

LAWRENCE TOWNSHIP

STARK COUNTY

Regular Audit

For the Years Ended December 31, 2019 and 2018



OHIO AUDITOR OF STATE
KEITH FABER



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Board of Trustees
Lawrence Township
5828 Manchester Avenue NW
North Lawrence, OH 44666

We have reviewed the *Independent Auditor's Report* of Lawrence Township, Stark County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2018 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

September 1, 2020

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Stark County
Regular Audit
For the Years Ended December 31, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

Lawrence Township
Stark County
5828 Manchester Avenue
North Lawrence, Ohio 44666

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lawrence Township, Stark County, Ohio (the Township), as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lawrence Township, Stark County, Ohio, as of December 31, 2019 and 2018, and the respective changes in cash basis financial position and the budgetary comparisons for the General, Police District, Fire District, and Road District funds thereof for the years then ended in accordance with the cash basis of accounting described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinions regarding this matter.

Emphasis of Matter

As discussed in Note 15 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

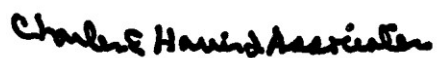
Other Matter

Other Information

We applied no procedures to Management's Discussion & Analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 14, 2020, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
July 14, 2020

Lawrence Township
Stark County
Management's Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

This discussion and analysis of Lawrence Township's (the Township) financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2019, within the limitations of the Township's cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Financial Highlights

Key highlights for 2019 are as follows:

In 2019, net position of the governmental activities increased \$251,612 or 9 percent from the prior year. The fund most affected by an increase in cash and cash equivalents was the Road District fund. The Township's general receipts are primarily property taxes. These receipts represent \$2,230,836 or 66 percent of total cash receipts for governmental activities for the year.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The Statement of Net Position and the Statement of Activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

Lawrence Township
Stark County
Management's Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Township as a Whole

The Statement of Net Position and the Statement of Activities reflect how the Township did financially during 2019, within the limitations of the cash basis of accounting. The Statement of Net Position presents the cash balances and investments of the governmental activities of the Township at year end. The Statement of Activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, these changes can be thought of as a way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position are one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the Statement of Net Position and the Statement of Activities, the Township has one type of activity:

Governmental activities - All of the Township's basic services are reported here, including police, fire, road and zoning. State grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are all governmental in nature.

Lawrence Township
Stark County
Management's Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

Governmental Funds - All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General fund, Police District fund, Fire District fund and the Road District fund. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The Township as a Whole

Table 1 provides a summary of the Township's net position for 2019 compared to 2018 on a cash basis:

(Table 1)
Net Position

	Governmental Activities	
	2019	2018
Assets		
Cash and cash equivalents	\$ 2,973,928	\$ 2,722,316
Net position		
Restricted for:		
Other purposes	1,794,007	1,631,529
Unrestricted	1,179,921	1,090,787
Total net position	\$ 2,973,928	\$ 2,722,316

As mentioned previously, net position of governmental activities increased \$251,612 or 9 percent during 2019.

Lawrence Township
Stark County
Management's Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

Table 2 reflects the changes in net position in 2019 and 2018.

(Table 2)
Changes in Net Position

	Governmental Activities 2019	Governmental Activities 2018
Receipts:		
Program receipts:		
Charges for services and sales	\$ 164,194	\$ 146,840
Operating grants and contributions	652,419	628,866
Total program receipts	<u>816,613</u>	<u>775,706</u>
General receipts:		
Property and other local taxes	2,230,836	2,131,404
Grants and Entitlements Not Restricted	34,441	59,642
Sale of capital assets	172,367	8,450
Cable franchise fees	116,249	118,994
Earnings on investments	4,921	310
Miscellaneous	10,937	29,778
Total general receipts	<u>2,569,751</u>	<u>2,348,578</u>
Total receipts	<u>3,386,364</u>	<u>3,124,284</u>
Disbursements:		
Current:		
General governmnet	266,083	290,457
Public safety	1,740,967	1,681,180
Public works	813,930	813,804
Health	44,679	42,658
Conservation-recreation	9,558	49,772
Capital outlay	259,535	378,190
Total disbursements	<u>3,134,752</u>	<u>3,256,061</u>
Increase (decrease) in net position	251,612	(131,777)
Net position, January 1	2,722,316	2,854,093
Net position, December 31	<u>\$ 2,973,928</u>	<u>\$ 2,722,316</u>

Program receipts represent only 24 percent of total receipts in 2019 and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, and building permits.

Lawrence Township
Stark County
Management's Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

General receipts represent 76 percent of the Township's total receipts, and of this amount, 87 percent are Property Taxes. Miscellaneous receipts, cable franchise fees and local government distributions make up the balance of the Townships general receipts.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of Trustees, the fiscal office, zoning, and maintenance departments. Since these costs do not represent direct services to residents, we try to limit these costs to 15% of General fund unrestricted receipts.

Public Safety is the cost of police and fire protection and Public Works is the cost of maintaining the roads.

Governmental Activities

If you look at the Statements of Activities on page 10, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities in 2019 are for Public Safety, which accounts for 56 percent of all governmental disbursements. The next two columns of the Statement, entitled Program Cash Receipts identify amounts paid by users who are directly charged for the service and grants restricted as to use. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service and identifies dependence upon money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2019	2019	2018	2018
Current:				
General government	\$ 266,083	\$ (118,506)	\$ 290,457	\$ (163,550)
Public safety	1,740,967	(1,383,902)	1,681,180	(1,290,562)
Pulic works	813,930	(502,469)	813,804	(555,873)
Health	44,679	(44,679)	42,658	(42,658)
Conservation-recreation	9,558	(9,148)	49,772	(49,522)
Other	-	100	-	-
Capital Outlay	259,535	(259,535)	378,190	(378,190)
Total expenses	<u>\$ 3,134,752</u>	<u>\$ (2,318,139)</u>	<u>\$ 3,256,061</u>	<u>\$ (2,480,355)</u>

The Township's Funds

In 2019, the Township's funds had receipts of \$3,412,621 and disbursements of \$3,161,009.

