

***LAKE TOWNSHIP***

***STARK COUNTY***

Regular Audit

For the Years Ended December 31, 2019 and 2018







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Board of Trustees  
Lake Township  
12360 Market Street North  
Hartsville, Ohio 44632

We have reviewed the *Independent Auditor's Report* of Lake Township, Stark County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2018 through December 31, 2019. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

**FINDING FOR RECOVERY (Repaid Under Audit):**

Ohio Rev. Code § 117.28 requires the Auditor of State to issue a Finding for Recovery when an audit report sets forth that any public money collected has been illegally expended, or that any public money collected has not been accounted for, or that any public money due has not been collected, or that any public property has been converted or misappropriated.

Ohio Rev. Code § 505.24 provides township trustee salaries are based on the annual budget of the Township. Additionally Ohio Rev. Code § 507.09 provides township fiscal officer salaries are based on the annual budget of the Township. "Budget" is defined as the official certificate of estimated resources of the township and any amended certificates issued by the county budget commission.

Payroll records indicate the Fiscal Officer and all three Trustees were overpaid as indicated below:

	<b>2019</b>			
	Fiscal Officer Moss Robert	Trustee Arnold, John	Trustee Yoder, Jeremy	Trustee Miller, Steven
Total Payroll	\$32,617.20	\$23,809.56	\$23,809.56	\$23,809.56
Compensation Chart, Per ORC 505.24 and 507.09 with a budget greater than \$10 million	\$31,064.00	\$22,676.00	\$22,676.00	\$22,676.00
Over payment	\$1,553.20	\$1,133.56	\$1,133.56	\$1,133.56

	<b>2018</b>			
	Fiscal Officer Moss Robert	Trustee Arnold, John	Trustee Yoder, Jeremy	Trustee Miller, Steven
Total Payroll	\$32,617.20	\$23,809.56	\$23,809.56	\$23,809.56
Compensation Chart, Per ORC 505.24 and 507.09 with a budget greater than \$10 million	\$31,064.00	\$22,676.00	\$22,676.00	\$22,676.00
Over payment	\$1,553.20	\$1,133.56	\$1,133.56	\$1,133.56
	<b>3,106.40</b>	<b>2,267.12</b>	<b>2,267.12</b>	<b>2,267.12</b>

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against (rounded down to the nearest whole dollar) Fiscal Officer Robert Moss and Trustees John Arnold, Jeremy Yoder, and Steven Miller in the amounts of \$3,106, \$2,267, \$2,267, and \$2,267 respectively, and in favor of the Lake Township General Fund in the combined amount of \$9,907.

The Findings for Recovery have been paid in full as follows:

Title/Last Name	FFR Amount	Repayment Method	Date(s)
Fiscal Officer Moss	\$3,106	Check # 7839	7/27/2020
Trustee Arnold	2,267	Check #24922	6/30/2020
Trustee Yoder	2,267	Payroll Deduction	6/30/20 and 7/31/20
Trustee Miller	2,267	Payroll Deduction	6/30/20 and 7/31/20

Board of Trustees  
Lake Township  
12360 Market Street North  
Hartville, Ohio 44632  
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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. Lake Township is responsible for compliance with these laws and regulations.



Keith Faber  
Auditor of State  
Columbus, Ohio

October 22, 2020

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**LAKE TOWNSHIP  
STARK COUNTY**

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**INDEPENDENT AUDITOR'S REPORT**

Lake Township  
Stark County  
12360 Market Avenue North  
Hartville, Ohio 44632

To the Board of Trustees:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Lake Township, Stark County, (the Township) as of and for the years ended December 31, 2019 and 2018.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating of the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determined, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

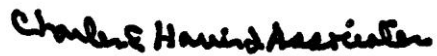
In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and the related notes of Lake Township, Stark County, as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 13 to the 2019 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 7, 2020, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the Township's 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 Township's internal control over financial reporting and compliance.



