



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF LAKEMORE
SUMMIT COUNTY
DECEMBER 31, 2020 AND 2019**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2020.....	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) All Proprietary Fund Types For the Year Ended December 31, 2020.....	6
Combined Statement of Additions, Deductions, and Changes in Fund Balances (Regulatory Cash Basis) All Fiduciary Fund Types For the Year Ended December 31, 2020.....	7
Notes to the Financial Statements For the Year Ended December 31, 2020.....	9
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) All Governmental Fund Types For the Year Ended December 31, 2019.....	21
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) All Proprietary and Fiduciary Fund Types For the Year Ended December 31, 2019.....	22
Notes to the Financial Statements For the Year Ended December 31, 2019.....	23
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	33
Schedule of Findings.....	35

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INDEPENDENT AUDITOR'S REPORT

Village of Lakemore
Summit County
PO Box 455
Lakemore, Ohio 44250

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Lakemore, Summit County, Ohio (the Village).

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(C) 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 Village'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 Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

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

As described in Note 2 of the financial statements, the Village 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 determinable, we presume they are material.

Though the Village 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 Village, as of December 31, 2020 and 2019 and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village, 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 15 to the 2020 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2022, on our consideration of the Village'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 Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

December 21, 2022

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Village of Lakemore, Ohio*Summit County**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)
Cash Receipts					
Property and Other Local Taxes	\$90,209	\$297,622	\$ -	\$ -	\$387,831
Municipal Income Tax	740,195	-	-	98,569	838,764
Intergovernmental	255,223	653,882	-	-	909,105
Charges for Services	1,328	124,682	-	-	126,010
Fines, Licenses and Permits	75,052	0	-	-	75,052
Earnings on Investments	6	92	-	-	98
Miscellaneous	27,912	658	-	-	28,570
<i>Total Cash Receipts</i>	<u>1,189,925</u>	<u>1,076,936</u>	<u>-</u>	<u>98,569</u>	<u>2,365,430</u>
Cash Disbursements					
Current:					
Security of Persons and Property	552,782	703,456	-	-	1,256,238
Public Health Services	70	-	-	-	70
Leisure Time Activities	57,623	-	-	-	57,623
Community Environment	15,476	-	-	203,474	218,950
Transportation	-	179,607	-	158,949	338,556
General Government	465,815	-	-	0	465,815
Capital Outlay	-	-	-	1,788	1,788
Debt Service:					
Principal Retirement	14,648	-	30,700	-	45,348
Payment of Capital Appreciation Bond Accretion	1,204	-	-	-	1,204
Interest and Fiscal Charges	-	-	8,046	-	8,046
<i>Total Cash Disbursements</i>	<u>1,107,618</u>	<u>883,063</u>	<u>38,746</u>	<u>364,211</u>	<u>2,393,638</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>82,307</u>	<u>193,873</u>	<u>(38,746)</u>	<u>(265,642)</u>	<u>(28,208)</u>
Other Financing Receipts (Disbursements)					
Transfers In	-	53,500	39,000	-	92,500
Transfers Out	(217,000)	-	-	-	(217,000)
Advances In	85,555	30,000	-	-	115,555
Advances Out	(64,155)	(30,000)	-	-	(94,155)
Other Financing Uses	(2,487)	-	-	-	(2,487)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(198,087)</u>	<u>53,500</u>	<u>39,000</u>	<u>-</u>	<u>(105,587)</u>
<i>Net Change in Fund Cash Balances</i>	(115,780)	247,373	254	(265,642)	(133,795)
<i>Fund Cash Balances, January 1</i>	<u>1,052,812</u>	<u>417,171</u>	<u>1,200</u>	<u>370,619</u>	<u>1,841,802</u>
<i>Fund Cash Balances, December 31</i>	<u>\$937,032</u>	<u>\$664,544</u>	<u>\$1,454</u>	<u>\$104,977</u>	<u>\$1,708,007</u>

See accompanying notes to the basic financial statements

Village of Lakemore, Ohio
Summit County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2020

