

***LAKE TOWNSHIP***

***STARK COUNTY***

Single Audit

For the Year Ended December 31, 2020







88 East Broad Street  
Columbus, Ohio 43215  
IPARepor**t**@ohioauditor.gov  
(800) 282-0370

Board of Trustees  
Lake Township  
12360 Market Avenue 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, 2020 through December 31, 2020. 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.

Keith Faber  
Auditor of State  
Columbus, Ohio

November 02, 2022

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**LAKE TOWNSHIP  
STARK COUNTY**

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**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 for each governmental fund type and the fiduciary fund type, and related notes of Lake Township, Stark County, (the Township) as of and for the year ended December 31, 2020.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating of the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for 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(C), 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 determined, 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(C) 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, 2020, and the respective changes in financial position for the year 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 governmental fund type and the fiduciary fund type, and the related notes of Lake Township, Stark County, as of December 31, 2020, for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 14 to the 2020 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. As discussed in Note 16 to the financial statements, the Township made several changes to its reporting model. We did not modify our opinions regarding these matters.



***Supplementary Information***

Our audit was conducted to opine on the financial statements as a whole that collectively comprise the Board's basic financial statements.

The Schedule of Expenditures of Federal Awards (Schedule) as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied to the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 28, 2022, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the Township's 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.***  
July 28, 2022

**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, 2020*

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 205,665	\$ 6,983,507	\$ -	\$ -	\$ 7,189,172
Licenses, Permits and Fees	384,309	142,777	-	-	527,086
Fines and Forfeitures	10	1,079	-	-	1,089
Intergovernmental	400,759	2,674,870	-	-	3,075,629
Special Assessments	350	96,809	-	-	97,159
Payments in Lieu of Taxes	-	-	268,847	-	268,847
Earnings on Investments	14,502	868	-	-	15,370
Miscellaneous	46,795	80,743	-	-	127,538
<i>Total Cash Receipts</i>	<u>1,052,390</u>	<u>9,980,653</u>	<u>268,847</u>	<u>-</u>	<u>11,301,890</u>
<b>Cash Disbursements</b>					
Current:					
General Government	951,359	107,993	-	-	1,059,352
Public Safety	-	5,441,628	-	-	5,441,628
Public Works	28	3,423,832	-	-	3,423,860
Health	720	117,317	-	-	118,037
Conservation-Recreation	520	1,740	-	-	2,260
Capital Outlay	29,728	267,350	-	118,676	415,754
Debt Service:					
Principal Retirement	-	-	239,187	-	239,187
Interest and Fiscal Charges	-	-	53,240	-	53,240
<i>Total Cash Disbursements</i>	<u>982,355</u>	<u>9,359,860</u>	<u>292,427</u>	<u>118,676</u>	<u>10,753,318</u>
<i>Net Change in Fund Cash Balances</i>	70,035	620,793	(23,580)	(118,676)	548,572
<i>Fund Cash Balances, January 1 (Restated)</i>	<u>3,158,992</u>	<u>3,252,051</u>	<u>934,495</u>	<u>240,287</u>	<u>7,585,825</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 3,229,027</u>	<u>\$ 3,872,844</u>	<u>\$ 910,915</u>	<u>\$ 121,611</u>	<u>\$ 8,134,397</u>

See accompanying notes to the financial statements

**Lake Township**  
*Stark County, Ohio*  
*Statement of Additions, Deductions*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Fiduciary Funds*  
*For the Year Ended December 31, 2020*

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	Custodial
<b>Additions</b>	
<i>Total Additions</i>	\$ -
<b>Deductions</b>	
Other Distributions	55,880
<i>Total Deductions</i>	55,880
<i>Net Change in Fund Cash Balances</i>	(55,880)
<i>Fund Cash Balances, January 1</i>	55,880
<i>Fund Cash Balances, December 31</i>	\$ -

*See accompanying notes to the financial statements*

**Lake Township**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of 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 zoning, road and bridge maintenance, park maintenance, cemetery maintenance, and police protection. The Township contracts with the Greentown, Hartville and Uniontown Provide Fire Departments to provide fire protection services and emergency medical services.

***Jointly Governed Organizations and Public Entity Risk Pools***

The Township participates in the Stark County Schools Council of Government (Council), a risk sharing pool available to Ohio Townships.

**Public Entity Risk Pool:**

The Stark County Schools' Council of Governments (Council) is a consortium of school districts and related agencies serving the greater Stark County area. Established in 1987, the Council serves 130+ member schools, libraries, colleges, and related agencies. The 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 ORC Section 167, the Council is managed by a governing board and executive board.