***Charles E. Harris & Associates, Inc.***  
July 7, 2020

**Lake Township**  
*Stark County, Ohio*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**All Governmental Fund Types**  
*For the Year Ended December 31, 2019*

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$179,623	\$6,663,623	\$0	\$0	\$6,843,246
Licenses, Permits and Fees	374,090	182,966	0	0	557,056
Fines and Forfeitures	0	2,607	0	0	2,607
Intergovernmental	348,521	1,305,233	0	0	1,653,754
Special Assessments	18,620	98,563	227,036	0	344,219
Earnings on Investments	42,853	1,024	0	0	43,877
Miscellaneous	56,259	7,327	0	0	63,586
<i>Total Cash Receipts</i>	<u>1,019,966</u>	<u>8,261,343</u>	<u>227,036</u>	<u>0</u>	<u>9,508,345</u>
<b>Cash Disbursements</b>					
Current:					
General Government	899,213	0	0	0	899,213
Public Safety	34,961	4,619,510	0	0	4,654,471
Public Works	514	3,448,404	0	0	3,448,918
Health	200	110,051	0	0	110,251
Conservation-Recreation	5,800	0	0	0	5,800
Capital Outlay	48,390	412,436	0	0	460,826
Debt Service:					
Principal Retirement	0	0	111,865	0	111,865
Interest and Fiscal Charges	0	0	34,348	0	34,348
<i>Total Cash Disbursements</i>	<u>989,078</u>	<u>8,590,401</u>	<u>146,213</u>	<u>0</u>	<u>9,725,692</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>30,888</u>	<u>(329,058)</u>	<u>80,823</u>	<u>0</u>	<u>(217,347)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Capital Assets	0	25,500	0	0	25,500
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>25,500</u>	<u>0</u>	<u>0</u>	<u>25,500</u>
<i>Net Change in Fund Cash Balances</i>	30,888	(303,558)	80,823	0	(191,847)
<i>Fund Cash Balances, January 1</i>	<u>3,128,041</u>	<u>3,553,016</u>	<u>853,672</u>	<u>240,287</u>	<u>7,775,016</u>
<b>Fund Cash Balances, December 31</b>					
Restricted	0	3,080,506	934,495	240,287	4,255,288
Committed	107,069	168,952	0	0	276,021
Assigned	113,605	0	0	0	113,605
Unassigned (Deficit)	2,938,255	0	0	0	2,938,255
<i>Fund Cash Balances, December 31</i>	<u>\$3,158,929</u>	<u>\$3,249,458</u>	<u>\$934,495</u>	<u>\$240,287</u>	<u>\$7,583,169</u>

*See accompanying notes to the financial statements*

**Lake Township**  
*Stark County, Ohio*  
*Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Agency Funds*  
*For the Year Ended December 31, 2019*

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	<u>Agency</u>
<b>Operating Cash Receipts</b>	
Miscellaneous	\$ 50,650
<i>Total Operating Cash Receipts</i>	50,650
<b>Operating Cash Disbursements</b>	
Other	16,650
<i>Total Operating Cash Disbursements</i>	16,650
<i>Net Change in Fund Cash Balances</i>	34,000
<i>Fund Cash Balances, January 1</i>	21,880
<i>Fund Cash Balances, December 31</i>	\$ 55,880

*See accompanying notes to the financial statements*

**Lake Township**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Lake Township, Stark County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides general government services, including zoning, road and bridge maintenance, park maintenance, cemetery maintenance, and police protection. The Township contracts with the Greentown, Hartville and Uniontown Fire Departments to provide fire protection services and emergency medical services.

***Jointly Governed Organizations and Public Entity Risk Pools***

The Township participates in a risk sharing pool and jointly government organizations. Notes 11 and 12 to the financial statements provide additional information for these entities. The Township’s management believes these financial statements present all activities for which the Township is financially accountable.

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

***Basis of Presentation***

The Township’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Township 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. The funds of the Township are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

***Police District Fund*** This fund receives property tax money and grant money for the purpose of funding the Uniontown Police Department.

***Fire District Fund*** This fund receives property tax money and money for emergency services for the purpose of funding the Township’s fire and emergency management departments.

***Road and Bridge Fund*** This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

**Lake Township**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 2 – Summary of Significant Accounting Policies – (continued)**

**Debt Service Funds** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following Debt Service Fund:

**Special Assessment Bond Retirement Fund** The special assessment bond retirement fund accounts for and reports resources restricted for the retirement of debt issued to finance public improvements deemed to benefit the properties against which special assessments are levied.