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts	
Charges for Services	\$1,793,226
Miscellaneous	2,510
<i>Total Operating Cash Receipts</i>	<u>1,795,736</u>
Operating Cash Disbursements	
Personal Services	134,327
Employee Fringe Benefits	74,788
Contractual Services	469,590
Supplies and Materials	142,968
Other	1,173,350
<i>Total Operating Cash Disbursements</i>	<u>1,995,023</u>
<i>Operating Income (Loss)</i>	<u>(199,287)</u>
Non-Operating Receipts (Disbursements)	
Intergovernmental	27,000
Miscellaneous Receipts	4,090
Capital Outlay	(5,500)
Interest and Other Fiscal Charges	(42,261)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(16,671)</u>
<i>Income (Loss) before Transfers and Advances</i>	(215,958)
Transfers In	124,500
Advances In	34,155
Advances Out	(55,555)
<i>Net Change in Fund Cash Balances</i>	(112,858)
<i>Fund Cash Balances, January 1</i>	<u>956,425</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$843,567</u></u>

See accompanying notes to the basic financial statements

Village of Lakemore, Ohio

Summit County

Combined Statement of Additions, Deductions

and Changes in Fund Balances (Regulatory Cash Basis)

All Fiduciary Fund Types

For the Year Ended December 31, 2020

	Fiduciary Fund Types		Totals
	Custodial		
	Private Purpose Trust	Other Custodial	(Memorandum Only)
Deductions			
Other Distributions	4,083	\$ -	4,083
<i>Total Deductions</i>	4,083	-	4,083
<i>Net Change in Fund Balances</i>	(4,083)	-	(4,083)
<i>Fund Cash Balances, January 1</i>	4,083	59,432	63,515
<i>Fund Cash Balances, December 31</i>	<u>\$ -</u>	<u>\$59,432</u>	<u>\$59,432</u>

See accompanying notes to the basic financial statements

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Village of Lakemore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The Village of Lakemore (the Village), Summit County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, fire/EMS and police services. The Village appropriates general fund money to support a police department and supplement the fire/EMS department.

Public Entity Risk Pool

The Village participates in a public entity risk pool. Note 12 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village'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 combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) for all fiduciary fund types which are all organized on a fund type basis.

Fund Accounting

The Village 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 Village 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 Village 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 Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Permissive Motor Vehicle License Tax The Permissive Motor Vehicle License Tax fund accounts for and reports additional motor vehicle registration fees restricted for maintenance and repair of streets within the Village..

Fire and Emergency Medical Services The Fire and Emergency Medical Services fund accounts for and reports property taxes and charges for services restricted for fire and emergency medical services operations.

Village of Lakemore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

Local Corona Relief Fund and Summit County COVID-19 PSGP The Village of Lakemore received four separate deposits to assist with the reduction on overall revenues, increase of payroll and maintenance related to Corona Virus COVID-19. These funds afforded staffing and safety-related products and services to reduce exposure for staff and residents of COVID-19.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

General Obligation Bond Retirement The General Obligation Bond Retirement fund accounts for and reports proceeds of general obligation bonds. The proceeds are restricted for payment on two ambulances, two fire chase vehicles, and two police cruisers afforded from USDA financing.

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 Village had the following significant capital project funds:

CDBG Construction The Community Development Block Grant Construction fund accounts for and reports proceeds from Summit County Department of Development. The proceeds are restricted for improvements to infrastructure.

Capital Improvements The Capital Improvement fund accounts for and reports proceeds from income tax and special projects. The proceeds are restricted for improvements to roads.

Enterprise Funds These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Operating The Water Operating fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Operating The Sewer Operating fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Trash Operating The Trash Operating fund accounts for trash collection services to the residential users located within the Village. The costs of providing these services are financed primarily through user charges.

Storm Sewer The Storm Sewer fund accounts for the provision of storm sewer infrastructure for the residents and commercial users within the Village.

Village of Lakemore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

Fiduciary Funds Fiduciary funds include private purpose trust funds and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

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.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

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 function level of control and appropriations may not exceed estimated resources. The Village Council 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 Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2020 budgetary activity appears in Note 3

Village of Lakemore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

Deposits and Investments

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

Accumulated Leave

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

Fund Balance

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

Nonspendable The Village 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 Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends 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*.

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.

Village of Lakemore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

The Village 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.

