



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types and Expendable Trust Fund For the Year Ended December 31, 1999	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types and Expendable Trust Fund For the Year Ended December 31, 1998	4
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

111 Second Street, NW
Fourth Floor
Canton, Ohio 44702
Telephone 330-438-0617
800-443-9272
Facsimile 330-471-0001
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Trustees:

We have audited the accompanying financial statements of Lake Township, Stark County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Lake Township, Stark County, as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2000 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 grants.

This report is intended solely for the information and use of management, the Board of Trustees, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

June 15, 2000

This page intentionally left blank.

**LAKE TOWNSHIP
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>				Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:					
Local Taxes	\$69,815	\$2,756,543			\$2,826,358
Charges for Services	89,564				89,564
Licenses, Permits and Fees	58,448	2,750			61,198
Fines, Forfeitures, and Penalties	14,207	2,361			16,568
Intergovernmental	628,968	447,395	\$106,602		1,182,965
Special Assessments			73,105		73,105
Earnings on Investments	107,472	17,602	483		125,557
Other	25,679	11,841			37,520
Total Cash Receipts	<u>994,153</u>	<u>3,238,492</u>	<u>180,190</u>		<u>4,412,835</u>
Cash Disbursements:					
Current:					
General Government	712,337				712,337
Public Safety	11,568	1,927,667			1,939,235
Public Works	4,600	1,332,694	36,000		1,373,294
Health	78,667	8,999			87,666
Conservation - Recreation	1,205				1,205
Capital Outlay			19,215		19,215
Total Cash Disbursements	<u>808,377</u>	<u>3,269,360</u>	<u>55,215</u>		<u>4,132,952</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>185,776</u>	<u>(30,868)</u>	<u>124,975</u>		<u>279,883</u>
Other Financing Receipts/(Disbursements):					
Advances-In	121,602				121,602
Other sources		585			585
Advances-out			(121,602)		(121,602)
Total Other Financing Receipts/(Disbursements)	121,602	585	(121,602)		585
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Uses	307,378	(30,283)	3,373		280,468
Fund Cash Balances, January 1	<u>568,023</u>	<u>1,717,509</u>	<u>47,250</u>	<u>\$12,050</u>	<u>2,344,832</u>
Fund Cash Balances, December 31	<u>\$875,401</u>	<u>\$1,687,226</u>	<u>\$50,623</u>	<u>\$12,050</u>	<u>\$2,625,300</u>
Reserves for Encumbrances, December 31	<u>\$55,433</u>	<u>\$191,062</u>	<u>\$4,698</u>	<u>\$0</u>	<u>\$251,193</u>

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

**LAKE TOWNSHIP
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>				Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:					
Local Taxes	\$66,540	\$2,556,961			\$2,623,501
Charges for Services	80,749				80,749
Licenses, Permits and Fees	54,148	2,275			56,423
Fines, Forfeitures, and Penalties	11,159	1,995			13,154
Intergovernmental	620,463	419,979			1,040,442
Special Assessments			\$66,136		66,136
Earnings on Investments	100,023	11,297	414		111,734
Other	13,489	49,838		\$743	64,070
Total Cash Receipts	<u>946,571</u>	<u>3,042,345</u>	<u>66,550</u>	<u>743</u>	<u>4,056,209</u>
Cash Disbursements:					
Current:					
General Government	629,159				629,159
Public Safety	11,933	1,447,961			1,459,894
Public Works	520	1,012,154	35,007		1,047,681
Health	74,419	5,535			79,954
Conservation - Recreation	4,774				4,774
Miscellaneous				41,605	41,605
Capital Outlay	165,578	58,829	189,698		414,105
Total Cash Disbursements	<u>886,383</u>	<u>2,524,479</u>	<u>224,705</u>	<u>41,605</u>	<u>3,677,172</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>60,188</u>	<u>517,866</u>	<u>(158,155)</u>	<u>(40,862)</u>	<u>379,037</u>
Other Financing Receipts/(Uses):					
Transfers-In			171,067		171,067
Other sources		5,055			5,055
Transfers-out	(171,067)				(171,067)
Total Other Financing Receipts/(Disbursements)	<u>(171,067)</u>	<u>5,055</u>	<u>171,067</u>		<u>5,055</u>
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Uses	<u>(110,879)</u>	<u>522,921</u>	<u>12,912</u>	<u>(40,862)</u>	<u>384,092</u>
Fund Cash Balances, January 1	<u>678,902</u>	<u>1,194,588</u>	<u>34,338</u>	<u>52,912</u>	<u>1,960,740</u>
Fund Cash Balances, December 31	<u><u>\$568,023</u></u>	<u><u>\$1,717,509</u></u>	<u><u>\$47,250</u></u>	<u><u>\$12,050</u></u>	<u><u>\$2,344,832</u></u>
Reserves for Encumbrances, December 31	<u><u>\$46,633</u></u>	<u><u>\$201,844</u></u>	<u><u>\$4,411</u></u>	<u><u>\$0</u></u>	<u><u>\$252,888</u></u>

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

**LAKE TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Lake Township, Stark County, Ohio, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three member Board of Trustees. The Township provides general governmental services, including road maintenance, park operations, and police protection. The Township contracts with the Greentown, Hartville, and Uniontown Volunteer Fire Departments to provide fire protection services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and cash disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved.)