**Fiduciary Funds** Fiduciary funds include agency funds. Agency funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Township's agency fund accounts for fire loss claims.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund be budgeted annually.

**Appropriations** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

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

A summary of 2019 budgetary activity appears in Note 3.

***Deposits and Investments***

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**Lake Township**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 2 – Summary of Significant Accounting Policies – (continued)**

***Capital Assets***

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***Restricted*** Fund balance is *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.

***Committed*** Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the general fund.

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

The Township 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.



**Lake Township**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 935,138	\$ 1,019,966	\$ 84,828
Special Revenue	8,207,516	8,286,843	79,327
Debt Service	200,000	227,036	27,036
Capital Projects	-	-	-

2019 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 3,937,655	\$ 1,102,683	\$ 2,834,972
Special Revenue	11,327,232	8,590,401	2,736,831
Debt Service	146,213	146,213	-
Capital Projects	240,287	-	240,287

**Note 4 – Deposits**

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

		<u>2019</u>
Demand Deposits	\$	7,639,049
Total Deposits	\$	7,639,049

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

The Township’s financial institution is a member of the OPCS and is approved for a 50% collateral pool. At December 31, 2019, \$3,339,288 of deposits were not insured or collateralized.

**Lake Township**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 5 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

**Note 6 – Risk Management**

*Commercial Insurance*

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Law Enforcement, and Public Officials; and
- Errors and omissions.

Settlement amounts did not exceed insurance coverage and there was no significant reduction of coverage limits for the past three fiscal years.

The Township also provides health, dental, vision, and life insurance coverage to full-time employees through a commercial insurance provider.

*Workers' Compensation*

Workers' Compensation coverage is provided by the State of Ohio. The Township 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 7 – Defined Benefit Pension Plans**

*Ohio Public Employees Retirement System*

The Township elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

**Lake Township**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 7 – Defined Benefit Pension Plans - (continued)**

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants’ gross salaries. OPERS members in Law Enforcement contributed 13 percent of their gross salaries and the Township contributed an amount equal to 18.10% of the participants’ gross salaries. The Township has paid all contributions required through December 31, 2019.

**Note 8 – Postemployment Benefits**

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

**Note 9 – Debt**

Debt outstanding at December 31, 2019, was as follows:

	Principal	Interest Rate
State Infrastructure Bank Loan for SR 619	\$ 1,894,135	3.00%

The Township entered into a loan agreement with the State of Ohio, Ohio Department of Transportation (ODOT) for a State Infrastructure Bank (SIB) direct loan project for road improvements on State Route 619. The amount of the loan is \$2,006,000 for a term of 10 years and interest rate of 3%. The Township created a Tax Increment Financing District (TIF) and will pledge all TIF revenues or payments in Lieu of Taxes to repay the loan. As a secondary repayment source, the Township will pledge its State Gas Tax that is received on an annual basis and or agree to use all legally available funds to make up any semi-annual payment shortfalls.

***Amortization***

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

Year Ending December 31		SIB Loan
2020	\$	292,427
2021		292,427
2022		292,427
2023		292,427
2024		292,427
2025-2027		731,067
	\$	2,193,202

**Lake Township**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 10 – Contingent Liabilities**

The Township is currently not party to any claims or lawsuits.

**Note 11 – Jointly Governed Organizations**

The Stark Council of Governments (SCOG) – This organization is a statutorily created political subdivision of Ohio for the purposes of providing a permanent forum for discussion of study of concerns of the county, cities, villages, and townships for development of policies and programs for implementation by one or more of the local governing bodies. SCOG is a Regional Council of Governments formed under Chapter 167 of the Ohio Revised Code. Currently, SCOG’s functions include the funding and operation of the Stark County Metropolitan Narcotics Unit and the Canton Crime Lab. SCOG is governed by its membership, including Stark County and other cities, villages and townships. The membership elects a nine-member executive committee. Based on recommendations of the executive committee, the membership approves its own budget, appoints personnel and performs accounting and finance related activities. Continued existence of the agency is not dependent on the Township’s continued participation nor does the Township have any equity interest in the agency. The agency is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden to the Township. Complete financial statements may be obtained from the Stark Council of Governments, P.O. Box 21451, Canton, Ohio 44701-1451.