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2020 follows:

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General Fund	\$1,155,598	\$1,275,480	\$119,882
Special Revenue Fund	1,323,108	1,160,436	(162,672)
Debt Service Fund	78,400	39,000	(39,400)
Capital Projects Fund	526,416	98,569	(427,847)
Enterprise Funds	1,845,460	1,985,481	140,021
Private Purpose Funds	2,500	0	(2,500)
Total	\$4,931,482	\$4,558,966	(\$372,516)

2020 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General Fund	\$1,580,209	\$1,519,859	\$60,350
Special Revenue Fund	1,304,361	1,043,503	260,858
Debt Service Fund	78,400	38,746	39,654
Capital Projects Fund	506,788	442,825	63,963
Enterprise Funds	2,363,883	2,202,581	161,302
Private Purpose Trust Funds	5,283	4,083	1,200
Total	\$5,838,924	\$5,251,597	\$587,327

Note 4 – Deposits

The Village maintains a deposits pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit accounts are as follows:

	2020
Cash Management Pool:	
Demand deposits	\$2,611,006

Village of Lakemore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 4 – Deposits *(continued)*

Deposits

Deposits are 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.

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council 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 Village.

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

Income Taxes

The Village levies a municipal income tax of 2.25 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 6 – Risk Management

The Village of Lakemore belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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.

Village of Lakemore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 6 – Risk Management *(Continued)*

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. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM’s property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1,

2020, the OPRM’s property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

Assets	\$ 18,826,974
Liabilities	<u>(13,530,267)</u>
Members’ Equity	<u>\$ 5,296,707</u>

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

Workers’ Compensation

Workers’ Compensation coverage is provided by the State of Ohio. The Village 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.

The Village of Lakemore received \$58,575.48 from the Bureau of Workers Compensation in 2020.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village 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 Village contributed an amount equaling 14% percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2020.

Village of Lakemore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 7 – Defined Benefit Pension Plans *(Continued)*

Ohio Police and Fire Retirement System

The Village's certified Fire Chief and full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages and 24 percent of full-time fire fighters' wages. The Village has paid all contributions required through December 31, 2020.

Social Security

Other Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

Note 8 – Postemployment Benefits

Both OPERS and OP&F 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. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Village of Lakemore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 9 – Debt

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

	Principal	Interest Rate
OWDA Loan Well #5	120,435	2.09%
OWDA Loan Asset Management	5,865	0.00%
OPWC Sanitarium Rd Watermain	120,635	0.00%
2018 Ford F150 Truck	20,430	4.35%
Copier Leases Muni	3,384	
Copier Leases Police	1,887	
Police Radio Lease	15,238	4.03%
USDA 2017 Ambulance Bond	39,600	3.25%
USDA 2018 Ambulance Bond	61,200	3.50%
USDA Public Safety Vehicle Bond	85,700	4.25%
Total	\$474,374	

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project the Ohio Environmental Protection Agency mandated. The OWDA approved up to \$1,411,000 in loans to the Village for this project. The Village will repay the loans in semiannual installments. The Village of

Lakemore received funds from OWDA to complete well #5 in 2014 and to perform an asset management study in 2019.

The Village of Lakemore purchased two ambulances, two fire chase vehicles, and two police cruisers through bonds issued from USDA. Repayment for the ambulances will take 10 years. Repayment for the fire chase vehicles and police cruisers will take 5 years.

Leases

The Village of Lakemore entered lease-to-own agreements for a Ford truck and radios for the police department. The truck for the Department of Public Services is a four-year lease-to-own purchase. Police radios are being purchased under lease-to-own agreement that will be paid off in 2021.

The Village of Lakemore entered into a lease agreement for two copy machines. One copier for the municipal building and one copier for the police department are being leased and planned to be replaced in 2021 with upgraded equipment.

Village of Lakemore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 9 – Debt *(continued)*

Amortization

Year Ending December 31:	OWDA Loan Well #5	OWDA Asset Management Loan	OPWC Sanitarium Rd Watermain	2018 Ford F150	Copier Leases - Muni
2021	\$8,153	\$1,676	\$4,233	\$9,997	\$2,256
2022	8,324	1,676	4,233	10,433	1,128
2023	8,499	1,676	4,233		
2024	8,678	837	4,233		
2025	8,860		4,233		
2026-2030	47,172		21,164		
2031-2035	30,749		21,164		
2036-2040			21,164		
2041-2045			21,164		
2046-2049			14,814		
Total	<u>\$120,435</u>	<u>\$5,865</u>	<u>\$120,635</u>	<u>\$20,430</u>	<u>\$3,384</u>

