

**LAKE TOWNSHIP  
ASHLAND COUNTY**

**REPORT ON EXAMINATION OF FINANCIAL  
STATEMENTS FOR THE  
YEARS ENDED DECEMBER 31, 1998 AND 1999**

*J. E. Slaybaugh & Associates, Inc.*  
*Certified Public Accountant*  
*12 East Main Street*  
*Lexington, Ohio 44904*

**LAKE TOWNSHIP  
ASHLAND COUNTY**

FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1999

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For The Year Ended December 31, 1999	2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Fiduciary Funds - For The Year Ended December 31, 1999	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For The Year Ended December 31, 1998	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Fiduciary Funds - For The Year Ended December 31, 1998	5
Notes to the Financial Statements	6 - 10
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	11

**LAKE TOWNSHIP  
ASHLAND COUNTY**

437 Twp. Road 2402  
Loudonville, Ohio 44842

**ELECTED OFFICIALS  
AS OF DECEMBER 31, 1999**

<b>NAME</b>	<b>TITLE</b>	<b>TERM OF OFFICE</b>	<b>SURETY</b>	<b>AMOUNT</b>	<b>PERIOD</b>
Mike S. Bender	Trustee - President 2641 Twp Rd 327 Loudonville, OH 44842	1/1/98 - 12/31/02	(A)	\$ 10,000	(B)
John Leininger III	Trustee - V. President	1/1/98 - 12/31/02	(A)	\$ 10,000	(B)
Douglas Raubenolt	Trustee	1/1/96 - 12/31/99	(A)	\$ 10,000	(B)
Kimberly K. Reidenbach	Clerk	4/1/97 - 3/31/2000	(A)	\$ 15,000	(B)

Statutory Legal Counsel

Robert DeSanto  
Ashland County Prosecuting Attorney  
307 Orange Street  
Ashland, Ohio 44805

- (A) Kemper  
(B) Concurrent With Term



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Columbus, Ohio 43215

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Lake Township Trustees  
Lake Township, Ashland County  
437 Township Road 2402  
Loudonville, Ohio 44842

We have reviewed the Independent Auditor's Report of the Lake Township, Ashland County, prepared by J. E. Slaybaugh & Associates, Inc., for the audit period January 1, 1998 to December 31, 1999. 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. Lake Township is responsible for compliance with these laws and regulations.



JIM PETRO  
Auditor of State

June 20, 2000

# J. E. SLAYBAUGH & ASSOCIATES, INC.

18 East Main Street  
Lexington, Ohio 44904

Member AICPA  
Member OSCPA

(419) 884-2700  
fax (419) 884-2250

John E. Slaybaugh III  
Certified Public Accountant

Lake Township Trustees  
Lake Township, Ashland County  
437 Township Road 2402  
Loudonville, Ohio 44842

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Lake Township, Ashland County, Ohio, as of and for the years ended December 31, 1998 and 1999. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

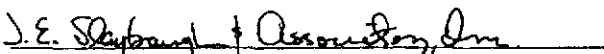
We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Lake Township, Ashland County, Ohio, as of December 31, 1998 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2000 on our consideration of the Township's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of management and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

  
J.E. Slaybaugh & Associates, Inc.  
Lexington, Ohio  
May 22, 2000

**LAKE TOWNSHIP  
ASHLAND COUNTY**

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

	General	Special Revenue	(Memorandum Only) Total
<b>CASH RECEIPTS:</b>			
Local Taxes	\$ 5,530	\$ 29,598	\$ 35,128
Intergovernmental	36,673	51,333	88,006
Interest	51	3,396	3,447
Miscellaneous	9,985	28,461	38,446
<b>Total Cash Receipts</b>	<b>52,239</b>	<b>112,788</b>	<b>165,027</b>
<b>CASH DISBURSEMENTS:</b>			
Current:			
Public Health Services	2,381	-	2,381
Public Safety	-	5,017	5,017
Public Works	-	119,217	119,217
Capital Outlay	9,268	617	9,886
General Government	40,540	-	40,540
<b>Total Program Disbursements</b>	<b>52,189</b>	<b>124,851</b>	<b>177,040</b>
<b>Total receipts over/(under) program disbursements</b>	<b>50</b>	<b>(12,063)</b>	<b>(12,013)</b>
<b>OTHER FINANCING RECEIPTS/(DISBURSEMENTS):</b>			
Advances-In			
Advances-Out			
<b>Total other financing receipts/(disbursements)</b>			
<b>Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements</b>	<b>50</b>	<b>(12,063)</b>	<b>(12,013)</b>
<b>Fund Cash Balances - January 1, 1999</b>	<b>-</b>	<b>30,591</b>	<b>30,591</b>
<b>Fund Cash Balances - December 31, 1999</b>	<b>\$ 50</b>	<b>\$ 18,528</b>	<b>\$ 18,578</b>

