102,778)
<b>Disbursements</b>				
Current:				
Public Health Services	147,000	147,610	118,400	29,210
<i>Excess of Revenues Under Expenditures</i>	0	0	(73,568)	(73,568)
<b>Other Financing Sources</b>				
Advances In	0	0	102,777	102,777
<i>Net Change in Fund Balance</i>	0	0	29,209	29,209
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$29,209</u>	<u>\$29,209</u>

See accompanying notes to the basic financial statements

**Village of Lakemore, Ohio**  
*Statement of Fund Net Position - Cash Basis*  
*Enterprise Funds*  
*December 31, 2013*

	<u>Water</u>	<u>Sewer</u>	<u>Trash</u>	<u>Total</u>
<b>Current Assets</b>				
Equity in Pooled Cash and Cash Equivalents	<u>\$314,759</u>	<u>\$327,935</u>	<u>\$176,419</u>	<u>\$819,113</u>
<b>Net Position</b>				
Unrestricted	<u>\$314,759</u>	<u>\$327,935</u>	<u>\$176,419</u>	<u>\$819,113</u>

See accompanying notes to the basic financial statements

**Village of Lakemore, Ohio**  
*Statement of Cash Receipts,  
Disbursements and Changes in Fund Net Position - Cash Basis  
Enterprise Funds  
For the Year Ended December 31, 2013*

	<u>Water</u>	<u>Sewer</u>	<u>Trash</u>	<u>Total</u>
<b>Operating Receipts</b>				
Charges for Services	\$354,841	\$463,712	\$183,967	\$1,002,520
Fines Licenses and Permits	9,750	0	0	9,750
Miscellaneous	12,456	67,030	32	79,518
<i>Total Operating Receipts</i>	<u>377,047</u>	<u>530,742</u>	<u>183,999</u>	<u>1,091,788</u>
<b>Operating Disbursements</b>				
Personal Services	79,590	46,389	18,763	144,742
Fringe Benefits	34,130	16,807	11,497	62,434
Contractual Services	72,880	741,024	150,513	964,417
Materials and Supplies	80,088	9,155	2,497	91,740
<i>Total Operating Disbursements</i>	<u>266,688</u>	<u>813,375</u>	<u>183,270</u>	<u>1,263,333</u>
<i>Operating Income (Loss)</i>	<u>110,359</u>	<u>(282,633)</u>	<u>729</u>	<u>(171,545)</u>
<b>Non-Operating Receipts (Disbursements)</b>				
OWDA Loan Issued	101,047	0	0	101,047
Capital Outlay	(87,029)	0	0	(87,029)
Redemption of Principal	(3,427)	0	0	(3,427)
Interest and Fiscal Charges	(973)	0	0	(973)
<i>Total Non-Operating Disbursements</i>	<u>9,618</u>	<u>0</u>	<u>0</u>	<u>9,618</u>
<i>Change in Net Position</i>	119,977	(282,633)	729	(161,927)
<i>Net Position Beginning of Year (Restated - See Note 3)</i>	<u>194,782</u>	<u>610,568</u>	<u>175,690</u>	<u>981,040</u>
<i>Net Position End of Year</i>	<u>\$314,759</u>	<u>\$327,935</u>	<u>\$176,419</u>	<u>\$819,113</u>

See accompanying notes to the basic financial statements

**Village of Lakemore, Ohio**  
*Statement of Fiduciary Assets and Liabilities - Cash Basis*  
*Agency Funds*  
*December 31, 2013*

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<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$61,432</u></u>
<b>Liabilities</b>	
Deposits Held and Due to Others	<u><u>\$61,432</u></u>

See accompanying notes to the basic financial statements

**Village of Lakemore, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2013*

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**Note 1 - Reporting Entity**

The Village of Lakemore, Summit County, Ohio, is a body politic and corporate 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 six-member Council elected at large for four year terms. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading.