The Stark County Regional Planning Commission (SCRPC) - This organization is a statutorily created political subdivision of Ohio for the purpose of formulating and renewing plans affecting long and short term social, economic, and governmental development within the region. The Commission is jointly governed among Stark County and other cities, villages and townships. The principal aim of the Commission is to provide comprehensive planning, both long and short term, dealing with the economic and physical environment of Stark County. The Board exercises total authority for the day-to-day operations of the Commission. This includes budgeting, appropriating, contracting and designating management. The Township has no financial responsibility for any of the Commission’s liabilities. Complete financial statements can be obtained from the Stark County Regional Planning Commission, Stark County, Canton, Ohio 44702.

**Note 12 – Public Entity Risk Pool**

The Township is a member of the Stark County Schools' Council of Governments (SCSCOG). SCSCOG is a consortium of school districts and related agencies serving the greater Stark County area. Established in 1987, the Stark County Schools' Council of Governments serves 130-member schools, libraries, colleges, and related agencies. The Stark County Schools' council exists primarily for the promotion of cooperative agreements and contracts among its members and private persons, corporations and agencies. The council's main ventures are in the areas of insurance, workers' compensation and cooperative purchasing. Formed under O.R.C. Section 167, the council is managed by a governing board and executive board.

**Lake Township**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 13 – Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The Township's investment portfolio has incurred significant decline in fair value, consistent with the general decline in the financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**Lake Township**  
*Stark County, Ohio*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2018*

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$162,098	\$6,104,347	\$0	\$0	\$6,266,445
Licenses, Permits and Fees	400,827	153,541	0	0	554,368
Fines and Forfeitures	131	1,792	0	0	1,923
Intergovernmental	338,776	1,257,379	0	0	1,596,155
Special Assessments	1,640	96,736	237,760	0	336,136
Earnings on Investments	29,615	887	0	0	30,502
Miscellaneous	27,918	33,622	0	0	61,540
<i>Total Cash Receipts</i>	<u>961,005</u>	<u>7,648,304</u>	<u>237,760</u>	<u>0</u>	<u>8,847,069</u>
<b>Cash Disbursements</b>					
Current:					
General Government	869,356	0	0	0	869,356
Public Safety	0	4,302,560	0	0	4,302,560
Public Works	519	2,936,679	0	0	2,937,198
Health	0	96,825	0	0	96,825
Conservation-Recreation	3,036	0	0	0	3,036
Capital Outlay	21,000	183,192	0	0	204,192
<i>Total Cash Disbursements</i>	<u>893,911</u>	<u>7,519,256</u>	<u>0</u>	<u>0</u>	<u>8,413,167</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	67,094	129,048	237,760	0	433,902
<i>Fund Cash Balances, January 1</i>	<u>3,060,947</u>	<u>3,423,968</u>	<u>615,912</u>	<u>240,287</u>	<u>7,341,114</u>
<b>Fund Cash Balances, December 31</b>					
Restricted	0	3,384,064	853,672	240,287	4,478,023
Committed	107,069	168,952	0	0	276,021
Assigned	18,455	0	0	0	18,455
Unassigned (Deficit)	3,002,517	0	0	0	3,002,517
<i>Fund Cash Balances, December 31</i>	<u>\$3,128,041</u>	<u>\$3,553,016</u>	<u>\$853,672</u>	<u>\$240,287</u>	<u>\$7,775,016</u>

*See accompanying notes to the financial statements*

**Lake Township**  
*Stark County, Ohio*  
*Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Agency Funds*  
*For the Year Ended December 31, 2018*

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	<u>Agency</u>
<b>Operating Cash Receipts</b>	
Miscellaneous	\$ 42,760
<i>Total Operating Cash Receipts</i>	42,760
<b>Operating Cash Disbursements</b>	
Other	42,760
<i>Total Operating Cash Disbursements</i>	42,760
<i>Net Change in Fund Cash Balances</i>	0
<i>Fund Cash Balances, January 1</i>	21,880
<i>Fund Cash Balances, December 31</i>	\$ 21,880

*See accompanying notes to the financial statements*

**Lake Township**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Lake Township, Stark County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides general government services, including zoning, road and bridge maintenance, park maintenance, cemetery maintenance, and police protection. The Township contracts with the Greentown, Hartville and Uniontown Provide Fire Departments to provide fire protection services and emergency medical services.

