

**LAKE TOWNSHIP
STARK COUNTY
Regular Audit
For the Years Ended December 31, 2011 and 2010**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

Board of Trustees
Lake Township
12360 Market Avenue, North
Hartville, Ohio 44632

We have reviewed the *Independent Accountants' Report* of Lake Township, Stark County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2010 through December 31, 2011. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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.

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

Dave Yost
Auditor of State

June 8, 2012

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**LAKE TOWNSHIP
STARK COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

April 16, 2012

Lake Township
Stark County
12360 Market Avenue, 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, 2011 and 2010. 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. 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 the 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, 2011 and 2010 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, 2011 and 2010 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 as of December 31, 2011 and 2010 and the reserves for encumbrances as of December 31, 2010 of Lake Township, Stark County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 Lake Township, Stark County, adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2012, 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.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry and Associates
Certified Public Accountants, A.C.

**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, 2011**

| | <u>Governmental Fund Types</u> | | | Totals (Memorandum Only) |
|---|--------------------------------|----------------------------|-----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | |
| Cash Receipts: | | | | |
| Local Taxes | \$ 111,704 | \$ 5,288,624 | \$ - | \$ 5,400,328 |
| Intergovernmental | 447,952 | 1,249,786 | - | 1,697,738 |
| Special Assessments | - | 69,692 | - | 69,692 |
| Charges for Services | - | 75,078 | - | 75,078 |
| Licenses, Permits, and Fees | 342,410 | - | - | 342,410 |
| Fines and Forfeitures | 5,107 | 3,940 | - | 9,047 |
| Earnings on Investments | 9,504 | 370 | - | 9,874 |
| Miscellaneous | 27,276 | 72,475 | 5,046 | 104,797 |
| | <u>943,953</u> | <u>6,759,965</u> | <u>5,046</u> | <u>7,708,964</u> |
| Total Cash Receipts | | | | |
| | <u>943,953</u> | <u>6,759,965</u> | <u>5,046</u> | <u>7,708,964</u> |
| Cash Disbursements: | | | | |
| Current: | | | | |
| General Government | 134,444 | - | - | 134,444 |
| Public Safety | - | 3,024,334 | - | 3,024,334 |
| Public Works | 645 | 1,618,577 | - | 1,619,222 |
| Health | 155,243 | 50,264 | - | 205,507 |
| Miscellaneous | 5,492 | - | - | 5,492 |
| Personal Services | 244,780 | 1,579,049 | - | 1,823,829 |
| Contract Services | 36,000 | - | - | 36,000 |
| Supplies and Materials | 6,334 | - | - | 6,334 |
| Capital Outlay | 44,500 | 340,370 | 174,668 | 559,538 |
| | <u>627,438</u> | <u>6,612,594</u> | <u>174,668</u> | <u>7,414,700</u> |
| Total Cash Disbursements | | | | |
| | <u>627,438</u> | <u>6,612,594</u> | <u>174,668</u> | <u>7,414,700</u> |
| Excess of Receipts Over/(Under) Disbursements | <u>316,515</u> | <u>147,371</u> | <u>(169,622)</u> | <u>294,264</u> |
| Fund Cash Balances, January 1 | <u>489,572</u> | <u>2,039,002</u> | <u>3,329,410</u> | <u>5,857,984</u> |
| Restricted | - | 1,910,550 | 3,159,788 | 5,070,338 |
| Committed | - | 275,823 | - | 275,823 |
| Unassigned | 806,087 | - | - | 806,087 |
| | <u>806,087</u> | <u>-</u> | <u>-</u> | <u>806,087</u> |
| Fund Cash Balances, December 31 | <u>\$ 806,087</u> | <u>\$ 2,186,373</u> | <u>\$ 3,159,788</u> | <u>\$ 6,152,248</u> |