Year Ending December 31:	Copier Leases - Police	Police Radio Lease	USDA 2017 Ambulance Bond	USDA 2018 Ambulance Bond	USDA Public Safety Vehicle Bond
2020	\$1,258	\$15,238	\$5,200	\$6,800	\$20,100
2021	629		5,200	7,000	21,000
2022			5,500	7,200	21,800
2023			5,700	7,500	22,800
2024			5,800	7,800	
2025-2029			12,200	24,900	
Total	<u>\$1,887</u>	<u>\$15,238</u>	<u>\$39,600</u>	<u>\$61,200</u>	<u>\$85,700</u>

Note 10 – Construction and Contractual Commitments

The Village of Lakemore replaced a waterline and roadway for Martha Avenue in 2020 with funds from Summit County CDBG (Community Development Block Grant).

The Village of Lakemore re-paved Lake Road, a portion of Park Drive, Church Street, Fifth Street, and Sunnyside Drive.

The Village of Lakemore purchased 1452 Lake Road and 1458 Lake Road in 2020. The Village of Lakemore plans to renovate 1452 Lake Road to become new administrative offices. The Village plans to demolish 1458 Lake Road to eliminate an unsafe, nuisance property.

The Village of Lakemore was awarded grant funding in 2019 to replace storm system and repave the remainder of Sanitarium Road and Ackers Avenue. This project will be completed in 2020.

Village of Lakemore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 11 – Contingent Liabilities

The Village is defendant in few lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village’s financial condition.

Amounts grantor agencies pay to the Village 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.

Note 12 – Public Entity Risk Pool

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker’s compensation. The pool’s business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Note 13 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years. 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 facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

<u>Fund Balances</u>	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Proprietary</u>	<u>Total</u>
Outstanding Encumbrances	128,501	130,440	78,614	104,142	441,697

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects fund are restricted committed or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed and assigned amounts in the special revenue, debt service, capital projects and permanent funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 14 – Change in Accounting Principles

For 2020, the Village 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 Proprietary and Fiduciary Fund Types.

Village of Lakemore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 15 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The Village's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Village received CARES Act funding. Of the amounts received, \$152,980 from HB 481 and \$110,702 from SB 457. These amounts are recorded in the 2062 Local Corona Relief Special Revenue fund. These funds were spent on payroll support, improving communication with the residents, and equipment to reduce exposure potential. No funds have been returned.

During 2020, the Village received \$87,729 from Summit County Payroll Support and \$76,490 from Governor Controlling Board. These amounts are recorded in the Summit County COVID-19 Special Revenue Fund. These funds were spent for payroll support, cleaning and equipment to reduce exposure among employees and residents. No funds have been returned.

Note 16 – Subsequent Event

On December 30, 2021, the Village Council authorized the issuance of \$5,400,000 of notes in anticipation of general obligation bonds for the purpose of constructing, renovating, and improving buildings for use as a Community Center, Administration Building, Fire Station, Police Station, and Public Services building.