***Jointly Governed Organizations and Public Entity Risk Pools***

The Township participates in a risk sharing pool and jointly government organizations. Notes 10 and 11 to the financial statements provide additional information for these entities. The Township’s management believes these financial statements present all activities for which the Township is financially accountable.

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

***Basis of Presentation***

The Township’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Township 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. The funds of the Township are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

***Police District Fund*** This fund receives property tax money and grant money for the purpose of funding the Uniontown Police Department.

***Fire District Fund*** This fund receives property tax money and money for emergency services for the purpose of funding the Township’s fire and emergency management departments.

***Road and Bridge Fund*** This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.



**Lake Township**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 2 – Summary of Significant Accounting Policies – (continued)**

**Debt Service Funds** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following Debt Service Fund:

**Special Assessment Bond Retirement Fund** The special assessment bond retirement fund accounts for and reports resources restricted for the retirement of debt issued to finance public improvements deemed to benefit the properties against which special assessments are levied.

**Fiduciary Funds** Fiduciary funds include agency funds. Agency funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Township's agency fund accounts for fire loss claims.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund be budgeted annually.

**Appropriations** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

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

A summary of 2018 budgetary activity appears in Note 3.

**Lake Township**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 2 – Summary of Significant Accounting Policies – (continued)**

***Deposits and Investments***

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

***Capital Assets***

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

***Nonspendable*** The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

***Restricted*** Fund balance is *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.

***Committed*** Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the general fund.

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

**Lake Township**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 2 – Summary of Significant Accounting Policies – (continued)**

The Township 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.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 860,725	\$ 961,005	\$ 100,280
Special Revenue	7,726,825	7,648,304	(78,521)
Debt Service	150,000	237,760	87,760
Capital Projects	-	-	-

2018 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 3,819,040	\$ 912,366	\$ 2,906,674
Special Revenue	11,010,402	7,519,256	3,491,146
Debt Service	-	-	-
Capital Projects	240,287	-	240,287

**Note 4 – Deposits**

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

	2018
Demand Deposits	\$ <u>7,796,879</u>
Total Deposits	\$ <u>7,796,896</u>

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Lake Township**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 4 – Deposits – (continued)**

The Township's financial institution is a member of the OPCS and is approved for a 50% collateral pool. At December 31, 2018, \$3,521,764 of deposits were not insured or collateralized.

**Note 5 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

**Note 6 – Risk Management**

***Commercial Insurance***

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Law Enforcement, and Public Officials; and
- Errors and omissions.

Settlement amounts did not exceed insurance coverage and there was no significant reduction of coverage limits for the past three fiscal years.

The Township also provides health, dental, vision, and life insurance coverage to full-time employees through a commercial insurance provider.

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Township 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.

**Lake Township**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

The Township elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. OPERS members in Law Enforcement contributed 13 percent of their gross salaries and the Township contributed an amount equal to 18.10% of the participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

**Note 8 – Postemployment Benefits**

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018.

**Note 9 – Contingent Liabilities**

The Township is currently not party to any claims or lawsuits.

**Note 10 – Jointly Governed Organizations**

The Stark Council of Governments (SCOG) – This organization is a statutorily created political subdivision of Ohio for the purposes of providing a permanent forum for discussion of study of concerns of the county, cities, villages, and townships for development of policies and programs for implementation by one or more of the local governing bodies. SCOG is a Regional Council of Governments formed under Chapter 167 of the Ohio Revised Code. Currently, SCOG's functions include the funding and operation of the Stark County Metropolitan Narcotics Unit and the Canton Crime Lab. SCOG is governed by its membership, including Stark County and other cities, villages and townships. The membership elects a nine-member executive committee. Based on recommendations of the executive committee, the membership approves its own budget, appoints personnel and performs accounting and finance related activities. Continued existence of the agency is not dependent on the Township's continued participation nor does the Township have any equity interest in the agency. The agency is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden to the Township. Complete financial statements may be obtained from the Stark Council of Governments, P.O. Box 21451, Canton, Ohio 44701-1451.