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, 2010**

| | <u>Governmental Fund Types</u> | | | Totals (Memorandum Only) |
|---|--------------------------------|----------------------------|-----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | |
| Cash Receipts: | | | | |
| Local Taxes | \$ 111,501 | \$ 5,308,046 | \$ - | \$ 5,419,547 |
| Intergovernmental | 619,869 | 1,392,411 | - | 2,012,280 |
| Special Assessments | - | 80,827 | - | 80,827 |
| Charges for Services | - | 85,829 | - | 85,829 |
| Licenses, Permits, and Fees | 340,766 | - | - | 340,766 |
| Fines and Forfeitures | 3,922 | 772 | - | 4,694 |
| Earnings on Investments | 13,385 | 775 | - | 14,160 |
| Miscellaneous | 108,480 | 260,771 | 229,410 | 598,661 |
| | <u>1,197,923</u> | <u>\$7,129,431</u> | <u>229,410</u> | <u>8,556,764</u> |
| Total Cash Receipts | | | | |
| | <u>1,197,923</u> | <u>\$7,129,431</u> | <u>229,410</u> | <u>8,556,764</u> |
| Cash Disbursements: | | | | |
| Current: | | | | |
| General Government | 257,442 | - | - | 257,442 |
| Public Safety | - | 3,881,052 | - | 3,881,052 |
| Public Works | 663 | 2,299,284 | - | 2,299,947 |
| Health | 150,097 | 97,902 | - | 247,999 |
| Miscellaneous | 6,368 | - | - | 6,368 |
| Personal Services | 289,688 | - | - | 289,688 |
| Contract Services | 36,000 | - | - | 36,000 |
| Supplies and Materials | 6,164 | - | - | 6,164 |
| Capital Outlay | - | 678,945 | 7,874 | 686,819 |
| | <u>746,422</u> | <u>6,957,183</u> | <u>7,874</u> | <u>7,711,479</u> |
| Total Cash Disbursements | | | | |
| | <u>746,422</u> | <u>6,957,183</u> | <u>7,874</u> | <u>7,711,479</u> |
| Excess of Receipts Over/(Under) Disbursements | <u>451,501</u> | <u>172,248</u> | <u>221,536</u> | <u>845,285</u> |
| Other Financing Receipts/(Disbursements): | | | | |
| Transfers-In | - | 436,647 | 710,374 | 1,147,021 |
| Transfers-Out | <u>(502,809)</u> | <u>(644,212)</u> | <u>-</u> | <u>(1,147,021)</u> |
| Total Other Financing Receipts/(Disbursements) | <u>(502,809)</u> | <u>(207,565)</u> | <u>710,374</u> | <u>-</u> |
| Net Change in Fund Cash Balances | (51,308) | (35,317) | 931,910 | 845,285 |
| Fund Cash Balances, January 1 | <u>540,880</u> | <u>2,074,319</u> | <u>2,397,500</u> | <u>5,012,699</u> |
| Fund Cash Balances, December 31 | <u>\$ 489,572</u> | <u>\$ 2,039,002</u> | <u>\$ 3,329,410</u> | <u>\$ 5,857,984</u> |
| Reserve for Encumbrances, December 31 | <u>\$ 32,254</u> | <u>\$ 315,179</u> | <u>\$ 4,626</u> | <u>\$ 352,059</u> |

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

**LAKE TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Lake Township, Stark County, (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. Accounting Basis

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 the Auditor of State prescribes or permits.

C. 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.

Repurchase agreement (overnight sweep) is 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 reports all financial resources except those required to be accounted for in another fund.

**LAKE TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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:

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

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.

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.

Road District Fund - This fund receives property taxes for constructing, maintaining and repairing Township roads.

Emergency Medical Services Fund - This fund receives property taxes to provide emergency medical services to the Township.

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects. The Township had the following significant Capital Project Funds:

Capital Project Administration Building Fund – This fund receives transfers from the General Fund to be used for the future construction of a new administration building.

Capital Project Maintenance Building Fund – This fund receives transfers from the Road and Bridge Fund to be used for the future construction of a new maintenance building.

Capital Project Police Department Building Fund – This fund receives transfers from the Police District Fund to be used for the future construction of a new police station.

E. Budgetary Process

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

**LAKE TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and 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 commitments are made. Encumbrances outstanding at year-end are carried over, and need not be re-appropriated.

A summary of 2011 and 2010 budgetary activity appears in Note 3.

F. Fund Balance

For December 31, 2011, 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:

1. Nonspendable

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

2. 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.

3. 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.

**LAKE TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

4. 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.

5. 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.

G. 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.

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

The Township maintains a deposit 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:

| | 2011 | 2010 |
|--------------------------------|--------------|--------------|
| Demand deposits | \$ 599,916 | \$ 32,852 |
| Total deposits | 599,916 | 32,852 |
| Repurchase agreement | 5,552,332 | 5,825,132 |
| Total investments | 5,552,332 | 5,825,132 |
| Total deposits and investments | \$ 6,152,248 | \$ 5,857,984 |

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

**LAKE TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS (Continued)

Investments: The Township invests in Repurchase Agreements. These are valued at cost. The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements. The securities are not in the Township's name.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|------------------|----------------------|---------------------|---------------|
| General | \$ 943,989 | \$ 943,953 | \$ (36) |
| Special Revenue | 6,759,188 | 6,759,965 | 777 |
| Capital Projects | 5,000 | 5,046 | 46 |
| Total | <u>\$ 7,708,177</u> | <u>\$ 7,708,964</u> | <u>\$ 787</u> |

2011 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|------------------|----------------------------|---------------------------|---------------------|
| General | \$ 1,401,307 | \$ 627,438 | \$ 773,869 |
| Special Revenue | 8,482,911 | 6,612,594 | 1,870,317 |
| Capital Projects | 3,329,785 | 174,668 | 3,155,117 |
| Total | <u>\$ 13,214,003</u> | <u>\$ 7,414,700</u> | <u>\$ 5,799,303</u> |

2010 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|------------------|----------------------|---------------------|------------------|
| General | \$ 1,179,336 | \$ 1,197,923 | \$ 18,587 |
| Special Revenue | 7,521,859 | 7,566,078 | 44,219 |
| Capital Projects | 939,554 | 939,784 | 230 |
| Total | <u>\$ 9,640,749</u> | <u>\$ 9,703,785</u> | <u>\$ 63,036</u> |

2010 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|------------------|----------------------------|---------------------------|---------------------|
| General | \$ 1,708,470 | \$ 1,281,485 | \$ 426,985 |
| Special Revenue | 9,178,288 | 7,916,574 | 1,261,714 |
| Capital Projects | 3,324,554 | 12,500 | 3,312,054 |
| Total | <u>\$ 14,211,312</u> | <u>\$ 9,210,559</u> | <u>\$ 5,000,753</u> |

**LAKE TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

4. 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 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.

