



Dave Yost • Auditor of State

**LAKE TOWNSHIP
WOOD COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Lake Township
Wood County
27975 Cummings Road
Millbury, Ohio 43447-9762

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Lake Township, Wood County, Ohio (the Township) as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1B 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, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1B and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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, 2013 and 2012, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Lake Township, Wood County, Ohio as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2014, 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.



Dave Yost
Auditor of State

Columbus, Ohio

August 12, 2014

**LAKE TOWNSHIP
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$260,967	\$1,972,615			\$2,233,582
Charges for Services	160,527	146,450			306,977
Licenses, Permits and Fees	71,789	102,775			174,564
Fines and Forfeitures	8,214	42,392			50,606
Intergovernmental	207,376	604,215			811,591
Special Assessments		16,875			16,875
Earnings on Investments	2,738	62			2,800
Miscellaneous	24,009	157,559			181,568
<i>Total Cash Receipts</i>	<u>735,620</u>	<u>3,042,943</u>			<u>3,778,563</u>
Cash Disbursements					
Current:					
General Government	346,139				346,139
Public Safety	200,310	1,982,373			2,182,683
Public Works	55,540	482,428			537,968
Health		156,408			156,408
Conservation-Recreation	48,591				48,591
Capital Outlay	8,601	118,722			127,323
Debt Service:					
Principal Retirement	25,931	198,424			224,355
Interest and Fiscal Charges	18,879	4,981			23,860
<i>Total Cash Disbursements</i>	<u>703,991</u>	<u>2,943,336</u>			<u>3,647,327</u>
<i>Excess of Receipts Over Disbursements</i>	<u>31,629</u>	<u>99,607</u>			<u>131,236</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets		3,200			3,200
Advances In	100,000	130,000			230,000
Advances Out	(130,000)	(100,000)			(230,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(30,000)</u>	<u>33,200</u>			<u>3,200</u>
<i>Net Change in Fund Cash Balances</i>	1,629	132,807			134,436
<i>Fund Cash Balances, January 1</i>	<u>2,032,463</u>	<u>1,351,747</u>	<u>\$483</u>	<u>\$6,510</u>	<u>3,391,203</u>
Fund Cash Balances, December 31					
Restricted		1,448,237	483		1,448,720
Committed		36,317		6,510	42,827
Unassigned	2,034,092				2,034,092
<i>Fund Cash Balances, December 31</i>	<u>\$2,034,092</u>	<u>\$1,484,554</u>	<u>\$483</u>	<u>\$6,510</u>	<u>\$3,525,639</u>

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

LAKE TOWNSHIP
WOOD COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2013

	Private Purpose Trust
Operating Cash Receipts	
Earnings on Investments	<u>\$47</u>
<i>Net Change in Fund Cash Balances</i>	47
<i>Fund Cash Balances, January 1</i>	<u>16,714</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$16,761</u></u>

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

**LAKE TOWNSHIP
WOOD COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$252,460	\$1,773,802			\$2,026,262
Charges for Services	170,712	163,600			334,312
Licenses, Permits and Fees	78,534	89,370			167,904
Fines and Forfeitures	8,394	58,396			66,790
Intergovernmental	226,487	564,188			790,675
Special Assessments		17,667			17,667
Earnings on Investments	4,685	104			4,789
Miscellaneous	44,993	104,493		\$90	149,576
<i>Total Cash Receipts</i>	<u>786,265</u>	<u>2,771,620</u>		<u>90</u>	<u>3,557,975</u>
Cash Disbursements					
Current:					
General Government	361,552				361,552
Public Safety	213,258	1,869,582			2,082,840
Public Works	18,417	471,269			489,686
Health		149,758			149,758
Conservation-Recreation	43,495				43,495
Other				4,785	4,785
Capital Outlay	18,931	167,540		70,000	256,471
Debt Service:					
Principal Retirement	24,919	35,557			60,476
Interest and Fiscal Charges	19,891	11,612			31,503
<i>Total Cash Disbursements</i>	<u>700,463</u>	<u>2,705,318</u>		<u>74,785</u>	<u>3,480,566</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>85,802</u>	<u>66,302</u>		<u>(74,695)</u>	<u>77,409</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	1,451	9,176			10,627
Advances In	62,000	62,000			124,000
Advances Out	(62,000)	(62,000)			(124,000)
Other Financing Sources				76,142	76,142
<i>Total Other Financing Receipts (Disbursements)</i>	<u>1,451</u>	<u>9,176</u>		<u>76,142</u>	<u>86,769</u>
<i>Net Change in Fund Cash Balances</i>	87,253	75,478		1,447	164,178
<i>Fund Cash Balances, January 1</i>	<u>1,945,210</u>	<u>1,276,269</u>	<u>\$483</u>	<u>5,063</u>	<u>3,227,025</u>
Fund Cash Balances, December 31					
Restricted		1,351,747	483		1,352,230
Committed				6,510	6,510
Unassigned	2,032,463				2,032,463
<i>Fund Cash Balances, December 31</i>	<u>\$2,032,463</u>	<u>\$1,351,747</u>	<u>\$483</u>	<u>\$6,510</u>	<u>\$3,391,203</u>

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

LAKE TOWNSHIP
WOOD COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2012

	Private Purpose Trust
Operating Cash Receipts	
Earnings on Investments	<u>\$78</u>
<i>Net Change in Fund Cash Balances</i>	78
<i>Fund Cash Balances, January 1</i>	<u>16,636</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$16,714</u></u>

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

**LAKE TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Lake Township, Wood County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection, and police protection. The Township contracts with the LifeStar Ambulance, Inc. to provide dispatching and ambulance services.

