



**LAKE TOWNSHIP
WOOD COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2009



Mary Taylor, CPA
Auditor of State

LAKE TOWNSHIP
WOOD COUNTY

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Mary Taylor, CPA
Auditor of State

Lake Township
Wood County
27975 Cummings Road
Millbury, Ohio 43447-9762

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 25, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Lake Township
Wood County
27975 Cummings Road
Millbury, Ohio 43447-9762

To the Board of Trustees:

We have audited the accompanying financial statements of Lake Township, Wood County, (the Township) as of and for the years ended December 31, 2009 and 2008. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not

imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2009 and 2008, or its changes in financial position for the years then ended.

Also, 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 Lake Township, Wood County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2010, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 25, 2010

LAKE TOWNSHIP
WOOD COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>				<u>Fiduciary</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Private Purpose Trust</u>	
Cash Receipts:						
Property and Other Local Taxes	\$272,841	\$1,730,152				\$2,002,993
Charges for Services	249,286	79,460				328,746
Licenses, Permits, and Fees	93,716					93,716
Fines and Forfeitures	12,254	204,079				216,333
Intergovernmental	274,621	672,716				947,337
Special Assessments		22,017				22,017
Earnings on Investments	8,802	628			\$211	9,641
Miscellaneous	111,726	74,670				186,396
Total Cash Receipts	1,023,246	2,783,722			211	3,807,179
Cash Disbursements:						
Current:						
General Government	343,685					343,685
Public Safety	195,749	1,879,652				2,075,401
Public Works	12,191	483,911				496,102
Health		216,001				216,001
Conservation - Recreation	40,349					40,349
Capital Outlay	33,508	199,861				233,369
Debt Service:						
Redemption of Principal		62,323				62,323
Interest and Other Fiscal Charges		19,780				19,780
Total Cash Disbursements	625,482	2,861,528				3,487,010
Total Receipts Over/(Under) Disbursements	397,764	(77,806)			211	320,169
Other Financing Receipts / (Disbursements):						
Advances-In	50,000	50,000				100,000
Advances-Out	(50,000)	(50,000)				(100,000)
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	397,764	(77,806)			211	320,169
Fund Cash Balances, January 1	1,260,958	1,028,669	483	2,518	16,215	2,308,843
Fund Cash Balances, December 31	\$1,658,722	\$950,863	\$483	\$2,518	\$16,426	\$2,629,012
Reserve for Encumbrances, December 31	\$16,752	\$24,816				\$41,568

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

LAKE TOWNSHIP
WOOD COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>				<u>Fiduciary</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Private Purpose Trust</u>	
Cash Receipts:						
Property and Other Local Taxes	\$286,324	\$1,832,588				\$2,118,912
Charges for Services	274,897	86,228				361,125
Licenses, Permits, and Fees	102,174	119,601				221,775
Fines and Forfeitures	12,768	9,877				22,645
Intergovernmental	366,889	1,090,190				1,457,079
Special Assessments		17,544				17,544
Earnings on Investments	53,479	6,415			\$393	60,287
Miscellaneous	3,648	187,592				191,240
Total Cash Receipts	<u>1,100,179</u>	<u>3,350,035</u>			<u>393</u>	<u>4,450,607</u>
Cash Disbursements:						
Current:						
General Government	371,786					371,786
Public Safety	151,052	1,914,343				2,065,395
Public Works	10,790	666,803				677,593
Health		234,590				234,590
Conservation - Recreation	37,586					37,586
Capital Outlay	21,062	647,349				668,411
Debt Service:						
Redemption of Principal		91,066				91,066
Interest and Other Fiscal Charges		4,816				4,816
Total Cash Disbursements	<u>592,276</u>	<u>3,558,967</u>				<u>4,151,243</u>
Total Receipts Over/(Under) Disbursements	<u>507,903</u>	<u>(208,932)</u>			<u>393</u>	<u>299,364</u>
Other Financing Receipts / (Disbursements):						
Transfers-In	116,664	305,000				421,664
Transfers-Out	(305,000)	(116,664)				(421,664)
Other Financing Sources	91,070					91,070
Other Financing Uses	(16,200)					(16,200)
Total Other Financing Receipts / (Disbursements)	<u>(113,466)</u>	<u>188,336</u>				<u>74,870</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	<u>394,437</u>	<u>(20,596)</u>			<u>393</u>	<u>374,234</u>
Fund Cash Balances, January 1	<u>866,521</u>	<u>1,049,265</u>	<u>483</u>	<u>2,518</u>	<u>15,822</u>	<u>1,934,609</u>
Fund Cash Balances, December 31	<u>\$1,260,958</u>	<u>\$1,028,669</u>	<u>\$483</u>	<u>\$2,518</u>	<u>\$16,215</u>	<u>\$2,308,843</u>
Reserve for Encumbrances, December 31	<u>\$1,528</u>	<u>\$3,084</u>				<u>\$4,612</u>

