

LAKE TOWNSHIP

STARK COUNTY, OHIO

AUDIT REPORT

For the Years Ended December 31, 2015 and 2014



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Lake Township, Stark County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2014 through December 31, 2015. 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. The 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

August 22, 2016

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**Lake Township
Stark County
For the Years Ended December 31, 2015 and 2014**

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INDEPENDENT AUDITORS' REPORT

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Lake Township, Stark County, (the Township) as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2015 and 2014, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Lake Township, Stark County as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2016, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Charles E. Harris and Associates, Inc.
June 27, 2016

Lake Township
Stark County, Ohio
Combined Statement of Receipts, Disbursements and Changes in Fund Balances
All Governmental Fund Types
For the Year Ended December 31, 2015

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$108,344	\$5,350,116	\$145,971	\$5,604,431
Licenses, Permits and Fees	366,210	80,258	0	446,468
Fines and Forfeitures	3,018	605	0	3,623
Intergovernmental	206,592	1,302,352	0	1,508,944
Special Assessments	576	101,376	0	101,952
Earnings on Investments	8,762	139	0	8,901
Miscellaneous	36,681	74,417	0	111,098
<i>Total Cash Receipts</i>	<u>730,183</u>	<u>6,909,263</u>	<u>145,971</u>	<u>7,785,417</u>
Cash Disbursements				
Current:				
General Government	454,866	0	0	454,866
Public Safety	0	3,923,533	0	3,923,533
Public Works	1,194	2,979,980	1,768	2,982,942
Health	162,680	135,292	0	297,972
Conservation-Recreation	3,595	0	0	3,595
Capital Outlay	6,729	305,919	0	312,648
<i>Total Cash Disbursements</i>	<u>629,064</u>	<u>7,344,724</u>	<u>1,768</u>	<u>7,975,556</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	101,119	(435,461)	144,203	(190,139)
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	0	65,000	0	65,000
Advances In	0	425,000	0	425,000
Advances Out	(425,000)	0	0	(425,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(425,000)</u>	<u>490,000</u>	<u>0</u>	<u>65,000</u>
<i>Net Change in Fund Cash Balances</i>	(323,881)	54,539	144,203	(125,139)
<i>Fund Cash Balances, January 1</i>	<u>1,607,138</u>	<u>2,446,578</u>	<u>3,013,312</u>	<u>7,067,028</u>
Fund Cash Balances, December 31				
Restricted	0	1,867,475	505,938	2,373,413
Committed	107,266	633,642	2,651,577	3,392,485
Assigned	3,511	0	0	3,511
Unassigned	1,172,480	0	0	1,172,480
<i>Fund Cash Balances, December 31</i>	<u>\$1,283,257</u>	<u>\$2,501,117</u>	<u>\$3,157,515</u>	<u>\$6,941,889</u>

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

Lake Township
Stark County, Ohio
Combined Statement of Receipts, Disbursements and Changes in Fund Balances
All Governmental Fund Types
For the Year Ended December 31, 2014

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$107,059	\$5,281,538	\$122,946	\$5,511,543
Licenses, Permits and Fees	355,864	79,775	0	435,639
Fines and Forfeitures	3,790	1,002	0	4,792
Intergovernmental	345,528	1,287,512	0	1,633,040
Special Assessments	1,149	99,105	0	100,254
Earnings on Investments	9,574	274	0	9,848
Miscellaneous	35,626	63,419	0	99,045
<i>Total Cash Receipts</i>	<u>858,590</u>	<u>6,812,625</u>	<u>122,946</u>	<u>7,794,161</u>
Cash Disbursements				
Current:				
General Government	428,479	0	0	428,479
Public Safety	0	4,061,457	0	4,061,457
Public Works	2,854	2,742,114	1,498	2,746,466
Health	163,082	109,684	0	272,766
Conservation-Recreation	140	0	0	140
Capital Outlay	0	451,396	102,523	553,919
<i>Total Cash Disbursements</i>	<u>594,555</u>	<u>7,364,651</u>	<u>104,021</u>	<u>8,063,227</u>
<i>Net Change in Fund Cash Balances</i>	264,035	(552,026)	18,925	(269,066)
<i>Fund Cash Balances, January 1</i>	<u>1,343,103</u>	<u>2,998,604</u>	<u>2,994,387</u>	<u>7,336,094</u>
Fund Cash Balances, December 31				
Restricted	0	1,976,270	361,735	2,338,005
Committed	107,266	470,308	2,651,577	3,229,151
Assigned	14,672	0	0	14,672
Unassigned	1,485,200	0	0	1,485,200
<i>Fund Cash Balances, December 31</i>	<u>\$1,607,138</u>	<u>\$2,446,578</u>	<u>\$3,013,312</u>	<u>\$7,067,028</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, 2015 AND 2014**

