

LAKE TOWNSHIP

STARK COUNTY

Audit Report

For the Years Ended December 31, 2017 and 2016





Dave Yost • Auditor of State

Township Trustees
Lake Township
12360 Market Ave., North
Hartville, Ohio 44632

We have reviewed the *Independent Auditor's Report* of Lake Township, Stark County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2016 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Lake Township is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

August 23, 2018

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**LAKE TOWNSHIP
STARK COUNTY**

TABLE OF CONTENTS

<u>Title</u>	<u>Page</u>
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types - For the Year Ended December 31, 2017	3
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) All Fiduciary Fund Types - For the Year Ended December 31, 2017	4
Notes to the Financial Statements For the Year Ended December 31, 2017	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types - For the Year Ended December 31, 2016	15
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) All Fiduciary Fund Types - For the Year Ended December 31, 2016	16
Notes to the Financial Statements For the Year Ended December 31, 2016	17
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliances and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	26
Schedule of Findings	28
Prepared by Management:	
Corrective Action Plan	29

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

INDEPENDENT AUDITOR'S 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, Ohio (the Township) as of and for the years ended December 31, 2017 and 2016.

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 such 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 2 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, 2017 and 2016, and the 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 cash balances, receipts and disbursements by fund type, and related notes of Lake Township, Stark County as of December 31, 2017 and 2016, 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 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2018, 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 & Associates, Inc.
June 7, 2018

Lake Township
Stark County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2017

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$159,787	\$6,053,208	\$0	\$0	\$6,212,995
Licenses, Permits and Fees	345,102	227,696	0	0	572,798
Fines and Forfeitures	108	2,810	0	0	2,918
Intergovernmental	214,435	1,271,832	0	0	1,486,267
Special Assessments	530	96,903	158,313	0	255,746
Earnings on Investments	1,202	38	0	0	1,240
Miscellaneous	28,190	29,864	0	0	58,054
<i>Total Cash Receipts</i>	<u>749,354</u>	<u>7,682,351</u>	<u>158,313</u>	<u>0</u>	<u>8,590,018</u>
Cash Disbursements					
Current:					
General Government	813,099	0	0	0	813,099
Public Safety	0	4,210,269	0	0	4,210,269
Public Works	19,906	2,783,850	0	0	2,803,756
Health	0	113,402	0	0	113,402
Conservation-Recreation	89	0	0	0	89
Capital Outlay	99,713	497,369	0	0	597,082
<i>Total Cash Disbursements</i>	<u>932,807</u>	<u>7,604,890</u>	<u>0</u>	<u>0</u>	<u>8,537,697</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(183,453)	77,461	158,313	0	52,321
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	0	3,275	0	0	3,275
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>3,275</u>	<u>0</u>	<u>0</u>	<u>3,275</u>
<i>Net Change in Fund Cash Balances</i>	(183,453)	80,736	158,313	0	55,596
<i>Fund Cash Balances, January 1 (Note 12)</i>	<u>3,244,029</u>	<u>3,340,812</u>	<u>457,599</u>	<u>240,287</u>	<u>7,282,727</u>
Fund Cash Balances, December 31					
Restricted	0	3,252,596	615,912	240,287	4,108,795
Committed	107,069	168,952	0	0	276,021
Assigned	2,953,507	0	0	0	2,953,507
<i>Fund Cash Balances, December 31</i>	<u>\$3,060,576</u>	<u>\$3,421,548</u>	<u>\$615,912</u>	<u>\$240,287</u>	<u>\$7,338,323</u>

See accompanying notes to the basic financial statements

Lake Township
Stark County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Fiduciary Fund Types
For the Year Ended December 31, 2017

	Fiduciary Fund Types
	Agency
Operating Cash Receipts	
<i>Total Operating Cash Receipts</i>	\$0
Operating Cash Disbursements	
<i>Total Operating Cash Disbursements</i>	0
<i>Net Change in Fund Cash Balances</i>	0
<i>Fund Cash Balances, January 1</i>	21,880
<i>Fund Cash Balances, December 31</i>	\$21,880
<i>See accompanying notes to the basic financial statements</i>	

Lake Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 – Reporting 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, cemetery maintenance, park maintenance and police protection. The Township contracts with the Greentown, Hartville and Uniontown Fire Departments to provide fire protection and emergency medical services.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Township participates in jointly governed organizations and a public entity risk pool. Notes 10 and 11 to the financial statements provide additional information for these entities. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

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 and grant money for the purpose of funding the Township's police department.