The primary government of the Village consists of all funds, agencies, departments and offices that are not legally separate from the Village. For the Village of Lakemore this includes the departments and agencies that provide the following services: police and fire protection, water, sewer, trash collection, parks, recreation and street maintenance.

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to the organization; or the Village is obligated for the debt of the organization. Component units may also include organizations for which the Village approves the budget, the issuance of debt or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The Village has no component units.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**Note 2 - Summary of Significant Accounting Policies**

As discussed further in the "Basis of Accounting" section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Village's accounting policies.

***Basis of Presentation***

The Village's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

***Government-wide Financial Statements*** The statement of net position and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.



**Village of Lakemore, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2013*

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The statement of net position presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each program or function of the Village's governmental activities and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program or business activity is self-financing on a cash basis or draws from the general receipts of the Village.

***Fund Financial Statements*** During the year, the Village segregates transactions related to certain Village functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

***Governmental Funds*** Governmental funds are those through which most governmental functions of the Village are financed. The following are the Village's major governmental funds:

***General Fund*** The general fund accounts for and reports all financial resources except those required to be accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Permissive Motor Vehicle License Tax Fund*** The Permissive Motor Vehicle License Tax Fund accounts for and reports additional motor vehicle registration fees restricted for maintenance and repair of streets within the Village.

***Fire and Emergency Medical Services Fund*** The Fire and Emergency Medical Services Fund accounts for and reports property taxes and charges for services restricted for fire and emergency medical services operations.

***Street Construction, Maintenance and Repair Fund*** The Street Construction, Maintenance and Repair Fund accounts for and reports ninety-two and one half percent of the State gasoline tax and motor vehicle registration fees restricted for street maintenance and repair.

**Village of Lakemore, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2013*

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***Moving Ohio Forward Grant Fund*** The Moving Ohio Forward Grant Fund accounts for and reports monies from the Ohio Attorney General's Office restricted for assisting Ohio communities who are undertaking activities to demolish abandoned and vacant residential properties.

The other governmental funds of the Village account for grants and other resources whose use is restricted, committed or assigned to a particular purpose.

***Proprietary Funds*** The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service. The Village has no internal service funds. The following are descriptions of the Village's enterprise funds.

***Enterprise Funds*** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village has three enterprise funds:

***Water Fund*** The water fund accounts for revenues generated from the charges for distribution of water service to the residential and commercial users located within the Village.

***Sewer Fund*** The sewer fund accounts for sewer services to the residential and commercial users located within the Village. The costs of providing these services are financed primarily through user charges.

***Trash Collection Fund*** The trash fund accounts for trash collection services to the residential and commercial users located within the Village. The costs of providing these services are financed primarily through user charges.

***Fiduciary Funds*** Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the Village under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Village's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Village only utilizes the agency fund type. The Village's agency funds account for and report utility and construction deposits.

***Basis of Accounting***

The Village's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in the note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

***Cash and Cash Equivalents***

To improve cash management, cash received by the Village is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "equity in pooled cash and cash equivalents (deficit)". The Village had no investments during the year or at year end.

**Village of Lakemore, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2013*

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***Restricted Assets***

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Unclaimed monies that are required to be held for five years before they may be utilized by the Village are reported as restricted.

***Inventory and Prepaid Items***

The Village reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

***Capital Assets***

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

***Accumulated Leave***

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

***Employer Contributions to Cost-Sharing Pension Plans***

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 12 and 13, the employer contributions include portions for pension benefits and for postretirement health care benefits.

***Long-term Obligations***

The Village's cash basis financial statements do not report liabilities for bonds and other long-term obligations. These statements report proceeds of debt when cash is received and debt service disbursements for debt principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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*Notes to the Basic Financial Statements*  
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**Restricted** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (Village ordinances).

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

**Committed** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance or resolution, as both are equally legally binding) of Village Council. Those committed amounts cannot be used for any other purpose unless the Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution, as both are equally legally binding) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the Village Council or a Village official delegated that authority by ordinance or by State Statute.