Village of Lakemore, Ohio

Summit County

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*

All Governmental Fund Types

For the Year Ended December 31, 2019

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$95,790	\$295,073	\$ -	\$ -	\$390,863
Municipal Income Tax	829,732	-	-	104,024	933,756
Intergovernmental	198,020	341,923	-	419,999	959,942
Charges for Services	7,010	108,172	-	-	115,182
Fines, Licenses and Permits	78,299	-	-	-	78,299
Earnings on Investments	390	4	-	-	394
Miscellaneous	7,320	654	-	-	7,974
<i>Total Cash Receipts</i>	<u>1,216,561</u>	<u>745,826</u>	<u>-</u>	<u>524,023</u>	<u>2,486,410</u>
Cash Disbursements					
Current:					
Security of Persons and Property	647,991	470,744	-	-	1,118,735
Public Health Services	110	-	-	-	110
Leisure Time Activities	101,893	-	-	-	101,893
Community Environment	10,737	-	-	135,876	146,613
Transportation	-	268,902	-	27,141	296,043
General Government	382,520	-	-	-	382,520
Capital Outlay	-	-	-	150,878	150,878
Debt Service:					
Principal Retirement	36,959	-	11,100	-	48,059
Interest and Fiscal Charges	2,560	-	1,700	-	4,260
<i>Total Cash Disbursements</i>	<u>1,182,770</u>	<u>739,646</u>	<u>12,800</u>	<u>313,895</u>	<u>2,249,111</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>33,791</u>	<u>6,180</u>	<u>(12,800)</u>	<u>210,128</u>	<u>237,299</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	911	-	-	-	911
Transfers In	0	100,900	14,000	22,416	137,316
Transfers Out	(137,316)	-	-	-	(137,316)
Advances In	191,808	-	-	151,447	343,255
Advances Out	(193,847)	-	-	(170,808)	(364,655)
Other Financing Sources	-	-	-	237	237
Other Financing Uses	(1,990)	-	-	-	(1,990)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(140,434)</u>	<u>100,900</u>	<u>14,000</u>	<u>3,292</u>	<u>(22,242)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(106,643)</u>	<u>107,080</u>	<u>1,200</u>	<u>213,420</u>	<u>215,057</u>
<i>Fund Cash Balances, January 1</i>	<u>1,159,455</u>	<u>310,091</u>	<u>-</u>	<u>157,199</u>	<u>1,626,745</u>
Fund Cash Balances, December 31					
Restricted	-	417,171	1,200	370,619	788,990
Assigned	63,783	-	-	-	63,783
Unassigned (Deficit)	989,029	-	-	-	989,029
<i>Fund Cash Balances, December 31</i>	<u>\$1,052,812</u>	<u>\$417,171</u>	<u>\$1,200</u>	<u>\$370,619</u>	<u>\$1,841,802</u>

See accompanying notes to the basic financial statements

Village of Lakemore, Ohio*Summit County**Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)**All Proprietary and Fiduciary Fund Types**For the Year Ended December 31, 2019*

	Proprietary	Fiduciary		Totals
	Fund Types	Fund Types		(Memorandum Only)
	Enterprise	Agency	Private Purpose Trust	
Operating Cash Receipts				
Charges for Services	\$1,798,558	\$ -	\$2,500	\$1,801,058
Miscellaneous	10,562	-	-	10,562
<i>Total Operating Cash Receipts</i>	<u>1,809,120</u>	<u>-</u>	<u>2,500</u>	<u>1,811,620</u>
Operating Cash Disbursements				
Personal Services	184,971	-	-	184,971
Employee Fringe Benefits	90,418	-	-	90,418
Contractual Services	410,311	-	2,117	412,428
Supplies and Materials	120,081	-	-	120,081
Other	1,042,720	-	-	1,042,720
<i>Total Operating Cash Disbursements</i>	<u>1,848,501</u>	<u>-</u>	<u>2,117</u>	<u>1,850,618</u>
<i>Operating Income (Loss)</i>	<u>(39,381)</u>	<u>-</u>	<u>383</u>	<u>(38,998)</u>
Non-Operating Receipts (Disbursements)				
Intergovernmental	2,091	-	-	2,091
Miscellaneous Receipts	24,917	-	-	24,917
Capital Outlay	(5,766)	-	-	(5,766)
Interest and Other Fiscal Charges	(24,670)	-	-	(24,670)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(3,428)</u>	<u>-</u>	<u>-</u>	<u>(3,428)</u>
<i>Income (Loss) before Advances</i>	(42,809)	-	383	(42,426)
Advances In	42,400	-	-	42,400
Advances Out	(21,000)	-	-	(21,000)
<i>Net Change in Fund Cash Balances</i>	(21,409)	-	383	(21,026)
<i>Fund Cash Balances, January 1</i>	<u>977,834</u>	<u>59,432</u>	<u>3,700</u>	<u>1,040,966</u>
<i>Fund Cash Balances, December 31</i>	<u>\$956,425</u>	<u>\$59,432</u>	<u>\$4,083</u>	<u>\$1,019,940</u>

See accompanying notes to the basic financial statements

Village of Lakemore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The Village of Lakemore (the Village), Summit County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, fire/EMS and police services. The Village appropriates general fund money to support a police department and supplement the fire/EMS department.

Public Entity Risk Pool

The Village participates in a public entity risk pool. Note 12 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village'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 combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are all organized on a fund type basis.

Fund Accounting

The Village 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 Village 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 Village 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 Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Permissive Motor Vehicle License Tax The Permissive Motor Vehicle License Tax fund accounts for and reports additional motor vehicle registration fees restricted for maintenance and repair of streets within the Village..

