



**Auditor of State
Betty Montgomery**

**LAKE TOWNSHIP
STARK COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of Lake Township, Stark County, Ohio, (the Township) as of and for the years ended December 31, 2003 and 2002. 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 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 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 discussed 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 and reserves for encumbrances of the Township as of December 31, 2003 and 2002, 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 February 2, 2004 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Lake Township
Stark County
Independent Accountants' Report
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

February 2, 2004

**LAKE TOWNSHIP
STARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$16,763	\$3,546,940	\$171,746		\$3,735,449
Intergovernmental	454,606	636,050			1,090,656
Special Assessments				\$73,213	73,213
Charges for Services	100,123				100,123
Licenses, Permits, and Fees	63,514	5,000			68,514
Fines and Forfeitures	7,553	511			8,064
Earnings on Investments	18,521	2,681			21,202
Other Revenue	34,569	12,694			47,263
	<u>695,649</u>	<u>4,203,876</u>	<u>171,746</u>	<u>73,213</u>	<u>5,144,484</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
General Government	703,135				703,135
Public Safety	17,101	2,863,213			2,880,314
Public Works		1,691,322		56,893	1,748,215
Health	98,502	3,914			102,416
Conservation - Recreation	4,446				4,446
Miscellaneous		25,363			25,363
Debt Service:					
Redemption of Principal			104,893		104,893
Interest and Fiscal Charges			35,293		35,293
Capital Outlay				29,668	29,668
	<u>823,184</u>	<u>4,583,812</u>	<u>140,186</u>	<u>86,561</u>	<u>5,633,743</u>
Total Cash Disbursements					
Total Receipts Over/(Under) Disbursements	<u>(127,535)</u>	<u>(379,936)</u>	<u>31,560</u>	<u>(13,348)</u>	<u>(489,259)</u>
Other Financing Receipts and (Disbursements):					
Transfers-In				100,000	100,000
Advances-In		60,000		30,000	90,000
Transfers-Out		(100,000)			(100,000)
Advances-Out	(40,000)			(50,000)	(90,000)
Other Sources		7,330			7,330
	<u>(40,000)</u>	<u>(32,670)</u>	<u>0</u>	<u>80,000</u>	<u>7,330</u>
Total Other Financing Receipts/(Disbursements)					
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(167,535)	(412,606)	31,560	66,652	(481,929)
Fund Cash Balances, January 1	566,374	1,524,202	0	184,162	2,274,738
Fund Cash Balances, December 31	<u>\$398,839</u>	<u>\$1,111,596</u>	<u>\$31,560</u>	<u>\$250,814</u>	<u>\$1,792,809</u>
Reserve for Encumbrances, December 31	\$45,980	\$178,154	\$0	\$0	\$224,134

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

**LAKE TOWNSHIP
STARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Local Taxes	\$9,207	\$3,486,333	\$179,704		\$3,675,244
Intergovernmental	491,785	669,709			1,161,494
Special Assessments				\$73,229	73,229
Charges for Services	103,052				103,052
Licenses, Permits, and Fees	64,072	2,260			66,332
Fines and Forfeitures	13,693	791			14,484
Earnings on Investments	28,229	4,785			33,014
Other Revenue	45,270	148,559		200	194,029
	755,308	4,312,437	179,704	73,429	5,320,878
Cash Disbursements:					
Current:					
General Government	839,285				839,285
Public Safety	17,128	2,712,296			2,729,424
Public Works		1,113,230		47,385	1,160,615
Health	92,114	2,005			94,119
Conservation - Recreation	7,037				7,037
Miscellaneous		23,238			23,238
Debt Service:					
Redemption of Principal			136,453		136,453
Interest and Fiscal Charges			43,903		43,903
Capital Outlay		32,927		24,325	57,252
	955,564	3,883,696	180,356	71,710	5,091,326
Total Receipts Over/(Under) Disbursements	(200,256)	428,741	(652)	1,719	229,552
Other Financing Receipts and (Disbursements):					
Transfers-In			45		45
Advances-In	40,000			100,000	140,000
Transfers-Out	(45)				(45)
Advances-Out		(140,000)			(140,000)
Other Sources		5,595			5,595
	39,955	(134,405)	45	100,000	5,595
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(160,301)	294,336	(607)	101,719	235,147
Fund Cash Balances, January 1	726,675	1,229,866	607	82,443	2,039,591
Fund Cash Balances, December 31	\$566,374	\$1,524,202	\$0	\$184,162	\$2,274,738
Reserve for Encumbrances, December 31	\$72,870	\$371,137	\$0	\$6,251	\$450,258

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

**LAKE TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Lake Township, Stark County, Ohio, (the 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 is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, park operations, and police protection. The Township contracts with the Greentown, Hartville, and Uniontown Volunteer Fire Departments to provide fire protection services.

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 include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit and repurchase agreement (overnight sweep) are valued at cost.

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:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Street Construction, Maintenance & Repair Fund – This fund receives gasoline taxes and motor vehicle tax receipts for constructing, maintaining, and repairing Township roads.

**LAKE TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Police District Fund – This fund is used to account for a portion of property tax revenue received and used for the purposes of maintaining the Township police department.