Fire District Fund This fund receives property tax money and money for emergency services for the purpose of funding the Township's fire and emergency management departments.

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

Lake Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 – Summary of Significant Accounting Policies – (continued)

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

Capital Project Lake Township Recreation Complex Fund – This fund accounts for monies to be used for the future construction of a new recreation complex.

Debt Service Funds This fund accounts for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following Debt Service Fund:

Special Assessment Debt Service Fund – This fund accounts for monies to be used for the Township’s share of a joint improvement project with Ohio Department of Transportation on State Route 619.

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 has no trust funds.

Agency Funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township’s agency fund accounts for fire loss claims.

Basis of Accounting

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 expenditures 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.

Budgetary Process

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

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

Lake Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 2 – Summary of Significant Accounting Policies – (continued)

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.

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 2017 budgetary activity appears in Note 3.

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.

Capital Assets

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

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.

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:

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

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.

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
For the Year Ended December 31, 2017

Note 2 – Summary of Significant Accounting Policies – (continued)

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. The Trustees may also assign fund balances as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

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.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$768,293	\$749,354	(\$18,939)
Special Revenue	7,670,177	7,685,626	15,449
Debt Service	150,000	158,313	8,313
Capital Projects	0	0	0

2017 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$2,490,302	\$937,614	\$1,552,688
Special Revenue	9,473,012	7,635,871	1,837,141
Debt Service	240,287	0	240,287
Capital Projects	0	0	0

Lake Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 4 – 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:

	<u>2017</u>
Demand deposits	<u>\$352,066</u>
Total deposits	<u>352,066</u>
Repurchase agreement	<u>7,008,137</u>
Total investments	<u>7,008,137</u>
Total deposits and investments	<u>\$7,360,203</u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS).

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.

Note 5 – Property Taxes

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.

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

Note 6 – Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Lake Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 6 – Risk Management – (continued)

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Property:

Blanket Buildings & Personal Property	\$4,838,230
Equipment Breakdown	\$4,838,230

General Liability:

Limit per Occurrence	\$1,000,000
Bodily Injury and Property Damage	Included
Personal Injury/Advertising Injury	\$1,000,000
Products/Completed Operations Aggregate	\$3,000,000
General Aggregate	\$3,000,000
Fire Damage Legal Liability	\$100,000
Employer's Liability Stop-Gap	\$1,000,000
Employee Benefits Liability	\$1,000,000

Crime:

Blanket Employee Dishonesty	\$1,000,000
Excess over Statutory Bond Requirement and Exclusion deleted for Treasurer/Finance Director	
Forgery & Alteration	\$500,000
Computer Fraud	\$500,000
Funds Transfer Fraud	\$500,000
Deductible	\$1,000

Public officials' liability:

Limit Each Claim	\$1,000,000
Annual Aggregate	\$1,000,000
Deductible	\$10,000
Claims Made Coverage with Retro Date of 4/1/16	

Umbrella:

Limit Each Occurrence	\$4,000,000
Aggregate	\$4,000,000
Retention	Nil

Lake Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 6 – Risk Management – (continued)

Automobile liability:

Limit per Occurrence	\$1,000,000
1. Combined Single Limit Bodily Injury and Property Damage Liability	
2. All Owned Autos	
3. Hired and Non-Owned Auto	
4. Includes Fellow Volunteer Extension	
5. Fellow Employee Exclusion deleted	
Uninsured/Underinsured Motorists	\$250,000
Comprehensive Deductible	\$1,000
Per Schedule of Vehicles	
Collision Deductible	\$1,000

Commercial Inland Marine:

Contractor's Equipment	\$1,425,078
All Risk Perils with deductible	\$1,000

Law Enforcement liability:

Limit Each Claim	\$1,000,000
Annual Aggregate	\$1,000,000
Deductible	\$10,000
Claims Made Coverage with Retro Date of 4/1/16	

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

Settlement amounts did not exceed insurance coverage for the past three fiscal years. Also, there has been not reduction of limits from last year.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees 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 plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members in Law Enforcement contributed 13 percent of their gross salaries and the Township contributed an amount equality 18.10% of the participants' gross salaries. For all other employees, OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2017.