Fire and Emergency Medical Services The Fire and Emergency Medical Services fund accounts for and reports property taxes and charges for services restricted for fire and emergency medical services operations.

Village of Lakemore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (Continued)

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

General Obligation Bond Retirement The General Obligation Bond Retirement fund accounts for and reports proceeds of general obligation bonds. The proceeds are restricted for payment on two ambulances, two fire chase vehicles, and two police cruisers afforded from USDA financing.

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 Village had the following significant capital project funds:

CDBG Construction The Community Development Block Grant Construction fund accounts for and reports proceeds from Summit County Department of Development. The proceeds are restricted for improvements to infrastructure.

Capital Improvements The Capital Improvement fund accounts for and reports proceeds from income tax and special projects. The proceeds are restricted for improvements to roads.

Enterprise Funds These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Operating The Water Operating fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Operating The Sewer Operating fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village

Trash Operating The Trash Operating fund accounts for trash collection services to the residential users located within the Village. The costs of providing these services are financed primarily through user charges.

Storm Sewer The Storm Sewer fund accounts for the provision of storm sewer infrastructure for the residents and commercial users within the Village.

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 Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village only utilizes the agency fund type. The Village's agency funds account for and report utility and construction deposits.

Village of Lakemore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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 agency funds) be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the function level of control and appropriations may not exceed estimated resources. The Village Council 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 Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2019 budgetary activity appears in Note 3

Deposits and Investments

The Village'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. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

Capital Assets

The Village 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

Village of Lakemore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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 Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Village 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 Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends 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*.

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2019 follows:

Fund Type	2019 Budgeted vs. Actual Receipts		Variance
	Budgeted Receipts	Actual Receipts	
General Fund	\$1,325,233	\$1,408,369	\$83,136
Special Revenue Fund	839,697	846,726	7,029
Debt Service Fund	14,000	14,000	0
Capital Projects Fund	607,705	698,123	90,418
Enterprise Funds	1,778,736	1,878,528	99,792
Private Purpose Funds	2,500	2,500	0
Total	\$4,567,871	\$4,848,246	\$280,375

Village of Lakemore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 3 – Budgetary Activity *(continued)*

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General Fund	\$1,398,870	\$1,528,421	(\$129,551)
Special Revenue Fund	955,471	905,036	50,435
Debt Service Fund	12,800	12,800	0
Capital Projects Fund	306,704	649,703	(342,999)
Enterprise Funds	2,014,617	2,015,230	(613)
Private Purpose Trust Funds	4,900	2,117	2,783
Total	\$4,693,362	\$5,113,307	(\$419,945)

Note 4 – Deposits

The Village maintains a deposits pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village’s deposit accounts are as follows:

	2019
Demand deposits	\$2,861,742

Deposits

Deposits are 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.

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council 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 Village.

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

Income Taxes

The Village levies a municipal income tax of 2.25 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Village of Lakemore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 5 – Taxes *(continued)*

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 6 – Interfund Balances

Advances

Advances that have not been repaid to the General Fund as of December 31, 2019, are from the storm sewer utility fund totaling \$21,000. These funds will be repaid in 2020.

Note 7 – Risk Management

The Village of Lakemore belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$ 15,920,504
Liabilities	<u>(11,329,011)</u>
Members' Equity	<u>\$ 4,591,493</u>

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

Village of Lakemore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 7 – Risk Management *(continued)*

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village 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.

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Village of Lakemore had 28 employees and 7 legislative members 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 Village contributed an amount equaling 14% percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

Ohio Police and Fire Retirement System

The Village's certified Fire Chief and three full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages and 24 percent of full-time fire fighters' wages. The Village has paid all contributions required through December 31, 2019.