**Lake Township**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 10 – Jointly Governed Organizations – (continued)**

The Stark County Regional Planning Commission (SCRPC) - This organization is a statutorily created political subdivision of Ohio for the purpose of formulating and renewing plans affecting long and short term social, economic, and governmental development within the region. The Commission is jointly governed among Stark County and other cities, villages and townships. The principal aim of the Commission is to provide comprehensive planning, both long and short term, dealing with the economic and physical environment of Stark County. The Board exercises total authority for the day-to-day operations of the Commission. This includes budgeting, appropriating, contracting and designating management. The Township has no financial responsibility for any of the Commission’s liabilities. Complete financial statements can be obtained from the Stark County Regional Planning Commission, Stark County, Canton, Ohio 44702.

**Note 11 – Public Entity Risk Pool**

The Township is a member of the Stark County Schools' Council of Governments (SCSCOG). SCSCOG is a consortium of school districts and related agencies serving the greater Stark County area. Established in 1987, the Stark County Schools' Council of Governments serves 130-member schools, libraries, colleges, and related agencies. The Stark County Schools' council exists primarily for the promotion of cooperative agreements and contracts among its members and private persons, corporations and agencies. The council's main ventures are in the areas of insurance, workers' compensation and cooperative purchasing. Formed under O.R.C. Section 167, the council is managed by a governing board and executive board.

**Note 12 – Debt**

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
State Infrastructure Bank Loan for SR 619	\$ 2,006,000	3.00%

The previous year’s audited debt balance was understated by \$2,006,000 due to a timing issue.

The Township entered into a \$2,006,000 loan agreement with the State of Ohio-Ohio Department of Transportation State Infrastructure Bank (SIB) Bank for the Township’s share of the construction for the State Route 619 Improvement Project. This loan will be paid through property taxes generated by a number of Tax Increment Financing (TIF) parcels. TIF is an economic development mechanism available to local governments in Ohio to finance public infrastructure improvements and, in certain circumstances, residential rehabilitation. Payments for the loan will commence in 2019.

**Lake Township**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 12 – Debt (continued)**

***Amortization***

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

Year Ending December 31	SIB Loan
2019	\$ 146,213
2020	292,427
2021	292,427
2022	292,427
2023	292,427
2024-2027	1,023,494
	<u>\$ 2,339,415</u>

**Note 13 – Fund Balance**

The fund balance in the General Fund was restated by \$371 due to checks that were not cashed. The fund balance in the Special Revenue Fund was restated due to \$150 and \$2,270 checks that were not cashed in the Cemetery Fund and the Police District Fund, respectively.

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Lake Township  
Stark County  
12360 Market Avenue North  
Hartville, Ohio 44632

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts and disbursements by fund type of Lake Township, Stark County (the Township) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated July 7, 2020, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected on a timely basis. 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and that we consider to be a material weakness as item 2019-001.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item number 2019-002.

### ***Township's Responses to Findings***

The Township's responses to the findings identified in our audit are described in the accompanying Corrective Action Plan. We did not audit the Township's responses, and accordingly, we express no opinion on them.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



***Charles E. Harris and Associates, Inc.***  
July 7, 2020

LAKE TOWNSHIP  
STARK COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018

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

**FINDING NUMBER 2019-001**

**Material Weakness: Classification and Posting of Funds**

During 2019 and 2018, errors were noted in the Township's financial statements that required audit adjustments and reclassifications, the most significant of which are as follows:

- In 2019 and 2018, cemetery receipts for certain licenses, permits and fees were booked as miscellaneous receipts in the Cemetery Fund rather than licenses, permits and fees.
- In 2019 and 2018, the Township has a Special Revenue Fund - Reserved for General. It was funded in prior years by a transfer from the General Fund. For the audit report, this was reclassified into the General Fund balance as Committed Fund Balance per requirements by Government Accounting Standards Board (GASB) Statement No. 54.
- Subsequent year appropriations in 2019 were not calculated and recorded as Assigned Fund Balance as required by GASB 54.
- In 2018 and 2019, the Township has a Capital Projects Fund – Reserved for Recreation Area. It was funded by a civic grant. The Township reported the fund as Committed Fund Balance rather than Restricted Fund Balance.
- In 2018, the Debt Service Fund receipts from Special Assessments collected by the county from property owners, was reported as Committed Fund Balance rather than Restricted Fund Balance. This was corrected in the report filed on Hinkle in 2019.
- In 2019, transactions were posted as other financing uses instead of public safety and public works expenses.