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

**LAKE TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Lake Township, Wood County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with LifeStar Ambulance to provide ambulance services and with LifeStar Inc. to provide dispatching services.

The Township participates in one jointly governed organization and the Ohio Government Risk Management public entity risk pool. Note 8 to the financial statements provides additional information for the risk pool. These organizations are:

Jointly Governed Organizations:

The Lake Township – City of Toledo Joint Economic Development District (JEDD) was created in 2009. The purpose of the JEDD is to promote and facilitate economic development of Metcalf Airport and other such properties as identified by the Township and the City and to create or preserve jobs and employment opportunities and improve the economic welfare of those residing in the area.

Public Entity Risk Pool:

This organization is an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 500 Ohio governments.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township 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 Auditor of State prescribes or permits.

C. Deposits

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
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

Special Levy - Fire Fund - This fund receives property tax money from a special levy for Township fire protection.

Special Levy - Police Fund - This fund receives property tax money from a special levy for Township police protection.

3. Debt Service Fund

The General Retirement Fund is used to accumulate resources to pay debt.

4. Capital Project Fund

The Permanent Improvement Fund is used to accumulate resources for capital improvement projects.

5. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township's private purpose trust funds are for the benefit of certain individuals' graves.

E. Budgetary Process

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

**LAKE TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund or object 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.

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 2009 and 2008 budgetary activity appears in Note 4.

F. Property, Plant, and Equipment

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

G. 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.

2. RESTATEMENT OF FUNDS

In 2008, the Township reclassified several Street Lighting Funds from Capital Project to Special Revenue Funds, and several Cemetery Bequest Funds from Permanent to Private Purpose Trust Funds as it was determined to be a more appropriate presentation. The effect on the fund balances as previously stated is as follows:

**LAKE TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

2. RESTATEMENT OF FUNDS (CONTINUED)

	Capital Project	Special Revenue	Private Purpose Trust	Permanent
Fund Balance as reported at December 31, 2007	\$33,635	\$1,018,148		\$15,822
Reclassification of lighting district funds	(31,117)	31,117		
Reclassification of cemetery bequest funds			\$15,822	(\$15,822)
Restated Fund Balances at January 1, 2008	<u>\$2,518</u>	<u>\$1,049,265</u>	<u>\$15,822</u>	

3. EQUITY IN POOLED DEPOSITS

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

	2009	2008
Demand deposits	\$2,619,012	\$2,298,843
Certificates of deposit	10,000	10,000
Total deposits	<u>\$2,629,012</u>	<u>\$2,308,843</u>

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

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,006,250	\$1,023,246	\$16,996
Special Revenue	2,902,546	2,783,722	(118,824)
Private Purpose Trust	500	211	(289)
Total	<u>\$3,909,296</u>	<u>\$3,807,179</u>	<u>(\$102,117)</u>

**LAKE TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

4. BUDGETARY ACTIVITY (CONTINUED)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,589,978	\$642,234	\$947,744
Special Revenue	3,761,177	2,886,344	874,833
Capital Project	2,500		2,500
Private Purpose Trust	13,300		13,300
Total	\$5,366,955	\$3,528,578	\$1,838,377

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,270,266	\$1,307,913	\$37,647
Special Revenue	3,492,550	3,655,035	162,485
Private Purpose Trust	500	393	(107)
Total	\$4,763,316	\$4,963,341	\$200,025

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,682,000	\$915,004	\$766,996
Special Revenue	4,429,954	3,678,715	751,239
Capital Project	2,500		2,500
Private Purpose Trust	6,000		6,000
Total	\$6,120,454	\$4,593,719	\$1,526,735

Contrary to Ohio law, appropriations exceeded estimated resources in the Special Levy Fire Fund by \$403,439 and the Special Levy Police Fund by \$203,701 in 2008. In 2009 appropriations exceeded estimated resources by \$69,927 in the Special Levy Fire Fund.