**LAKE TOWNSHIP  
ASHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES - ALL FIDUCIARY FUNDS -  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Non-Expendable Trust	(Memorandum Only) Total
<b>OPERATING CASH RECEIPTS:</b>		
Interest	\$ 15	\$ 15
Total Cash Receipts	15	15
<b>OPERATING CASH DISBURSEMENTS:</b>		
Contractual Services	0	0
Total Program Disbursements	0	0
Total receipts over/(under) program disbursements	15	15
<b>OTHER FINANCING RECEIPTS/(DISBURSEMENTS):</b>		
Advances-In	0	0
Advances-Out	0	0
Total other financing receipts/(disbursements)	0	0
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	15	15
Fund Cash Balances - January 1, 1999	699	699
Fund Cash Balances - December 31, 1999	\$ 714	\$ 714

**LAKE TOWNSHIP  
ASHLAND COUNTY**

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

	General	Special Revenue	(Memorandum Only) Total
<b>CASH RECEIPTS:</b>			
Local Taxes	\$ 4,796	\$ 19,948	\$ 24,745
Intergovernmental	26,977	59,361	86,337
Interest	67	753	820
Miscellaneous	<u>3,091</u>	<u>15,125</u>	<u>18,216</u>
<b>Total Cash Receipts</b>	<u>34,931</u>	<u>95,187</u>	<u>130,118</u>
<b>CASH DISBURSEMENTS:</b>			
Current:			
Public Health Services	3,269	-	3,269
Public Safety	-	5,022	5,022
Public Works	-	108,873	108,873
Capital Outlay	-	2,964	2,964
General Government	<u>32,843</u>	<u>-</u>	<u>32,843</u>
<b>Total Program Disbursements</b>	<u>36,112</u>	<u>116,859</u>	<u>152,972</u>
<b>Total receipts over/(under) program disbursements</b>	<b>(1,181)</b>	<b>(21,672)</b>	<b>(22,853)</b>
<b>OTHER FINANCING RECEIPTS/(DISBURSEMENTS):</b>			
Advances-In			
Advances-Out			
<b>Total other financing receipts/(disbursements)</b>			
<b>Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements</b>	<b>(1,181)</b>	<b>(21,672)</b>	<b>(22,853)</b>
<b>Fund Cash Balances - January 1, 1998</b>	<u>1,181</u>	<u>52,263</u>	<u>53,444</u>
<b>Fund Cash Balances - December 31, 1998</b>	<u>\$ -</u>	<u>\$ 30,591</u>	<u>\$ 30,591</u>



**LAKE TOWNSHIP  
ASHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES - ALL FIDUCIARY FUNDS -  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Non-Expendable Trust	(Memorandum Only) Total
<b>OPERATING CASH RECEIPTS:</b>		
Interest	\$ 19	\$ 19
Total Cash Receipts	19	19
<b>OPERATING CASH DISBURSEMENTS:</b>		
Contractual Services	0	0
Total Program Disbursements	0	0
Total receipts over/(under) program disbursements	19	19
<b>OTHER FINANCING RECEIPTS/(DISBURSEMENTS):</b>		
Advances-In	0	0
Advances-Out	0	0
Total other financing receipts/(disbursements)	0	0
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	19	19
Fund Cash Balances - January 1, 1998	680	680
Fund Cash Balances - December 31, 1998	\$ 699	\$ 699

**LAKE TOWNSHIP  
ASHLAND COUNTY**

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Description of the Entity

Lake Township, Ashland County, Lake Township is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township provides general governmental services, including fire protection services. Ashland County Sheriff's department provides security of persons and property but no contract is involved.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved.)