Lake Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017.

Note 9 – Contingent Liabilities

The Township is currently not party to any claims or lawsuits.

Note 10 – 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 of 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 a Regional Council of Governments formed under Chapter 167 of the Ohio Revised Code. Currently, SCOG’s functions include the funding and operation of the Stark County Metropolitan Narcotics Unit and the Canton Crime Lab. SCOG is governed by its membership, including Stark County and other cities, villages and townships. The membership elects a nine-member executive committee. Based on recommendations of the executive committee, the membership approves its own budget, appoints personnel and performs accounting and finance related activities. Continued existence of the agency is not dependent on the Township’s continued participation nor does the Township have any equity interest in the agency. The agency is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden to the Township. Complete financial statements may be obtained from the Stark Council of Governments, P.O. Box 21451, Canton, Ohio 44701-1451.

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 development within the region. The Commission is jointly governed among Stark County and other cities, villages and townships. The principal aim of the Commission is to provide comprehensive planning, both long and short term, dealing with the economic and physical environment of Stark County. The Board exercises total authority for the day-to-day operations of the Commission. This includes budgeting, appropriating, contracting and designating management. The Township has no financial responsibility for any of the Commission’s liabilities. Complete financial statements can be obtained from the Stark County Regional Planning Commission, Stark County, Canton, Ohio 44702.

Lake Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 11 – Public Entity Risk Pool

The Township is a member of the Stark County Schools' Council of Governments (SCSCOG). SCSCOG is a consortium of school districts and related agencies serving the greater Stark County area. Established in 1987, the Stark County Schools' Council of Governments serves 130-member schools, libraries, colleges, and related agencies. The Stark County Schools' council exists primarily for the promotion of cooperative agreements and contracts among its members and private persons, corporations and agencies. The council's main ventures are in the areas of insurance, workers' compensation and cooperative purchasing. Formed under O.R.C. Section 167, the council is managed by a governing board and executive board.

Note 12 – Fund Balance

The fund balance in a Special Revenue Fund was adjusted due to void checks put back in the system.

Note 13 – Subsequent Events

The Township is in the process of preparing a \$2,000,000 State Infrastructure Bank (SIB) Loan for the Township's share of the construction for the State Route 619 Improvement Project. This loan will be paid through property taxes generated by a number of Tax Increment Financing (TIF) parcels. TIF is an economic development mechanism available to local governments in Ohio to finance infrastructure improvements and, in certain circumstances, residential rehabilitation.

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Lake Township
Stark County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2016

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$129,892	\$5,971,286	\$0	\$0	\$6,101,178
Licenses, Permits and Fees	379,971	130,678	0	0	510,649
Fines and Forfeitures	150	5,552	0	0	5,702
Intergovernmental	235,323	1,247,480	0	0	1,482,803
Special Assessments	0	103,136	191,948	0	295,084
Earnings on Investments	4,222	97	0	0	4,319
Miscellaneous	19,761	53,217	0	0	72,978
<i>Total Cash Receipts</i>	<u>769,319</u>	<u>7,511,446</u>	<u>191,948</u>	<u>0</u>	<u>8,472,713</u>
Cash Disbursements					
Current:					
General Government	688,407	0	0	0	688,407
Public Safety	0	4,156,203	0	0	4,156,203
Public Works	40,179	2,455,529	0	0	2,495,708
Health	0	122,472	0	0	122,472
Conservation-Recreation	2,957	0	0	0	2,957
Capital Outlay	66,698	647,428	0	2,486	716,612
<i>Total Cash Disbursements</i>	<u>798,241</u>	<u>7,381,632</u>	<u>0</u>	<u>2,486</u>	<u>8,182,359</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(28,922)	129,814	191,948	(2,486)	290,354
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	34,190	16,100	0	0	50,290
Transfers In	1,955,504	1,118,587	265,651	0	3,339,742
Transfers Out	(425,000)	0	0	(2,914,742)	(3,339,742)
Advances In	425,000	0	0	0	425,000
Advances Out	0	(425,000)	0	0	(425,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>1,989,694</u>	<u>709,687</u>	<u>265,651</u>	<u>(2,914,742)</u>	<u>50,290</u>
<i>Net Change in Fund Cash Balances</i>	1,960,772	839,501	457,599	(2,917,228)	340,644
<i>Fund Cash Balances, January 1 (Note 13)</i>	<u>1,283,257</u>	<u>2,501,236</u>	<u>0</u>	<u>3,157,515</u>	<u>6,942,008</u>
Fund Cash Balances, December 31					
Restricted	0	3,171,785	457,599	240,287	3,869,671
Committed	107,069	168,952	0	0	276,021
Assigned	1,760,942	0	0	0	1,760,942
Unassigned	1,376,018	0	0	0	1,376,018
<i>Fund Cash Balances, December 31</i>	<u>\$3,244,029</u>	<u>\$3,340,737</u>	<u>\$457,599</u>	<u>\$240,287</u>	<u>\$7,282,652</u>