**Unassigned** Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit fund balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

***Net Position***

Net position is reported as restricted when there are limitations imposed on the use either through constitutional provisions, enabling legislation (adopted by the Village) or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes primarily includes resources restricted for street maintenance and public safety.

The Village first applies restricted resources when incurring a disbursement for which it may use either restricted or unrestricted resources.

**Village of Lakemore, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2013*

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***Interfund Transactions***

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental activities are eliminated on the government-wide financial statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

***Budgetary Process***

All funds, except agency funds, are legally required to be budgeted and appropriated. The community development block grant special revenue fund was not budgeted since no activity was anticipated and none occurred. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate. The appropriations ordinance is the Village Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established by the Village Council at the fund, department, and object level for all funds. Any budgetary modifications at this level may only be made by ordinance of the Village Council.

The certificate of estimated resources may be amended during the year if the Village Fiscal Officer projects increases or decreases in receipts. The amounts reported as the original and final budget in the budgetary statements reflect the amounts in the amended certificate of estimated resources in effect at the time the original and final appropriations ordinance were passed by Village Council.

The Village Council may amend appropriations throughout the year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budget reflect the first appropriation ordinance for a fund covering the entire year, including amounts automatically carried over from prior years. The amounts reported as the final budget represent the final appropriation ordinance the Village Council passed during the year.

**Note 3 – Changes in Accounting Principle and Change in Net Position**

***Change in Accounting Principle***

For year 2013, the Village has implemented Governmental Accounting Standard Board (GASB) Statement No. 61, "The Financial Reporting Entity: Omnibus, an amendment of GASB 14 and 34."

GASB Statement No. 61 modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, the display of component units' presentation and certain disclosure requirements. These changes were incorporated in the Village's 2013 financial statements; however, there was no effect on beginning net position/fund balance.

**Village of Lakemore, Ohio**  
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***Change in Net Position***

It was determined that the utilities deposit fund should be classified as an agency fund and not an enterprise fund. The determination had the following effect on net position at December 31, 2012:

	Water	Sewer	Trash	Utility Deposits	Total
Net position, December 31, 2012	\$194,782	\$610,568	\$175,690	\$59,139	\$1,040,179
Fund Reclassification	0	0	0	(59,139)	(59,139)
Restated net position, December 31, 2012	<u>\$194,782</u>	<u>\$610,568</u>	<u>\$175,690</u>	<u>\$0</u>	<u>\$981,040</u>

**Note 4 – Compliance**

The budgetary financial statements reflect amounts that ordinarily would result in noncompliance citations under Revised Code Chapter 5705. Since the Village is in fiscal emergency, however, its financial operations are restricted by the provisions of Chapter 118 rather than Chapter 5705. Citations to Chapter 5705 would therefore be presented only for funds which did not contribute to the Village being placed in fiscal emergency.

The Village had 11 percent of disbursements tested with an invoice that was dated prior to the purchase order, thus causing those disbursements not to be certified in a timely manner in 2013, contrary to Ohio Revised Code Section 5705.41(D).

**Note 5 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis for the general fund and major special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is that outstanding year end encumbrances are treated as expenditures (budgetary basis) rather than as restricted, committed, or assigned fund balance (cash basis). The general fund encumbrances outstanding at year end (budgetary basis) amounted to \$577. The street construction, maintenance and repair special revenue fund encumbrances outstanding at year end (budgetary basis) amounted to \$28.