Social Security

The Village had 43 employees who contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

Village of Lakemore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 9 – Postemployment Benefits

Both OPERS and OP&F 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 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 10 – Debt

Debt outstanding at December 31, 2019, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
WSOS Loan Water System Control Panel	\$4,368	4.00%
OWDA Loan Well #5	128,420	2.09%
OWDA Loan Asset Management	7,541	0.00%
OPWC Sanitarium Rd Watermain	122,752	0.00%
2018 Ford F150 Truck	30,010	4.35%
Copier Leases Muni	5,640	
Copier Leases Police	3,146	
Police Radio Lease	29,887	4.03%
USDA 2017 Ambulance Bond	44,500	3.25%
USDA 2018 Ambulance Bond	67,700	3.50%
USDA Public Safety Vehicle Bond	105,000	4.25%
 Total	 <u><u>\$548,964</u></u>	

One Ohio Water Development Authority (OWDA) loan relates to installation of well #5. The Village will repay the loan in semiannual installments of \$5,314, including interest, over 20 years. The OWDA will adjust scheduled payment to reflect any revisions in amounts the Village actually borrows. Water receipts collateralize the loan.

The second loan with Ohio Water Development Authority (OWDA) relates to the Asset Management program. This is a zero interest loan for four years, initially for \$8,379. Water receipts collateralize the loan.

The WSOS Community Action Commission, Inc. loan relates to improving the control panel for the water system. The total loan amount was \$40,000 in 2010. The Village will repay the loan in monthly installments of \$405, including interest over 120 months. Water receipts collateralize the loan.

Village of Lakemore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 10 – Debt (Continued)

The Ohio Public Works Commission is for 30 years at 0% interest. The first payment was July 2019. The current balance is \$124,868. This funding was to afford the extension of the water main on Sanitarium Road in 2018. Water receipts collateralize the loan.

Leases

The Village leases vehicles under non-cancelable leases. The Village disbursed \$34,551 to pay lease costs for the year ended December 31, 2019.

The Village of Lakemore entered into a 60 month, lease-to-own agreement for two copiers with Blue Technologies for monthly payments of \$293.

The Village of Lakemore entered into a four-year, lease-to-own agreement with Motorola for portable police radios with annual payments of \$15,853.

Bonds

The Village entered into loan/grant agreements with the United States Department of Agriculture to purchase:

- 2017 Ambulance with a \$54,000 Ambulance Improvement Bond, Series 2017.
- 2018 Ambulance with a \$74,000 Ambulance Improvement Bond, Series 2018.
- 2019 Public Safety Vehicle Bond for \$105,000 for two police cruisers and two fire chase vehicles.

Amortization

Year Ending December 31:	WSOS Loan	OWDA Loan Well #5	OWDA Asset Management Loan	OPWC Sanitarium Rd Watermain	2018 Ford F150	Copier Leases - Muni
2020	\$4,368	\$7,985	\$1,676	\$4,233	\$9,581	\$2,256
2021		8,153	1,676	4,233	9,997	2,256
2022		8,324	1,676	4,233	10,432	1,128
2023		8,499	1,676	4,233		
2024		8,678	837	4,233		
2025-2029		46,201		21,164		
2030-2034		40,580		21,164		
2035-2039				21,164		
2040-2044				21,164		
2045-2049				16,931		
Total	<u>\$4,368</u>	<u>\$128,420</u>	<u>\$7,541</u>	<u>\$122,752</u>	<u>\$30,010</u>	<u>\$5,640</u>

Village of Lakemore, Ohio
Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 10 – Debt (Continued)

Year Ending December 31:	Copier Leases - Police	Police Radio Lease	USDA 2017 Ambulance Bond	USDA 2018 Ambulance Bond	USDA Public Safety Vehicle Bond
2020	\$1,258	\$14,648	\$4,900	\$6,500	\$19,300
2021	1,258	15,239	5,200	6,800	20,100
2022	630		5,200	7,000	21,000
2023			5,500	7,200	21,800
2024			5,700	7,500	22,800
2025-2029			18,000	32,700	
Total	<u>\$3,146</u>	<u>\$29,887</u>	<u>\$44,500</u>	<u>\$67,700</u>	<u>\$105,000</u>

Note 11 – Contingent Liabilities

The Village is defendant in few lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village’s financial condition.

Amounts grantor agencies pay to the Village 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.

Note 12 – Public Entity Risk Pool

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker’s compensation. The pool’s business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

OHIO AUDITOR OF STATE KEITH FABER



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

Village of Lakemore
Summit County
PO Box 455
Lakemore, Ohio 44250

To the Village Council:

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 for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019 of the Village of Lakemore, Summit County, (the Village) and the related notes to the financial statements, and have issued our report thereon dated December 21, 2022 wherein we noted the Village 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 continuing emergency measures which may impact subsequent periods of the Village.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) as a basis for designing 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 Village'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 Village'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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2020-002 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village'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 financial statement. 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 an instance of noncompliance we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as finding number 2020-001.