The Township participates in a jointly governed organization and a public entity risk pool. Note 7 to the financial statements provides additional information for the risk pool. These organizations are:

Public Entity Risk Pool:

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments.

Jointly Governed Organization:

The Lake Township – City of Toledo Joint Economic Development District (JEDD) was created in 2009. The purpose of the JEDD is to promote and facilitate economic development of Toledo Executive Airport and other such properties as identified by the Township and the City and to create or preserve jobs and employment opportunities and improve the economic welfare of those residing in the area.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township 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 Auditor of State prescribes or permits.

C. Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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:

**LAKE TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

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

Special Levy - Fire Fund - This fund receives property tax money from a special levy for Township fire protection.

Special Levy - Police Fund - This fund receives property tax money from a special levy for Township police protection.

3. 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:

General Bond (Note) Retirement Fund - This fund is used to accumulate resources to pay bond and note indebtedness.

4. 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 Capital Project Fund:

Rebuild Lake Township Fund - This fund was used for the reconstruction of the township administration facility destroyed by the June 5, 2010 tornado.

5. 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's private purpose trust funds are for the benefit of certain individuals' graves.

E. Budgetary Process

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

**LAKE TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, and then at object level of personal services, capital outlay, and all other level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

3. Encumbrances

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

A summary of 2013 and 2012 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

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

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**LAKE TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant, and Equipment

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

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Deposits

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

	2013	2012
Demand deposits	\$3,282,400	\$3,147,917
Certificates of deposit	260,000	260,000
Total deposits	\$3,542,400	\$3,407,917

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

**LAKE TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$733,126	\$735,620	\$2,494
Special Revenue	3,035,023	3,046,143	11,120
Trust	100	47	(53)
Total	\$3,768,249	\$3,781,810	\$13,561

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,131,800	\$707,647	\$424,153
Special Revenue	3,749,285	3,042,872	706,413
Capital Projects	6,510		6,510
Trust	2,550		2,550
Total	\$4,890,145	\$3,750,519	\$1,139,626

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$772,468	\$787,716	\$15,248
Special Revenue	2,802,200	2,780,796	(21,404)
Capital Projects	76,000	76,232	232
Trust	100	78	(22)
Total	\$3,650,768	\$3,644,822	(\$5,946)

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,155,154	\$700,463	\$454,691
Special Revenue	3,495,518	2,723,953	771,565
Capital Projects	74,785	74,785	
Trust	2,550		2,550
Total	\$4,728,007	\$3,499,201	\$1,228,806

**LAKE TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

4. Property Tax

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

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.

5. Debt

Debt outstanding at December 31, 2013 was as follows:

	Principal	Interest Rate
Building Loan	\$436,970	4%

The building loan was used to finance the upgrades and uninsured (landscape, blacktop, etc.) costs from the June 5, 2010 tornado that destroyed the administration building. The loan is secured by a mortgage on the administration building.

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

Year ending December 31:	Building Loan
2014	\$44,810
2015	44,810
2016	44,810
2017	44,810
2018	326,569
Total	\$505,809

6. Retirement Systems

The Township's full-time Fire Chief belongs to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OP&F participants contributed 10% of their wages. For 2013 and 2012, the Township contributed to OP&F an amount equal to 24% of the full-time Fire Chief's wages. For 2013 and 2012, police officer OPERS members contributed 12.6 and 12.1%, respectively, of their gross salaries and the Township contributed an amount equaling 18.1% of participants' gross salaries. For 2013 and 2012, the remaining OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2013.

**LAKE TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

7. Risk Management

Risk Pool Membership

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 765 members as of December 31, 2012 and 2011 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and members' equity at December 31, 2012 and 2011 (the latest information available).

	<u>2012</u>	<u>2011</u>
Assets	\$13,100,381	\$12,501,280
Liabilities	(6,687,193)	(5,328,761)
Members' Equity	<u>\$6,413,188</u>	<u>\$7,172,519</u>

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

8. Contingent Liabilities

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

**LAKE TOWNSHIP
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

8. Contingent Liabilities (Continued)

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

9. Advances

During 2012 and 2013, the General Fund made advances, in the amount of \$62,000 and \$100,000, respectively, to the Township's Special Levy Police Fund and the Special Levy Police Fund repaid those advances within the respective years. During 2013, the General Fund made an advance in the amount of \$30,000 to the Township's Special Levy Road Fund. This advance will be repaid in \$10,000 increments over the next three years.



Dave Yost • Auditor of State

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

Lake Township
Wood County
27975 Cummings Road
Millbury, Ohio 43447-9762

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Lake Township, Wood County, Ohio (the Township) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated August 12, 2014 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

Columbus, Ohio

August 12, 2014

**LAKE TOWNSHIP
WOOD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-001	Ohio Rev. Code § 5705.41(B) for expenditures exceeding appropriations.	Yes	
2011-002	Material weakness due to errors in financial reporting.	Yes	

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Dave Yost • Auditor of State

LAKE TOWNSHIP

WOOD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 28, 2014**