These statements make adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

The Township receives annual interest income from a Certificate of Deposit held jointly by Lake Township and Green Township. The value of the Certificate at the last renewal date was \$500.00.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

General Fund

*The general fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.*

Spccial Revenue Funds

Road and Bridge, Maintenance and Repair - This fund receives permissive sales tax, gasoline tax and motor vehicle tax money for use in maintaining and repairing Township roads and bridges.

Fire District - This fund receives monies from property taxes assessed at a millage determined by the Budget Commission and approved by the Trustees to provide for fire protection within the Township.

D. Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Township is acting in an agency capacity are classified as agency funds. The Township had the following significant fiduciary fund:

*St. John's Cemetery Trust (nonexpendable trust fund) - Earnings on trust corpus are used to maintain cemetery grounds. As noted in Note C., the earnings received are from a jointly held certificate of deposit.*

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

Estimated Resources

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

Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Township had no encumbrances outstanding at either year end.

A summary of 1998 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Township.

2. Equity in Pooled Cash and Investments

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

	<u>1999</u>	<u>1998</u>
Demand Deposits	\$ <u>19,292</u>	\$ <u>31,290</u>
Total deposits	\$ <u>19,292</u>	\$ <u>31,290</u>

Deposits

Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

3. Budgetary Activity

Budgetary activity for the years ending December 31 was as follows:

1998 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 29,889	\$ 34,931	\$ 5,042
Special Revenue	80,185	95,187	15,002
Nonexpendable Trust	<u>20</u>	<u>19</u>	<u>(1)</u>
Total	<u>\$ 110,094</u>	<u>\$ 130,137</u>	<u>\$ 20,043</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 31,213	\$ 36,112	\$ (4,899)
Special Revenue	132,348	116,859	15,489
Nonexpendable Trust	<u>698</u>	<u>-</u>	<u>698</u>
Total	<u>\$ 164,259</u>	<u>\$ 152,972</u>	<u>\$ 11,288</u>

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 31,526	\$ 52,239	\$ 20,713
Special Revenue	83,780	112,787	29,007
Nonexpendable Trust	<u>-</u>	<u>15</u>	<u>15</u>
Total	<u>\$ 115,306</u>	<u>\$ 165,041</u>	<u>\$ 49,735</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 31,526	\$ 52,189	\$ (20,663)
Special Revenue	114,304	124,851	(10,547)
Nonexpendable Trust	<u>720</u>	<u>-</u>	<u>720</u>
Total	<u>\$ 146,550</u>	<u>\$ 177,040</u>	<u>\$ (30,490)</u>

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Township Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half is due the following June 20.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. Retirement System

The Township's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1998 and 1999, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55 % of participant's gross salaries. The Township has paid all contributions required through December 31, 1999. Amounts contributed by the Township were \$5,825 for 1998 and \$6,082 for 1999.

6. Risk Management

The Township is a member of the Ohio Township Association Risk Management Authority (OTARMA). OTARMA provides its' members insurance coverage at group rates. The following risks are covered by the policy:

- Comprehensive property and general liability
- Vehicles

Public Officials insurance is provided by Kemper.

The Township also provides health insurance to its full-time employee through a private carrier.

*J. E. Slaybaugh & Associates, Inc.*

*12 East Main Street  
Lexington, Ohio 44904*

*Member AICPA  
Member OSCPA*

*John E. Slaybaugh III  
Certified Public Accountant*

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

Lake Township Trustees  
Lake Township, Ashland County  
437 Township Road 2402  
Loudonville, Ohio 44842

We have audited the financial statements of Lake Township, Ashland County, as of and for the years ended December 31, 1998 and 1999, and have issued our report thereon dated May 22, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Lake Township's financial statements are free of material misstatement, we performed tests of its compliance with certain laws and regulations, *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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control

In planning and performing our audit, we considered Lake Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure. Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses. However, we did note a non-material item involving internal control that was reported to management in a letter dated May 22, 2000.

This report is intended solely for the information and use of management and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

*J. E. Slaybaugh & Associates, Inc.*  
\_\_\_\_\_  
J.E. Slaybaugh & Associates, Inc.  
Lexington, Ohio  
May 22, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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LAKE TOWNSHIP

ASHLAND 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.

By: Susan Babbitt

Date: JULY 6, 2000