**Note 6 - Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

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Fund Balances	General	Permissive Motor Vehicle License Tax	Fire and Emergency Medical Services	Street Construction Maintenance and Repair	Moving Ohio Forward Grant	Other Governmental Funds	Total
<b><i>Nonspendable</i></b>							
Unclaimed Monies	\$84,581	\$0	\$0	\$0	\$0	\$0	\$84,581
<b><i>Restricted for</i></b>							
Public Safety	1,685	0	35,742	0	0	25,295	62,722
Street Maintenance	0	58,327	0	61,523	0	2,688	122,538
Community Development	172	0	0	0	29,209	0	29,381
Capital Improvements	0	0	0	0	0	1,750	1,750
<b><i>Total Restricted</i></b>	<b>1,857</b>	<b>58,327</b>	<b>35,742</b>	<b>61,523</b>	<b>29,209</b>	<b>29,733</b>	<b>216,391</b>
<b><i>Assigned to</i></b>							
Purchases on Order	577	0	0	0	0	0	577
<b><i>Unassigned (Deficit)</i></b>	<b>(591,715)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(591,715)</b>
<b><i>Total Fund Balances (Deficit)</i></b>	<b>(\$504,700)</b>	<b>\$58,327</b>	<b>\$35,742</b>	<b>\$61,523</b>	<b>\$29,209</b>	<b>\$29,733</b>	<b>(\$290,166)</b>

**Note 7 - Deposits and Investments**

Monies held by the Village are classified by State statute into three categories.

Active deposits are public deposits determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to payment of principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in securities listed above;

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*For the Year Ended December 31, 2013*

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4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations provided that investments in securities described in the division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio);

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the fiscal officer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**Note 8 – Income Taxes**

The Village levies a 2.0 percent income tax whose proceeds are placed into the general fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. Residents of the Village are granted 50 percent credit for taxes paid to other municipalities. Income taxes are collected by the Regional Income Tax Agency (RITA). Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

The Village of Lakemore determined that it was necessary to reduce the income tax credit in order to achieve a balanced budget while effectively funding the necessary functions of the Village of Lakemore. For 2011 and continuing until the Village of Lakemore is released from Fiscal Emergency by the State of Ohio, the income tax credit limit is reduced to 50 percent for taxes paid to other municipalities by residents of the Village.

**Note 9 – Property Taxes**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the Village. Property tax revenue received during 2013 for real and public utility property taxes represents collections of the 2012 taxes. Property tax payments received during 2013 for tangible personal property (other than public utility property) is for 2013 taxes.

2013 real property taxes are levied after October 1, 2013, on the assessed value as of January 1, 2013, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2013 real property taxes are collected in and intended to finance 2014.

Real property taxes are payable annually or semi-annually. If paid annually, the payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.



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*Notes to the Basic Financial Statements*  
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Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2013 public utility property taxes which became a lien December 31, 2012, are levied after October 1, 2013, and are collected in 2014 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2013 was \$4.80 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2013 property tax receipts were based are as follows:

Real Property	
Residential/Agricultural	\$40,719,990
Other Real Estate	5,032,910
Public Utility Personal Property	<u>70,620</u>
Total	<u><u>\$45,823,520</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Fiscal Officer periodically remits to the Village its portion of the taxes collected.

## **Note 10 - Contingencies**

### ***Grants***

The Village receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or any other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Village at December 31, 2013.

### ***Litigation***

The Village of Lakemore is a party to legal proceedings. The Village management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the Village.

## **Note 11 - Risk Management**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio 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.

Prior to September 1, 2002, property and casualty insurance coverages provided by OPRM (as Ohio Plan) were fully reinsured, up to a limit of \$5,000,000 per occurrence, per member, with the exception of its paid loss ratio cap on casualty reinsurance treaties. Effective September 1, 2002, OPRM began retaining five percent of the premium and losses on the first \$500,000 casualty treaty and five percent of the first \$1,000,000

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property treaty on a quota share basis. Effective November 1, 2005 (and through October 31, 2009), OPRM began retaining 15 percent of the premium and losses on the first \$250,000 casualty treaty and ten percent of the first \$1,000,000 property treaty. Effective November 1, 2009, the OPRM retained 17.5 percent of the premium and losses on the first \$250,000 casualty treaty and ten percent of the first \$1,000,000 property treaty. Effective November 1, 2010, the OPRM retained 40 percent of the premium and losses on the first \$250,000 casualty treaty and 10 percent of the first \$1,000,000 property treaty. Effective November 1, 2011, the OPRM retained 41.5 percent of the premium and losses on the first \$250,000 casualty treaty and ten percent of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014), the OPRM retained 50 percent of the premium and losses on the first \$250,000 casualty treaty and ten percent of the first \$1,000,000 property treaty. OPRM had 767 and 774 members as of December 31, 2012 and 2013 respectively.