5. PROPERTY TAX

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 homestead and rollback deductions. The financial statements include homestead and rollback 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.

**LAKE TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

5. PROPERTY TAX (CONTINUED)

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.

6. DEBT

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest Rate
Sutphen Fire Truck	\$300,718	5%
Police Cruisers	33,248	5%
Total	\$333,966	

The Township issued a commercial loan to finance the purchase of a new fire truck. The new fire truck collateralized the loan.

The Township issued a commercial loan to finance the purchase of four new police cruisers. The new police cruisers collateralized the loan.

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

	Commercial Loan - Fire Truck	Commercial Loan - Police Cruisers
Year ending December 31:		
2010	\$47,170	\$34,921
2011	47,170	
2012	47,170	
2013	47,170	
2014	47,170	
2015-2017	129,717	
Total	\$365,567	\$34,921

7. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, police officers contributed 10.1% of their wages. For 2009 and 2008, the Township contributed an amount equal to 17.4% of their wages. For 2009 and 2008, the remaining OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2009.

**LAKE TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

8. RISK MANAGEMENT

Risk Pool Membership

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retain 15% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had over 650 members as of December 31, 2008. The Township participates in this coverage.

In August, 2007, OGRMP formed the Ohio Plan Healthcare Consortium ("OPHC"), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member's healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 40 members as of December 31, 2008. The Township does not participate in this coverage.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007 (the latest information available), and include amounts for both OPRRM and OPHC:

	<u>2008</u>	<u>2007</u>
Assets	\$10,471,114	\$11,136,455
Liabilities	<u>(5,286,781)</u>	<u>(4,273,553)</u>
Members' Equity	<u>\$5,184,333</u>	<u>\$6,862,902</u>

**LAKE TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Lake Township
Wood County
27975 Cummings Road
Millbury, Ohio 43447-9762

To the Board of Trustees:

We have audited the financial statements of Lake Township, Wood County, (the Township) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated June 25, 2010, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2009-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 25, 2010.

We intend this report solely for the information and use of management, the audit committee, the Board of Trustees, and others within the Township. We intend it for no one other than these specified parties.

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

Mary Taylor, CPA
Auditor of State

June 25, 2010

LAKE TOWNSHIP
WOOD COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008

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

FINDING NUMBER 2009-001

Noncompliance Citation

Ohio Revised Code § 5705.39 states the total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure therefrom, as certified by the budget commission, or in case of appeal, by the board of tax appeals. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as “estimated resources” because it includes unencumbered fund balances.

Appropriations exceeded estimated resources in the following funds in fiscal year 2008:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Difference</u>
Special Levy - Fire Fund	\$819,122	\$1,222,561	\$403,439
Special Levy - Police Fund	\$1,567,699	\$1,771,400	\$203,701

Appropriations exceeded estimated resources in the following fund in fiscal year 2009:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Difference</u>
Special Levy - Fire Fund	\$1,545,057	\$1,614,984	\$69,927

Allowing appropriations to remain higher than estimated resources increases the possibility appropriations may be unrealistically inflated which could result in deficit spending. Estimated resources should have been reduced to the level of the actual resources available for appropriation.

Management officials should monitor estimated resources and appropriations throughout the year and make the necessary modifications, with approval of the Trustees, to avoid appropriations exceeding estimated resources to avoid overspending.

Officials' Response:

We did not receive a response from Officials to this finding.



Mary Taylor, CPA
Auditor of State

LAKE TOWNSHIP

WOOD 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
JULY 20, 2010