Road and Bridge Fund - This fund receives property taxes and intergovernmental receipts for constructing, maintaining and repairing Township roads and bridges.

Fire District Fund – This fund is used to account for a portion of property tax revenue received and used for the purposes of providing fire protection services for the Township.

3. Debt Service Funds

The Debt Service Fund is used to accumulate resources for the payment of bonds indebtedness.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant Capital Project Funds:

Lighting Assessment Fund – These funds receive special assessment taxes from the residents of certain areas for the purpose of obtaining and maintaining street lighting within those areas.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

**LAKE TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. 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 2003 and 2002 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investments 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:

	2002	2003
Demand deposits	(\$50,262)	(\$37,191)
Certificates of deposit	100,000	100,000
Total deposits	49,738	62,809
Repurchase agreement	2,225,000	1,730,000
Total deposits and investments	\$2,274,738	\$1,792,809

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

Investments: The Township invests in Repurchase Agreements. These are valued at cost.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$578,461	\$695,649	\$117,188
Special Revenue	4,123,838	4,211,206	87,368
Debt Service	171,746	171,746	0
Capital Projects	125,000	173,213	48,213
Total	\$4,999,045	\$5,251,814	\$252,769

**LAKE TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,144,835	\$869,164	\$275,671
Special Revenue	5,698,039	4,861,966	836,073
Debt Service	171,746	140,186	31,560
Capital Projects	209,162	86,561	122,601
Total	<u>\$7,223,782</u>	<u>\$5,957,877</u>	<u>\$1,265,905</u>

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$778,287	\$755,308	(\$22,979)
Special Revenue	4,412,629	4,318,032	(94,597)
Debt Service	179,749	179,749	0
Capital Projects	135,050	73,429	(61,621)
Total	<u>\$5,505,715</u>	<u>\$5,326,518</u>	<u>(\$179,197)</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,466,056	\$1,028,479	\$437,577
Special Revenue	5,327,096	4,254,833	1,072,263
Debt Service	180,356	180,356	0
Capital Projects	217,493	77,961	139,532
Total	<u>\$7,191,001</u>	<u>\$5,541,629</u>	<u>\$1,649,372</u>

4. PROPERTY TAX

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

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

**LAKE TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

5. DEBT

Debt outstanding at December 31, 2003 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$440,001	5.16%
Real Estate Acquisition Bonds	157,800	4.65%
Total	<u>\$597,801</u>	

The general obligation bonds were issued to finance the cost of acquiring real estate and the construction of a building to be used by the Township Road Department at the Midway Street site. The bonds are collateralized solely by the Township's taxing authority.

The real estate acquisition bonds were issued to purchase real estate for Township purposes. On November 17, 2003 the Township reissued new bonds for the amount outstanding at the date of re-issue. The re-issuance was done to extend the repayment schedule by three years and provide the Township a lower annual payment.

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

	<u>General Obligation Bonds</u>	<u>Real Estate Acquisition Bonds</u>
Year ending December 31:		
2004	96,037	38,755
2005	92,253	37,430
2006	88,469	35,963
2007	84,685	34,495
2008	80,901	33,027
2009	77,120	
Total	<u>\$519,465</u>	<u>\$179,670</u>

6. RETIREMENT SYSTEM

The employees of the Township belong to the Ohio Public Employees Retirement System (OPERS). OPERS 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 2003 and 2002, members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Township has paid all contributions required through December 31, 2003.

**LAKE TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Property
- General liability
- Public officials' liability
- Employee benefits liability
- Boiler and machinery
- Vehicles
- Commercial Inland Marine
- Employers liability

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

8. CONTINGENT LIABILITIES

The Township is defendant in several lawsuits. Although the outcome of these suits is not presently determinable, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

9. JOINTLY GOVERNED ORGANIZATIONS

The Stark Council of Governments (Council) is a statutorily created political subdivision of Ohio for purpose of providing a permanent forum for discussion and 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. The Council is jointly governed among municipalities and townships located in Stark County. Each member's control over the operation of the Council is limited to its representation on the Board which consists of 27 members. The Board exercises total control over Council operations. Complete financial statements may be obtained from the Stark Council of Governments, Canton, Ohio.

The Stark County Regional Planning Commission (Commission) is a statutorily created political subdivision of Ohio for the purpose of formulating and reviewing plans affecting long and short term social, economic, and governmental development within the region. The Commission is jointly governed among municipalities and townships located in Stark County. Each member's control over the operation of the Commission is limited to its representation on the Board which consists of 61 members. The Board exercises total control over Commission operations. Complete financial statements may be obtained from the Regional Planning Commission, Stark County, Ohio.



**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Board of Trustees:

We have audited the accompanying financial statements of Lake Township, Stark County, Ohio, (the Township) as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated February 2, 2004. 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.

Compliance

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 grants, 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 Over Financial Reporting

In planning and performing our audit, we considered the 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 over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Lake Township
Stark County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of the audit committee, management, and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

February 2, 2004



**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140
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LAKE TOWNSHIP

STARK 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
APRIL 20, 2004**