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, 2012 and 2013.

	2012	2013
Assets	\$13,100,381	\$13,774,304
Liabilities	(6,687,193)	(7,968,395)
Members' Equity	\$6,413,188	\$5,805,909

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

Workers' compensation is provided by the State. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**Note 12 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Plan Description – The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

**Village of Lakemore, Ohio**  
*Notes to the Basic Financial Statements*  
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OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the year ended December 31, 2013, members in state and local classifications contributed 10 percent of covered payroll. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2012, member and employer contribution rates were consistent across all three plans.

The Village's 2013 contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. For 2013, the portion of employer contribution allocated to health care was 1 percent for members in the Traditional Plan and the Combined Plan. Effective January 1, 2014, the portion of employer contributions allocated to health care increased to 2 percent. Employer contribution rates are actuarially determined.

The Village's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2013, 2012 and 2011 were \$31,306, \$31,412 and \$32,686, respectively. The full amount has been contributed for 2013, 2012 and 2011. Contributions to the Member-Directed Plan for 2013 were \$403 made by the Village and \$288 made by the plan members.

### **Note 13 - Postemployment Benefits**

#### ***Ohio Public Employees Retirement System***

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

**Village of Lakemore, Ohio**  
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Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, state and local government employers contributed at a rate of 14.0 percent of covered payroll. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2013, the portion of employer contributions allocated to health care for members in the Traditional Plan and the Combined Plan was 1.0 percent. Effective January 1, 2014, the portion of employer contributions allocated to health care was raised to 2 percent for both plans, as recommended by OPERS actuary.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Village’s contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013, 2012 and 2011 were \$2,408, \$12,565, and \$13,075, respectively. The full amount has been contributed for 2013, 2012 and 2011.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

**Note 14 – Capital Lease**

In 2009, the Village entered into a capital lease for a Pierce Saber fire truck. The lease meets the criteria for a capital lease.

The following is a schedule of the future minimum leases payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2013.

	<u>Amounts</u>
2014	\$10,829
2015	10,829
2016	10,829
2017	10,829
2018	10,829
2019	<u>10,829</u>
Total Minimum Lease Payments	64,974
Less: Amount representing interest	<u>(11,960)</u>
Present Value of Minimum Lease Payments	<u><u>\$53,014</u></u>

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**Note 15 - Long-Term Obligations**

Original issue amounts and interest rates of the Village's debt issues were as follows:

Debt Issue	Interest Rate	Original Issue	Year of Maturity
<b>Business-Type Activities</b>			
<i>OWDA Loans</i>			
Water Treatment Plant - 2000	0.00%	\$101,047	2033
<i>Rural Community Action Loan</i>	4.00%	40,000	2020

The changes in long-term obligations during the year were as follows:

	Balance 12/31/12	Additions	Reductions	Balance 12/31/13	Amounts Due in One Year
<b>Governmental Activities</b>					
Fire Truck Lease	\$60,150	\$0	(\$7,136)	\$53,014	\$7,574
<b>Business-Type Activities</b>					
OWDA Loans	\$6,324	\$101,047	\$0	\$107,371	\$0
Rural Community Action Loan	33,055	0	(3,427)	29,628	3,743
<b>Total Business-Type Activities</b>	<b>\$39,379</b>	<b>\$101,047</b>	<b>(\$3,427)</b>	<b>\$136,999</b>	<b>\$3,743</b>

The fire truck capital lease relates to a capital lease for a Pierce Saber fire truck. The Village will make annual lease payments with the final payment due in 2019. The general fund will be making payments on the capital lease.