The audited financial statements and the Township's records have been adjusted to properly reflect these transactions.

Sound financial reporting is the responsibility of the Township and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. We recommend the Township adopt policies and procedures to identify and correct errors and omissions in a timely manner. Management can use Government Accounting Standards Board (GASB) Statement No. 54, Audit Bulletin 2011-004, the Ohio Township Handbook, the Uniform Accounting Network Manual, and other Auditor of State guidance to aid in properly identifying account classifications and fund balance categories and preparing annual financial statements.

**Management Response:**

See Corrective Action Plan.

LAKE TOWNSHIP  
STARK COUNTY

SCHEDULE OF FINDINGS - Continued  
DECEMBER 31, 2019 AND 2018

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

**FINDING NUMBER 2019-002**

**Non-compliance Citation: Overpayment of Trustees and Fiscal Officer**

Per Ohio Revised Code Sections 505.24 and 507.09, the Township Trustees and the Fiscal Officer salaries are based on the annual budget of the Township. During our test of payroll, it was noted that the Trustees and the Fiscal Officer salaries exceeded the allowed amount specified in the Ohio Revised Code \$1,134 and \$1,553, respectively, in each year.

This was discussed with the Trustees and the Township administration. Upon review it was noted that the salaries were entered in error. The overpayment was paid back by the Fiscal Officer and one Trustee. The other two Trustees had the overpayment withheld from their payroll over a two-month period. We recommend that the Trustees and Fiscal Officer take a more active role in reviewing salaries and make sure that their salaries agree with the requirements of Ohio Revised Code Section 505.24 and 507.09.

**Management Response:**

See Corrective Action Plan.

**Lake Township**  
**Stark County**  
*Schedule of Prior Audit Findings*  
*(Prepared by Management)*  
*December 31, 2019 and 2018*

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2017-001	Classification and posting of funds	Partially corrected.	The recommendation for the fire loss fund (agency) was corrected. The cemetery revenues for permits and fees and the classification of restricted fund balance were repeated in Finding Number 2019-001.

**LAKE TOWNSHIP  
STARK COUNTY, OHIO**

**CORRECTIVE ACTION PLAN  
(Prepared by Management)  
December 31, 2019 and 2018**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2019-001	<p>In 2019 and 2018, cemetery receipts for certain licenses, permits and fees were booked as miscellaneous receipts in the Cemetery Fund rather than licenses, permits and fees.</p> <p><b>Response: UAN Account Codes appear to match, will follow up with UAN.</b></p> <p>In 2019 and 2018, the Township has a Special Revenue Fund - Reserved for General. It was funded in prior years by a transfer from the General Fund. For the audit report, this was reclassified into the General Fund balance as Committed Fund Balance per requirements by Government Accounting Standards Board (GASB) Statement No. 54.</p> <p><b>Response: This Fund has been changed to Committed.</b></p> <p>Subsequent year appropriations in 2019 were not calculated and recorded as Assigned Fund Balance as required by GASB 54.</p> <p><b>Response: Will Correct</b></p> <p>In 2018 and 2019, the Township has a Capital Projects Fund – Reserved for Recreation Area. It was funded by a civic grant. The Township reported the fund as Committed Fund Balance rather than Restricted Fund Balance.</p> <p><b>Response: Changed to Restricted for both years.</b></p>	Immediately	Matt Erb, Fiscal Officer

**LAKE TOWNSHIP  
STARK COUNTY, OHIO**

**CORRECTIVE ACTION PLAN – (Continued)  
(Prepared by Management)  
December 31, 2019 and 2018**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2019-002	The Township Trustees and Fiscal Officer agreed with the findings and have paid back the overpayment.	N/A – the overpayment has been returned to the Township.	Matt Erb, Fiscal Officer

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# OHIO AUDITOR OF STATE KEITH FABER



**LAKE TOWNSHIP**

**STARK COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 11/5/2020**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)