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

Special Revenue Funds

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

Street Construction, Maintenance and Repair Fund - This fund receives gasoline taxes and motor vehicle tax money for constructing, maintaining and repairing Township roads.

Police District Fund - This fund is used to account for a portion of property tax revenue received and used for the purpose of maintaining the Township police department.

**LAKE TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Special Revenue Funds (Continued)

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

Fire District Fund - This fund is used to account for a portion of property tax revenue received and used for the purpose of providing fire protection services for the Township.

Capital Projects Fund

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Projects Funds:

Lighting Assessment Fund - These funds receive special assessment taxes from the residents of certain areas for the purpose of obtaining and maintaining street lighting within those areas.

Issue II Fund - This fund received a grant from the State of Ohio for road construction projects.

Fiduciary Funds (Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary fund:

Cable Trust Funds - These funds are used to account for faithful performance cash bonds to ensure delivery of cable television contract services to Township residents.

Performance Trust Fund - This fund is used to account for faithful performance cash bid bonds paid by perspective contract bidders.

E. 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. The County Budget Commission must also approve the annual appropriation measure. 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 also approve estimated resources.

**LAKE TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Township.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	(\$174,700)	(\$30,168)
Certificate of deposit	<u>100,000</u>	<u>100,000</u>
Total Deposits	(74,700)	69,832
Repurchase agreement	<u>2,700,000</u>	<u>2,275,000</u>
Total deposits and investments	<u><u>(\$74,700)</u></u>	<u><u>\$69,832</u></u>

Deposits

Deposits are insured by the Federal Depository Insurance Corporation.

Investments

The Township invests in Repurchase Agreements. These are valued at cost.

**LAKE TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 was as follows:

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$779,004	\$994,153	\$215,149
Special Revenue	3,152,353	3,239,077	86,724
Capital Projects	224,035	180,190	(43,845)
Expendable Trust	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$4,155,392</u>	<u>\$4,413,420</u>	<u>\$258,028</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$1,362,045	\$863,810	\$498,235
Special Revenue	4,869,862	3,460,422	1,409,440
Capital Projects	109,632	59,913	49,719
Expendable Trust	<u>12,050</u>	<u>0</u>	<u>12,050</u>
Total	<u>\$6,353,589</u>	<u>\$4,384,145</u>	<u>\$1,969,444</u>

1998 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$846,292	\$946,571	\$100,279
Special Revenue	2,852,136	3,047,400	195,264
Capital Projects	261,167	237,617	(23,550)
Expendable Trust	<u>1,100</u>	<u>743</u>	<u>(357)</u>
Total	<u>\$3,960,695</u>	<u>\$4,232,331</u>	<u>\$271,636</u>

**LAKE TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$1,540,194	\$933,016	\$607,178
Special Revenue	4,046,724	2,726,323	1,320,401
Capital Projects	310,505	229,116	81,389
Expendable Trust	<u>54,012</u>	<u>41,605</u>	<u>12,407</u>
Total	<u>\$5,951,435</u>	<u>\$3,930,060</u>	<u>\$2,021,375</u>

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township. Tangible personal property tax is assessed by the property owners, who must file a list of such property with the County by each April 30.

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

5. RETIREMENT SYSTEM

The employees of the Township belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Property
- General liability
- Public officials' liability
- Employee benefits liability
- Vehicles
- Commercial Inland Marine
- Employers liability
- Cemetery liability

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

7. JOINTLY GOVERNED ORGANIZATIONS

The Stark Council of Governments (Council) is a statutorily created political subdivision of Ohio. The Council is jointly governed among municipalities and townships located in Stark County. Each members' control over the operation of the Council is limited to its representation on the Board which consists of twenty-seven members. The Board exercises total control over Council operations.

The Stark County Regional Planning Commission (Commission) is a statutorily created political subdivision of Ohio. The Commission is jointly governed among municipalities and townships located in Stark County. Each members' control over the operation of the Commission is limited to its representation on the Board which consists of forty-eight members. The Board exercises total control over Commission operations.

8. CONTINGENT LIABILITIES

The Township is defendant in a lawsuit. Although the outcome of this suit is not presently determinable, management believes that the resolution of this matter will not materially adversely affect the Township's financial condition.

Amounts received from grantor agencies are subject to adjustment and audit by the grantor. Any disallowed cost may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

9. SUBSEQUENT EVENT

In April 2000, the Township issued construction bonds of \$660,000. The bond proceeds were used to finance construction of a service garage.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

111 Second Street, NW
Fourth Floor
Canton, Ohio 44702
Telephone 330-438-0617
800-443-9272
Facsimile 330-471-0001
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

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

To the Board of Trustees:

We have audited the financial statements of Lake Township, Stark County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 15, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated June 15, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 15, 2000.

This report is intended for the information and use of management and the Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

June 15, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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
JULY 25, 2000**