The Village has entered into a contractual agreement for a construction loan from the Ohio Water Development Authority (OWDA). Under the terms of these agreements, the OWDA will reimburse, advance or directly pay the construction costs of approved projects. The OWDA will capitalize administrative costs and construction interest and then add them to the total amount of the final loan. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Lines of credit had been established for the Ohio Water Development Authority in the amount of \$179,897 for the water project. Since the loan repayment schedule has not yet been finalized, a repayment schedule is not included in the schedule of debt service requirements. Until a final repayment schedule is available, the Village is paying based on estimates, which begins in 2014. The balance of the loan at December 31, 2013 is \$107,371.

The Village has pledged future receipts, net of operating disbursements, to repay the OWDA loan in the water fund. The debt is payable solely from net receipts through 2013. Annual principal payments on the debt issue are not known as of the date of this report. Principal paid for the current year and total net revenues available were \$0 and \$110,359, respectively.

The Rural Community Action Loan relates to the installation of a new control panel for the Village water system. The Village will repay the loan in monthly installments of \$405 including interest, over 10 years. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover the debt service requirements.

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The OWDA and Rural Community Action loans will be paid with user charges from the water enterprise fund.

The Village's overall legal debt margin was \$4,811,470 with an unvoted debt margin of \$2,520,294 at December 31, 2013. Principal and interest requirements to retire long-term obligations outstanding at December 31, 2013 are as follows:

	Business-Type Activities	
	Rural Community Action Loan	
	Principal	Interest
2014	\$3,743	\$1,117
2015	3,895	965
2016	4,054	806
2017	4,219	641
2018	4,390	470
2019 - 2020	9,327	393
Total	\$29,628	\$4,392

**Note 16 – Interfund Transactions**

*Interfund Transfers*

Interfund transfers for the year ended December 31, 2013, consisted of the following:

Transfers To	Transfers From		Totals
	General	Other Governmental Funds	
General	\$0	\$59,835	\$59,835
Other Governmental Funds	52,738	0	52,738
Totals	\$52,738	\$59,835	\$112,573

The transfers to other governmental funds were to eliminate fund deficits. The transfer to the general fund was the result of a balance in the CDBG fund that the Summit County Probate Court permitted to be moved to the general fund.

*Interfund Balances*

During 2013, the general fund advanced monies to the fire/EMS and Moving Ohio Forward special revenue funds in the amounts of \$7,350 and \$102,777, respectively. The interfund receivable and payables between general fund and the special revenue funds are due to the general fund covering deficit cash balances in these funds and moving unrestricted balances to support programs accounted for in other funds.

**Village of Lakemore, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2013*

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**Note 17 – Fiscal Emergency**

The Auditor of State's office placed the Village in fiscal emergency on August 31, 2010 in accordance with Section 118.03, Ohio Revised Code. The declaration resulted in the establishment of a financial planning and supervision commission. The Commission is comprised of the Mayor of the Village, Council President, three financial consultants from various corporations and/or organizations who reside or work within the Village and two representatives from the State of Ohio.

In accordance with Section 118.06 of the Ohio Revised Code, the Village is required to submit to the Commission a financial recovery plan for the Village which outlines the measures to be taken to eliminate the fiscal emergency conditions. The Village adopted its initial financial recovery plan on February 16, 2011. The Village's latest financial recovery plan was adopted on April 7, 2014.

A village is placed into fiscal emergency when any one of six conditions is present. For the Village of Lakemore, two of the six conditions were present at the date of the Auditor of State's determination. The conditions present in the Village included deficit fund balances and a sizable deficiency when the Village's treasury balance was compared to the positive cash balances of the Village's funds. Under Section 118.03(A)(5) of the Revised code, the aggregate sum of all deficit funds at the end of the preceding fiscal year, less any transferable balance in the general fund and in any special revenue fund that exceed one-sixth of the general fund budget and the receipts of the deficit funds is a fiscal emergency condition. As of December 31, 2009, the Village had deficit fund balances in the following funds: general fund, police disability and pension fund, emergency medical services fund, note on police facility fund, capital improvement fund and the water fund. The Auditor of State's calculation determined the total unprovided portion of aggregate deficit funds was \$839,450 for the year ended December 31, 2010. Under Section 118.03(A)(6) of the Revised code, moneys and marketable investments in or held for the unsegregated treasury of the municipal corporation, county, or township, minus outstanding checks and warrants, were less in amount than the aggregate of the positive balances of the general fund and those special funds the purposes of which the unsegregated treasury is held to meet, and such deficiency exceeded one-sixth of the total amount received into the unsegregated treasury during the preceding fiscal year. The Auditor of State's calculation determined the treasury deficiency exceeded one-sixth of the treasury receipts at December 31, 2010 by \$584,532.