5. RETIREMENT SYSTEMS

The Township's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multi-employer plan. This plan provides retirement benefits, including post retirement 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 2011 and 2010, members of PERS contributed 10% of their gross salaries. The Township contributed an amount equal to 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2011.

6. RISK MANAGEMENT

Risk Pool Membership

Prior to 2009, the Township belonged 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 was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

**LAKE TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

(Continued)

6. RISK MANAGEMENT (Continued)

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 retains 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) 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 761 and 725 members as of December 31, 2010 and 2009 respectively. The Township participates in this coverage.

The Plan 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 65 and 60 members as of December 31, 2010 and 2009 respectively. 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, 2010 and 2009 (the latest information available), and include amounts for both OPRM and OPHC.

| | 2010 | | 2009 | |
|-----------------|--------------------|------------------|--------------------|------------------|
| | OPRM | OPHC | OPRM | OPHC |
| Assets | \$12,036,541 | \$1,355,131 | \$11,176,186 | \$1,358,802 |
| Liabilities | (4,845,056) | (1,055,096) | (4,852,485) | (1,253,617) |
| Members’ Equity | <u>\$7,191,485</u> | <u>\$300,035</u> | <u>\$6,323,701</u> | <u>\$105,185</u> |

You can read the complete audited financial statements for OPRM and OPHC at the Plan’s website, www.ohioplan.org.

**LAKE TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

7. JOINTLY GOVERNED ORGANIZATIONS

The Stark Council of Governments (SCOG) is a statutorily created political subdivision of Ohio for purposes 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. SCOG 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 SCOG operations. Complete financial statements may be obtained from the Regional Planning Commission, Stark County, Ohio.

The Stark County Regional Planning Commission (SCRPC) 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 SCRPC is limited to its representation on the Board which consists of 61 members. The Board exercises total control over SCRPC operations. Complete financial statements may be obtained from the Regional Planning Commission, Stark County, Ohio.

8. SUBSEQUENT EVENT

Contest of Election Held on Stark County Issue 6(Lake Township Police District) in the General Election Held November 8, 2011, Petitioners vs. Board of Trustees of Lake Township, Stark County, Ohio

This is an election contest, pursuant to R.C. Section 3515.08 et seq., in which the contestors seek to void the election results of November 8, 2011, which enlarged the Lake Township police district and levied a real property tax to pay for it. The matter is currently on appeal before the Ohio Supreme Court, Case Nos. 2012-0184 and 2012-0214. There are no monetary or other damages sought. Briefs have been filed in the Ohio Supreme Court; no oral arguments are held in election contest cases.

9. TRANSFERS

During 2010 the following transfers were made from Special Revenue Funds:

| | |
|---|------------------|
| Transfer from the Road and Bridge Fund to: | |
| Capital Project Maintenance Building Fund | <u>\$4,758</u> |
| Total Transfers from the Road and Bridge Fund | <u>\$4,758</u> |
| Transfers from the Police District Fund to: | |
| Capital Project Police Department Building Fund | <u>\$202,807</u> |
| Total Transfers from the Police District Fund | <u>\$202,807</u> |
| Transfers from the Greenlawn and Mount Peace Cemetery Funds to: | |
| Lake Township Cemetery Fund | <u>\$436,647</u> |
| Total Transfers from the Police District Fund | <u>\$436,647</u> |

**LAKE TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

9. TRANSFERS (Continued)

Transfers were made in 2010 from the Road and Bridge fund to the Capital Project Maintenance Building fund to provide funds for a new maintenance building. Transfers were made from the Police District Fund to the Capital Project Police Department Building Fund to provide funds for a new Police Department Building. Transfers were made from the Greenlawn and Mount Peace Cemetery Funds to the Lake Township Cemetery Fund to combine the cemetery funds.

Transfers to the above mentioned Funds were determined to be allowable and in compliance with Ohio Revised Code.

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

April 16, 2012

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

To the Board of Trustees:

We have audited the financial statements of **Lake Township**, Stark County, Ohio, (the Township) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated April 16, 2012, 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 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity'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 preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify 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 no instances of noncompliance or other matters that we must report under Government Auditing Standards.

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

Respectfully Submitted,

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." in a cursive script.

Perry and Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

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
AUGUST 16, 2012