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 Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

December 21, 2022

**VILLAGE OF LAKEMORE
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

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

1. 5705.41(B) – Expenditures exceeding appropriations

FINDING NUMBER 2020-001

NONCOMPLIANCE

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code. Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the following Village Funds had expenditures in excess of appropriations:

As of December 31, 2019:

The General Fund had expenditures in excess of appropriations of \$129,551
The Capital Project Fund had expenditures in excess of appropriations of \$342,999
The Enterprise Fund had expenditures in excess of appropriations of \$613

As of December 31, 2020:

The Sewer Operating Fund had expenditures in excess of appropriations of \$28,725

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Village Council should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

Official's Response: We did not receive a response from Officials to this finding

2. Financial Reporting

FINDING NUMBER 2020-002

MATERIAL WEAKNESS

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

GASB Statement 54 states, in part, encumbered amounts for specific purposes for which amounts have not been previously restricted, committed, or assigned should not be classified as unassigned but, rather, should be included within committed or assigned fund balance, as appropriate. Additionally, when the appropriation measure is adopted for the subsequent year, if a portion of existing fund balance is included as a budgetary resource, then that portion of fund balance should be classified as assigned. This would be applicable to the general fund as it is the only fund with a positive unassigned fund balance.

The Village had the following financial statement misclassifications:

2019:

- Misclassification of Permissive Tax receipts resulted in an overstatement of Property Tax and an understatement of Intergovernmental Revenue in the Special Revenue Fund totaling \$19,784.
- Misclassification of Special Assessment receipts resulted in an overstatement of Intergovernmental Revenue and an understatement of Property Tax Revenue totaling \$11,046 in the General Fund.
- Misclassification of Bureau of Workers Compensation refund receipts resulted in an overstatement of Intergovernmental Revenue in the General Fund of \$7,659, an understatement of Intergovernmental Revenue in the Special Revenue Funds of \$5,568, and an understatement of Intergovernmental Revenue in the Enterprise Funds of \$2,091.
- ODOT grant revenue in the amount of \$120,176 was improperly posted in the General Fund; instead of, the Road Fund. Additionally, \$7,684 of ODOT grant revenue was posted to Miscellaneous Revenue; instead of, Intergovernmental Revenue in the Road Fund.
- Misclassification of subsequent year appropriations exceeding estimated receipts resulted in an understatement of Assigned Fund Balance and an overstatement of Unassigned Fund Balance of \$63,783 in the General Fund.
- Principal Retirement in the amount of \$36,959 and Interest Payments in the amount of \$2,560 were improperly posted to the General Government Cash Disbursements in the General Fund.

2020:

- Misclassification of Permissive Tax receipts resulted in an overstatement of Property Tax Revenue and an understatement of Intergovernmental Revenue of \$19,104 in the Special Revenue Fund.
- Misclassification of Homestead and Rollback receipts resulted in an overstatement of Property Taxes and an understatement of Intergovernmental Revenue of \$28,920 in the General Fund and \$14,386 in the Special Revenue Funds.
- Misclassification of Bureau of Workers Compensation refund receipts resulted in an overstatement of Intergovernmental Revenue in the General Fund of \$34,416, overstatement of Miscellaneous Revenue in the Special Revenue Funds of \$1,114, overstatement of Miscellaneous Revenue in the Enterprise Funds of \$ 7,856, understatement of Intergovernmental Revenue in the Special Revenue Funds of \$16,386, and understatement of Intergovernmental Revenue in the Enterprise Funds of \$27,000.
- Misclassification of Income Tax Prior Year Retainer Refund resulted in an overstatement of Income Tax Revenue in the General Fund and an understatement of Refund of Prior Year Expenses in the General Fund of \$18,259.

These errors were caused by a lack of internal controls related to the posting of financial transactions. The financial statements have been adjusted for the above errors.

To help ensure complete and accurate financial reporting, the Fiscal Officer should closely monitor all receipts to ensure amounts are posted to the proper accounts and refer to the Village Officer Handbook when necessary to help ensure proper accounts are being used.

Official's Response: We did not receive a response from Officials to this finding

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF LAKEMORE

SUMMIT 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 2/14/2023

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