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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**Independent Auditor's Report on Internal Control over Financial Reporting and  
on Compliance and Other Matters Required by *Government Auditing Standards***

Village of Lakemore  
Summit County  
P.O. Box 455  
1400 Main Street  
Lakemore, Ohio 44250

To the Members of Council and Mayor:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Lakemore, Summit County, as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Village of Lakemore's basic financial statements and have issued our report thereon dated July 29, 2015, wherein we noted the Village of Lakemore uses a special purpose framework other than generally accepted accounting principles. We also noted as discussed in Note 3 to the December 31, 2013 financial statements, the Village of Lakemore reclassified the Utilities Deposits fund from an enterprise fund to an agency fund. We further noted as disclosed in Note 17, on August 31, 2010, the Village of Lakemore was declared by the Auditor of State to be in a state of fiscal emergency.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village of Lakemore's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village of Lakemore's internal control. Accordingly, we have not opined on it.

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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village of Lakemore's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider a significant deficiency in internal control. We consider finding 2014-001 to be a significant deficiency.



Members of Council and Mayor  
Village of Lakemore

***Compliance and Other Matters***

As part of reasonably assuring whether the Village of Lakemore'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, opining 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings and responses as item 2014-002.

***Village of Lakemore's Responses to Findings***

The Village of Lakemore's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Village of Lakemore's responses and, accordingly, we express no opinion on them.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village of Lakemore's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village of Lakemore's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.  
July 29, 2015

**VILLAGE OF LAKEMORE  
SUMMIT COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2014 AND 2013**

<b>FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2014-001

**Significant Deficiency - Financial Reporting**

A critical part of financial reporting is to maintain internal controls to help ensure the proper reporting of financial statement amounts.

We identified misstatements in the financial statements for the fiscal year 2013 audit that were not initially identified by the Village's internal control.

The Village had the following audit adjustments necessary to properly record activity in 2013:

**2013 Adjustments:**

General Fund: Decrease intergovernmental receipts and decrease cash in the amount of \$9,695 to record homestead and rollback receipts in the proper funds.

Fire and Emergency Medical Services Fund: Increase intergovernmental receipts and increase cash in the amount of \$8,656 to record homestead and rollback receipts in the proper fund.

Police Pension Fund (Nonmajor fund): Increase intergovernmental receipts and increase cash in the amount of \$1,039 to record homestead and rollback receipts in the proper fund.

Street Construction, Maintenance and Repair Fund: Increase intergovernmental receipts and increase cash in the amount of \$1,420 to record motor vehicle registration receipts in the proper fund.

Permissive Motor Vehicle License Tax Fund: Decrease intergovernmental receipts and decrease cash in the amount of \$1,420 to record motor vehicle registration receipts in the proper fund.

The Village's financial statements and cash fund balances in the Village's records have been adjusted to reflect these adjustments.

Proper posting of Village receipts is a crucial part of the Village's financial statements as potential users may rely on the statements to make decisions that could have an impact on the Village. In addition, improper posting of receipts could mislead the Members of Council and Village citizens during the year and additionally may misrepresent individual fund balances and possibly misrepresent budget and planning reports.

We recommend that the Village implement additional internal controls to help ensure receipts and disbursements are properly recorded and reflected in the Village's records. We also recommend the Village consult local government services and UAN for proper posting of transactions as necessary. We further recommend the Village implement additional internal controls over financial reporting to help ensure accurate financial reports throughout the year and at year end.