**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.

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.

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, and a statement of additions, deductions and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are organized on a fund type basis.

**Lake Township**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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

***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 Uniontown 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 Fund*** This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

***Self-funded Insurance Medical Fund*** This fund receives insurance premium payments from other funds to pay medical claims of employees enrolled in the health insurance plan.

***Debt Service Funds*** These funds 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 Bond Retirement Fund*** The special assessment bond retirement fund accounts for and reports resources restricted for the retirement of debt issued to finance public improvements deemed to benefit the properties against which special assessments are levied.

***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 fund:

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

***Fiduciary Funds*** Fiduciary funds include private purpose trust funds and custodial funds. Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Township's custodial fund accounts for fire loss claims.

**Lake Township**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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

***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 (C). 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 (C) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund (except certain custodial funds) 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.

***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 2020 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.

**Lake Township**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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

***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.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

***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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

**Lake Township**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 966,416	\$ 1,052,390	\$ 85,974
Special Revenue	9,855,119	9,980,653	125,534
Debt Service	200,000	268,847	68,847
Capital Projects	-	-	-

2020 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 4,006,774	\$ 1,022,355	\$ 2,984,419
Special Revenue	11,086,080	9,359,860	1,726,220
Debt Service	915,912	292,427	623,485
Capital Projects	240,287	118,676	121,611

**Note 4 – Deposits**

To improve cash management, cash received by the Township is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits. A summary of the Township's deposit and investment accounts are as follows:

Demand Deposits	2020 \$8,134,397
Total Deposits	\$8,134,397

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Township does not have any unremitted employee withholdings.

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. The Township's financial institution is a member of the OPCS and is approved for a 50% collateral pool.



**Lake Township**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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**

***Commercial Insurance***

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Law Enforcement, and Public Officials; and
- Errors and omissions.

Settlement amounts did not exceed insurance coverage for the past three fiscal years. The Township has not reduced coverage from last year.

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

***Workers' Compensation***

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, 2020*

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**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

The Township 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. OPERS members in Law Enforcement contributed 13 percent of their gross salaries and the Township contributed an amount equal to 18.10% of the participants' gross salaries. The Township has paid all contributions required through December 31, 2020.

**Note 8 – Postemployment Benefits**

OPERS offer 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 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020.

**Note 9 – Debt**

Debt outstanding at December 31, 2020, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
State Infrastructure Bank for SR 619	\$ 1,654,948	3%

The Township entered into a loan agreement with the State of Ohio, Ohio Department of Transportation (ODOT) for a State Infrastructure Bank (SIB) direct loan project for road improvements on State Route 619. The amount of the loan is \$2,006,000 for a term of 10 years and interest rate of 3%. The Township created a Tax Increment Financing District (TIF) and will pledge all TIF revenues or payments in Lieu of Taxes to repay the loan. As a secondary repayment source, the Township will pledge its State Gas Tax that is received on an annual basis and or agree to use all legally available funds to make up any semi-annual payment shortfalls.

**Lake Township**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 9 – Debt (continued)**

***Amortization***

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

<b>Year Ending December 31</b>	<b>SIB Loan</b>
2021	\$ 292,427
2022	292,427
2023	292,427
2024	292,427
2025	292,427
2026-2027	438,640
	<u>\$1,900,775</u>

**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.

**Lake Township**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 12 – Public Entity Risk Pool**

The Township is a member of the Stark County Schools' Council of Governments (Council). The Council is a consortium of school districts and related agencies serving the greater Stark County area. Established in 1987, the Council serves 130-member schools, libraries, colleges, and related agencies. The 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 13 – Fund Balances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end, the balances of these amounts were as follows:

Fund Balances	<u>General</u>
Outstanding Encumbrances	<u>\$ 40,000</u>
Total	<u><u>\$ 40,000</u></u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service and capital projects funds are restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue, debt service and capital projects funds include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 14 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**Lake Township**  
*Stark County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 15 – Prior Period Restatement**

The following adjustment is reflected in the January 1, 2020 fund balance:

	<u>General Fund</u>	<u>Special Revenue Funds</u>
December 31, 2019 audited balances	\$ 3,158,929	\$ 3,249,458
Adjustment to account for canceled checks	<u>63</u>	<u>2,593</u>
January 1, 2020 restated balance	<u>\$ 3,158,992</u>	<u>\$ 3,252,051</u>

The Township canceled checks that were outstanding and reissued new checks.

**Note 16 - Change in Accounting Principle**

For 2020, the Township has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate combined statement of additions, deductions, and changes in fund balances (regulatory cash basis) – all fiduciary fund types, and removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types. There was no effect on the beginning fund balance.