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

The Township participates in two jointly governed organizations and a public entity risk pool. Notes 6 and 8 to the financial statements provide additional information for these entities. These organizations are:

Public Entity Risk Pool:

Ohio Plan Risk Management Inc. – This organization is an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Jointly Governed Organizations:

The Stark Council of Governments (SCOG) – This organization is a statutorily created political subdivision of Ohio for the purposes of providing a permanent forum for discussion 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 Stark County Regional Planning Commission (SCRPC) – This organization is a statutorily created political subdivision of Ohio for the purpose of formulating and renewing plans affecting long and short term social, economic, and governmental developmental within the region.

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

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

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.

**LAKE TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

The Township values the repurchase agreement and certificates of deposit 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 accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

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

Police District Fund – This fund receives property tax money for the purposes of providing police protection services for the Township.

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

Fire District Fund - This fund receives property tax money and for the purposes of providing fire protection services for the Township.

3. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.. 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 accounts for monies to be used for the future construction of a new maintenance building.

Capital Project – UPD Building Fund – This fund accounts for monies to be used for the future construction of a new Uniontown Police Department building.

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, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

1. Appropriations

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

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 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 2015 and 2014 budgetary activity appears in Note 3.

F. Fund Balance

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

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, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (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.

H. 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. 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:

	2015	2014
Demand deposits	\$301,889	\$547,028
Certificates of deposit	0	3,000,000
Total deposits	301,889	3,547,028
Repurchase agreement	6,640,000	3,520,000
Total deposits and investments	\$6,941,889	\$7,067,028

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

**LAKE TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS – (continued)

Investments: 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, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$730,390	\$730,183	(\$207)
Special Revenue	7,395,526	7,399,263	3,737
Capital Projects	145,971	145,971	0

2015 Budgeted vs. Actual Budgetary Basis Disbursements and Encumbrances			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$1,912,529	\$1,057,575	\$854,954
Special Revenue	9,463,163	7,559,353	1,903,810
Capital Projects	3,135,312	1,768	3,133,544

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$857,043	\$858,590	\$1,547
Special Revenue	6,812,620	6,812,625	5
Capital Projects	122,946	122,946	0

2014 Budgeted vs. Actual Budgetary Basis Disbursements and Encumbrances			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$2,200,146	\$609,227	\$1,590,919
Special Revenue	9,809,220	7,504,468	2,304,752
Capital Projects	3,116,810	116,042	3,000,768

**LAKE TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(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 pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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 elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plans. 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 2015 and 2014, OPERS members in Law Enforcement contributed 13% of their gross salaries and the Township contributed an amount equaling 18.10% of participants' gross salaries. For all other employees 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, 2015.

6. RISK MANAGEMENT

Risk Pool Membership

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as 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.

OPRM coverage programs 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 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty.

**LAKE TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

6. RISK MANAGEMENT – (continued)

The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 783 members as of December 31, 2013 and 2014, respectively.

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 equity at December 31, 2013 and 2014.

	2013	2014
Assets	\$13,774,304	\$14,830,185
Liabilities	(7,968,395)	(8,942,504)
Members' Equity	<u>\$5,805,909</u>	<u>\$5,887,681</u>

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

7. CONTINGENT LIABILITIES

The Township is not party to any claims or lawsuits.

8. 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 of 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 renewing plans affecting long and short term social, economic, and governmental developmental 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.

**LAKE TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

9. SUBSEQUENT EVENTS

The replacement of the 1.5 mill road levy that expired at the end of 2014 was passed on November 4, 2014. This levy will run for five years (2015, 2016, 2016, 2018, and 2019) and will provide a substantial amount of revenue to maintain and repair the township roads in the township's road district.

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

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

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

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Lake Township, Stark County, (the Township) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated June 27, 2016, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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 we must report under *Government Auditing Standards*.

However, we did note certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 27, 2016.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris and Associates, Inc.
June 27, 2016

**LAKE TOWNSHIP
STARK COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015 AND 2014**

The prior audit report, for the years ended December 31, 2013 and 2012, reported no material citations or recommendations.



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
SEPTEMBER 1, 2016