See accompanying notes to the basic financial statements

LakeTownship
Stark County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Fiduciary Fund Types
For the Year Ended December 31, 2016

	Fiduciary Fund Types
	Agency
Operating Cash Receipts	
<i>Total Operating Cash Receipts</i>	\$0
Operating Cash Disbursements	
<i>Total Operating Cash Disbursements</i>	0
<i>Operating Income (Loss)</i>	0
Non-Operating Receipts (Disbursements)	
Other Financing Sources	21,880
<i>Net Change in Fund Cash Balances</i>	21,880
<i>Fund Cash Balances, January 1</i>	0
<i>Fund Cash Balances, December 31</i>	\$21,880
<i>See accompanying notes to the basic financial statements</i>	

Lake Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 1 – Reporting 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, cemetery maintenance, park maintenance and police protection. The Township contracts with the Greentown, Hartville and Uniontown Fire Departments to provide fire protection and emergency medical services.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Township participates in jointly governed organizations and a public entity risk pool. Notes 11 and 12 to the financial statements provide additional information for these entities. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

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 and grant money for the purpose of funding the Township's police department.

Fire District Fund This fund receives property tax money and money for emergency services for the purpose of funding the Township's fire and emergency management departments.

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

Lake Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 2 – Summary of Significant Accounting Policies – (continued)

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

Capital Project Lake Township Recreation Complex Fund – This fund accounts for monies to be used for the future construction of a new recreation complex.

Debt Service Funds This fund account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following Debt Service Fund:

Special Assessment Debt Service Fund – This fund accounts for monies to be used for the Township’s share of a joint improvement project with Ohio Department of Transportation on State Route 619.

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 has no trust funds.

Agency Funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township’s agency fund accounts for fire loss claims.

Basis of Accounting

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 expenditures 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.

Budgetary Process

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

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

Lake Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 2 – Summary of Significant Accounting Policies – (continued)

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.

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 2016 budgetary activity appears in Note 3.

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.

Capital Assets

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

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.

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:

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

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.

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
For the Year Ended December 31, 2016

Note 2 – Summary of Significant Accounting Policies – (continued)

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. The Trustees may also assign fund balances as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

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.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,752,612	\$3,184,013	\$431,401
Special Revenue	8,617,324	8,646,133	28,809
Debt Service	457,599	457,599	0
Capital Projects	0	0	0

2016 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$2,396,986	\$1,262,174	\$1,134,812
Special Revenue	9,896,561	7,806,632	2,089,929
Debt Service	191,948	0	191,948
Capital Projects	3,157,515	2,917,228	240,287

Note 4 – 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:

Lake Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 4 – Deposits and Investments – (continued)

	<u>2016</u>
Demand deposits	<u>\$269,532</u>
Total deposits	269,532
Repurchase agreement	<u>7,035,000</u>
Total investments	<u>7,035,000</u>
Total deposits and investments	<u><u>\$7,304,532</u></u>

Deposits

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

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.

Note 5 – Property Taxes

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.

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

Note 6 – Interfund Balances

In 2015, the Board of Trustees voted to advance \$425,000 from the General Fund to the Road and Bridge Fund to provide working capital for road projects. In 2016, the Board of Trustees voted to convert the advance into a transfer.