*Client Response:* The Village will attempt to properly post all transactions in the future. The Fiscal Officer will consult the UAN Accounting Manual and/or Local Government Services as necessary.

**VILLAGE OF LAKEMORE  
SUMMIT COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2014 AND 2013**

<b>FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2014-002

Ohio Revised Code Section 5705.41 (D) requires that no orders or contracts involving the disbursement of monies are to be made unless there is certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. In addition, fiscal officers may prepare "blanket" certificates for a sum not exceeding an amount established by resolution or ordinance adopted by the members of the legislative authority against any specific line item account over a period not extending beyond the end of the current fiscal year.

The Village had 27% and 11% of disbursements tested with an invoice that was dated prior to the purchase order, thus causing those disbursements not to be certified in a timely manner in 2014 and 2013, respectively. In addition, although the Village has established a policy relating to purchase orders, the policy does not establish a limit on the blanket purchase order amount.

Without proper certification the Village may expend more funds than available in the treasury or in the process of collection, or than funds appropriated. It may also result in unnecessary or undesirable purchases.

We recommend that all orders or contracts involving the disbursement of money be timely certified to ensure all monies expended are lawfully appropriated and available in the treasury or in the process of collection. The Village should consider using "Then" and "Now" certificates where applicable. Furthermore, we recommend that the Village Council establish as blanket certificate amount to provide additional controls over disbursements.

Client Response: The Village will monitor disbursements and use then and now certificates where applicable in the future. The Village will review its purchase order policy.

**VILLAGE OF LAKEMORE  
SUMMIT COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2014 AND 2013**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or <u>Finding No Longer Valid</u>; Explain:</b>
2012-VOL-001	Internal Revenue Code (IRC) Chapter 26 Section 3403 states in part, the employer shall be liable for the payment of the tax required to be deducted and withheld under this chapter. Ohio Revised Code Section 5747.06 states the requirements related to an employer's duty to withhold tax. Ohio Revised Code Sections 145.01, 145.03, 145.47 and 145.48 state the requirements related to the Public Employees Retirement System. During the audit period, federal and state taxes were not remitted in a consistent and timely manner as required and support for some submissions were not available. In addition, there were instances of late submissions to the Ohio Public Employees Retirement System.	Yes	N/A
2012-VOL-002	<u>Material Weakness - Financial Reporting</u> - Misstatements in the financial statements for the years under audit were not initially identified by the Village's internal control. In addition, monthly financial reports, including bank reconciliations, were not consistently presented to Council for review and approval.	No	Partially corrected, see finding 2014-001
2012-VOL-003	Ohio Revised Code Section 5705.36(A) requires on or about the first day of each fiscal year, the fiscal officers of each subdivision and other taxing units shall certify to the County Fiscal Officer the total amount from all sources available for expenditures from each fund in the tax budget along with any encumbered balances that existed at the end of the preceding year. The Village certified the incorrect unencumbered balances to the county fiscal officer.	Yes	N/A
2012-VOL-004	Ohio Revised Code Section 5705.41(D) requires that no orders or contracts involving the disbursement of monies are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. The Village had 34% and 57% of disbursements in noncompliance in 2012 and 2011, respectively. In addition, the Village did not have a policy establishing the limit on a blanket purchase order amount.	No	Repeated as finding 2014-002

**VILLAGE OF LAKEMORE  
SUMMIT COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2014 AND 2013**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2012-VOL-005	Ohio Revised Code Section 5705.34 requires the Village to pass an ordinance or resolution authorizing necessary tax levies. The Village is required to certify the levies to the County Fiscal Officer before October 1 of each year, unless a later date is approved by the tax commissioner. The Village did not pass a resolution authorizing the necessary tax levies or certify the levies to the county fiscal officer.	Yes	N/A

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# Dave Yost • Auditor of State

VILLAGE OF LAKEMORE

SUMMIT 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 1, 2015