**LAKE TOWNSHIP  
STARK COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal ALN Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF TREASURY</b>			
<i>Passed Through Stark County</i>			
Coronavirus Relief Fund	21.019	N/A	\$ 1,115,566
Total U.S. Department of Treasury			<u>\$ 1,115,566</u>
<b>Total Expenditures of Federal Awards</b>			<u><u>\$1,115,566</u></u>

*The accompanying notes are an integral part of this schedule.*

**LAKE TOWNSHIP  
STARK COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Lake Township, Stark County (the Township) under programs of the federal government for the year ended December 31, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Township, it is not intended to and does not present the financial position or its changes in fund balance of the Township.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**NOTE C – INDIRECT COST RATE**

The Township has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**INDEPENDENT AUDITOR'S 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 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 for each governmental fund type and the fiduciary fund type of Lake Township, Stark County, Ohio (the Township) as of and for the year ended December 31, 2020, and the related notes to the financial statements and have issued our report thereon dated July 28, 2022, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township and several changes to its reporting model.

**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 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 identified a certain deficiency in internal control, described in the accompanying Schedule of Findings as item 2020-001 that we consider to be a material weakness.

**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 financial statements. 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*.



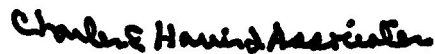
We also noted a certain other matter not requiring inclusion in this report that we reported to the Township's management in a separate letter dated July 28, 2022.

**Township'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 subject the Township's response to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

**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 report is not suitable for any other purpose.



**Charles E. Harris & Associates, Inc.**

July 28, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE

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

To the Board of Trustees:

***Report on Compliance for the Major Federal Program***

We have audited Lake Township, Stark County, Ohio's, (Township) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the Township's major federal program for the year ended December 31, 2020. The Township's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the Township's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Township's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for the major program. However, our audit does not provide a legal determination of the Township's compliance.

Lake Township

Stark County

Independent Auditor's Report on Compliance for the Major Program  
and on Internal Control Over Compliance Required by the Uniform Guidance

Page 2

### **Opinion on the Major Federal Program**

In our opinion, Lake Township, Stark County, Ohio complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended December 31, 2020.

### **Report on Internal Control Over Compliance**

Management of the Township is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Township's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



**Charles E. Harris & Associates, Inc.**

July 28, 2022

**LAKE TOWNSHIP  
STARK COUNTY, OHIO  
SCHEDULE OF FINDINGS  
2 CFR § 200.515  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Coronavirus Relief Fund – ALN 21.019
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	No

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

**FINDING NUMBER 2020-001**

**Material Weakness: Financial Reporting**

Errors were noted in the Township's financial statements that required audit adjustments and reclassifications, the most significant of which were as follows:

- The Township has a Special Revenue Fund - Reserved for General. It was funded in prior years by a transfer from the General Fund therefore, should be mapped to the General Fund. The Township had included this fund as a Special Revenue Fund rather than the General Fund.

**LAKE TOWNSHIP  
STARK COUNTY, OHIO  
SCHEDULE OF FINDINGS (continued)  
2 CFR § 200.515  
FOR THE YEAR ENDED DECEMBER 31, 2020**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (continued)</b>
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**FINDING NUMBER 2020-001 (continued)**

**Material Weakness: Financial Reporting (continued)**

- Principal and interest payments were not properly recorded.
- Tax Increment Financing receipts were recorded as Special Assessments rather than Payments in Lieu of Taxes in the Debt Service Fund.
- The notes to the financial statements included outdated information and excluded required disclosures.

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 that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all financial transactions are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Administrative Code, Uniform Accounting Network manual, the Ohio Township Handbook and other Auditor of State guidance for proper posting receipts and disbursements.

**Management Response:**

See Corrective Action Plan.

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
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None.

**Lake Township**  
**Stark County**  
*Schedule of Prior Audit Findings*  
*(Prepared by Management)*  
*December 31, 2020*

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2019-001	Classification and posting of funds	Partially corrected.	Cemetery receipts were properly recorded, fund balance requirements were removed for fiscal year.
2019-002	Elected Official Overpayment	Corrected	

**Lake Township  
Stark County**

*Corrective Action Plan  
(Prepared by Management)  
December 31, 2020*

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2020-001	We will review financial statements for accuracy.	Immediately	Matt Erb, Fiscal Officer

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# OHIO AUDITOR OF STATE KEITH FABER



**LAKE TOWNSHIP**

**STARK COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 11/15/2022**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)