Note 7 – Risk Management

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Lake Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 7 – Risk Management – (continued)

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Property:

Blanket Buildings & Personal Property	\$4,838,230
Equipment Breakdown	\$4,838,230

General Liability:

Limit per Occurrence	\$1,000,000
Bodily Injury and Property Damage	Included
Personal Injury/Advertising Injury	\$1,000,000
Products/Completed Operations Aggregate	\$3,000,000
General Aggregate	\$3,000,000
Fire Damage Legal Liability	\$100,000
Employer’s Liability Stop-Gap	\$1,000,000
Employee Benefits Liability	\$1,000,000

Crime:

Blanket Employee Dishonesty	\$1,000,000
Excess over Statutory Bond Requirement and Exclusion	deleted for Treasurer/Finance Director
Forgery & Alteration	\$500,000
Computer Fraud	\$500,000
Funds Transfer Fraud	\$500,000
Deductible	\$1,000

Public officials’ liability:

Limit Each Claim	\$1,000,000
Annual Aggregate	\$1,000,000
Deductible	\$10,000
Claims Made Coverage with Retro Date of 4/1/2015	

Umbrella:

Limit Each Occurrence	\$4,000,000
Aggregate	\$4,000,000
Retention	Nil

Automobile liability:

Limit per Occurrence	\$1,000,000
1. Combined Single Limit Bodily Injury and Property Damage Liability	
2. All Owned Autos	
3. Hired and Non-Owned Auto	

Lake Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 7 – Risk Management – (continued)

4. Includes Fellow Volunteer Extension	
5. Fellow Employee Exclusion deleted	
Uninsured/Underinsured Motorists	\$250,000
Comprehensive Deductible	\$1,000
<i>Per Schedule of Vehicles</i>	
Collision Deductible	\$1,000
<i>Per Schedule of Vehicles</i>	
Commercial Inland Marine:	
Contractor's Equipment	\$1,425,078
All Risk Perils with deductible	\$1,000
Law Enforcement liability:	
Limit Each Claim	\$1,000,000
Annual Aggregate	\$1,000,000
Deductible	\$10,000
Claims Made Coverage with Retro Date of 4/1/15	

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

Settlement amounts did not exceed insurance coverage for the past three fiscal years. Also, there has been no reduction of limits from last year.

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees 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 plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members in Law Enforcement contributed 13 percent of their gross salaries and the Township contributed an amount equality 18.10% of the participants' gross salaries. For all other employees, OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016.

Lake Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 10 – Contingent Liabilities

The Township is currently not party to any claims or lawsuits.

Note 11 – 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 of 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 a Regional Council of Governments formed under Chapter 167 of the Ohio Revised Code. Currently, SCOG's functions include the funding and operation of the Stark County Metropolitan Narcotics Unit and the Canton Crime Lab. SCOG is governed by its membership, including Stark County and other cities, villages and townships. The membership elects a nine-member executive committee. Based on recommendations of the executive committee, the membership approves its own budget, appoints personnel and performs accounting and finance related activities. Continued existence of the agency is not dependent on the Township's continued participation nor does the Township have any equity interest in the agency. The agency is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden to the Township. Complete financial statements may be obtained from the Stark Council of Governments, P.O. Box 21451, Canton, Ohio 44701-1451.

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 development within the region. The Commission is jointly governed among Stark County and other cities, villages and townships. The principal aim of the Commission is to provide comprehensive planning, both long and short term, dealing with the economic and physical environment of Stark County. The Board exercises total authority for the day-to-day operations of the Commission. This includes budgeting, appropriating, contracting and designating management. The Township has no financial responsibility for any of the Commission's liabilities. Complete financial statements can be obtained from the Stark County Regional Planning Commission, Stark County, Canton, Ohio 44702.

Note 12 – Public Entity Risk Pool

The Township is a member of the Stark County Schools' Council of Governments (SCSCOG). SCSCOG is a consortium of school districts and related agencies serving the greater Stark County area. Established in 1987, the Stark County Schools' Council of Governments serves 130 member schools, libraries, colleges, and related agencies. The Stark County Schools' council exists primarily for the promotion of cooperative agreements and contracts among its members and private persons, corporations and agencies. The council's main ventures are in the areas of insurance, workers' compensation and cooperative purchasing. Formed under O.R.C. Section 167, the council is managed by a governing board and executive board.

Lake Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 13 – Fund Balance

The fund balance in Special Revenue: Police District fund was adjusted to correct an overpayment in pension contributions.

Note 14 – Transfers

The proposed capital improvements for the administration building and the Uniontown Police Department have been substantially completed; as such these capital project funds were dissolved and their fund balances were returned to the original funding sources as follows:

- The fund balance of Miscellaneous Capital Project: General in the amount of \$1,955,504 was transferred back to the General Fund.
- The fund balance of Miscellaneous Capital Project: UPD in the amount of \$694,056 was transferred back to the Police District Fund.
- The fund balance of Miscellaneous Capital Project: Road in the amount of \$2,017 was transferred back to the Road and Bridge Fund.

The Township also transferred \$265,651 from Miscellaneous Capital Project: 619 Corridor to the Special Assessment Debt Service Fund. The Capital Project Fund for 619 Corridor collects Tax Increment Financing (TIF) monies for the purpose of improving State Route 619. The Township will obtain a State Infrastructure Loan (SIB) for its share in the State Route 619 Improvement Project. The funds collected from TIF were transferred to the Debt Service Fund to pay for the SIB Loan.

Note 15 – Subsequent Events

The Township is in the process of preparing a \$2,000,000 State Infrastructure Bank (SIB) Loan for the Township's share in the construction and improvement of State Route 619. This loan will be paid through property taxes generated by a number of Tax Increment Financing (TIF) parcels. TIF is an economic development mechanism available to local governments in Ohio to finance infrastructure improvements and, in certain circumstances, residential rehabilitation.

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

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH 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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements by fund type of Lake Township, Stark County (the Township) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated June 7, 2018, 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

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. 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 Township's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and that we consider to be a material weakness as item 2017-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Entity's Response to Finding

The Township's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the Township's response and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *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 & Associates, Inc.
June 7, 2018

LAKE TOWNSHIP
STARK COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016

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

FINDING NUMBER 2017-001

Material Weakness: Classification and Posting of Funds

During 2017 and 2016, errors were noted in the Township's financial statements that required audit adjustments and reclassifications, the most significant of which are as follows:

- The Township received insurance reimbursement for fire loss claims in 2016 for \$21,880 and booked in the General Fund with a transfer to the Agency. The Township should have booked directly in the Agency Fund.
- In 2017 and 2016, cemetery receipts for certain licenses, permits and fees were booked as miscellaneous receipts in the Cemetery Fund rather than licenses, permits and fees.
- In 2016 and 2017, the Township has a Special Revenue Fund - Reserved for General. It was funded in prior years by a transfer from the General Fund. For the annual financial report, this was reclassified into the General Fund balance as Committed Fund Balance per requirements by Government Accounting Standards Board (GASB) Statement No. 54.
- Subsequent year appropriations were not calculated and recorded as Assigned Fund Balance for either year as required by GASB 54.
- In 2016 and 2017, the Township has a Capital Projects Fund – Reserved for Recreation Area. It was funded by a civic grant. The Township reported the fund as Committed Fund Balance rather than Restricted Fund Balance.

The audited financial statements and the Township's records have been adjusted to properly reflect these transactions.

Sound financial reporting is the responsibility of the Township and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. We recommend the Township adopt policies and procedures to identify and correct errors and omissions in a timely manner. Management can use GASB Statement No. 54, Audit Bulletin 2011-004, the Ohio Township Handbook, the Uniform Accounting Network Manual, and other Auditor of State guidance to aid in properly identifying account classifications and fund balance categories and preparing annual financial statements.

Management Response:

See Corrective Action Plan.

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**LAKE TOWNSHIP
STARK COUNTY**

**CORRECTIVE ACTION PLAN – Prepared by Management
December 31, 2017 and 2016**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2017-001	As the agency fund was not created until 2017 the 2016 fire loss claims could not be moved. All fire loss claims are currently in the agency fund and all future fire claims will be booked directly into the Agency Fund as noted.	Immediately	Steve Lacey Fiscal Admin.
	Will follow proper account codes and correct booking to licenses, permits, and fees.	Immediately	Steve Lacey Fiscal Admin.
	Confirm Reserve is for General through Hinkle and is committed as per GASB 54.	Immediately	Steve Lacey Fiscal Admin.
	Record as Assigned fund Balance for subsequent year appropriations	Immediately	Steve Lacey Fiscal Admin.
	Will change Capital Projects fund to Restricted as it is a civic grant.	Immediately	Steve Lacey Fiscal Admin.

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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 6, 2018