Lawrence Township
Stark County
Management's Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2019, the Township amended its General fund budget several times to reflect changing circumstances. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements were budgeted at \$434,327 while actual disbursements were \$372,654. The Township kept spending very close to budgeted amounts as demonstrated by the minor reported variances.

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2019 the Township's outstanding debt included \$72,746 in leases for equipment.

Current Issues

The challenge for all townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking funding. The Township heavily depends on local taxes and has very little industry to support the tax base.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Cynthia Meismer, Fiscal Officer, 5828 Manchester Ave. NW, North Lawrence, Ohio 44666.

Lawrence Township
Stark County
Statement of Net Position - Cash Basis
December 31, 2019

	<u>Governmental Activities</u>
Assets	
Equity in pooled cash and cash equivalents	<u>\$ 2,973,928</u>
Total assets	<u>2,973,928</u>
Net Position	
Restricted for:	
Other purposes	1,794,007
Unrestricted	<u>1,179,921</u>
Total net position	<u><u>\$ 2,973,928</u></u>

See accompanying notes to the financial statements.

Lawrence Township
Stark County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2019

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Operating Grants Contributions and Interest	Governmental Activities
Governmental Activities				
Current:				
General government	\$ 266,083	\$ 7,510	\$ 140,067	\$ (118,506)
Public safety	1,740,967	156,274	200,791	(1,383,902)
Public works	813,930	-	311,461	(502,469)
Health	44,679	-	-	(44,679)
Conservation-recreation	9,558	410	-	(9,148)
Other	-	-	100	100
Capital outlay	259,535	-	-	(259,535)
Total governmental activities	\$ 3,134,752	\$ 164,194	\$ 652,419	(2,318,139)

General Receipts

Property taxes levied for:

General purposes	103,809
Public safety	1,544,687
Public works	582,340
Grants and entitlements not restricted to specific programs	34,441
Sale of capital assets	172,367
Cable franchise fees	116,249
Earnings on investment	4,921
Miscellaneous	10,937

Total general receipts 2,569,751

Change in net position 251,612

Net position beginning of year 2,722,316

Net position end of year \$ 2,973,928

See accompanying notes to the financial statements.

Lawrence Township
Stark County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2019

	<u>General</u>	<u>Police District</u>	<u>Fire District</u>	<u>Road District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Equity in pooled cash and cash equivalents	\$ 1,179,921	\$ 463,463	\$ 352,252	\$ 200,664	\$ 777,628	\$ 2,973,928
Total assets	1,179,921	463,463	352,252	200,664	777,628	2,973,928
Fund Balances						
Restricted	-	463,463	352,252	200,664	777,628	1,794,007
Assigned	119,538	-	-	-	-	119,538
Unassigned	1,060,383	-	-	-	-	1,060,383
Total fund balances	<u>\$ 1,179,921</u>	<u>\$ 463,463</u>	<u>\$ 352,252</u>	<u>\$ 200,664</u>	<u>\$ 777,628</u>	<u>\$ 2,973,928</u>

See accompanying notes to the financial statements.

Lawrence Township
Stark County
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2019

	General	Police District	Fire District	Road District	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and other local taxes	\$ 103,809	\$ 959,223	\$ 585,464	\$ 343,825	\$ 238,515	\$ 2,230,836
Charges for services	-	-	-	-	139,025	139,025
Licenses, permits and fees	123,794	1,612	-	15,637	410	141,453
Fines and forfeitures	6,139	-	-	-	1,225	7,364
Intergovernmental	130,721	145,263	93,188	32,557	267,885	669,614
Special assessments	-	-	-	-	9,747	9,747
Earnings on investments	4,734	-	-	-	187	4,921
Miscellaneous	3,671	2,070	1,623	2,701	972	11,037
Total receipts	372,868	1,108,168	680,275	394,720	657,966	3,213,997
Disbursements						
Current:						
General government	263,598	-	205	-	2,280	266,083
Public safety	-	1,060,945	620,558	-	59,464	1,740,967
Public works	1,200	-	-	389,136	423,594	813,930
Health	44,679	-	-	-	-	44,679
Conservation-recreation	-	-	-	-	9,558	9,558
Capital outlay	14,000	23,917	70,855	5,032	145,731	259,535
Total disbursements	323,477	1,084,862	691,618	394,168	640,627	3,134,752
Excess of receipts over (under) disbursements	49,391	23,306	(11,343)	552	17,339	79,245
Other financing sources (uses)						
Sale of capital assets	66,000	-	21,370	84,997	-	172,367
Transfers in	-	9,355	-	-	16,902	26,257
Transfers out	(26,257)	-	-	-	-	(26,257)
Total other financing sources (uses)	39,743	9,355	21,370	84,997	16,902	172,367
Net change in fund balance	89,134	32,661	10,027	85,549	34,241	251,612
Fund balances beginning of year	1,090,787	430,802	342,225	115,115	743,387	2,722,316
Fund balances end of year	<u>\$ 1,179,921</u>	<u>\$ 463,463</u>	<u>\$ 352,252</u>	<u>\$ 200,664</u>	<u>\$ 777,628</u>	<u>\$ 2,973,928</u>

See accompanying notes to the financial statements.

Lawrence Township
Stark County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and other local taxes	\$ 118,730	\$ 118,730	\$ 103,809	\$ (14,921)
Licenses, permits and fees	102,484	102,484	123,794	21,310
Fines and forfeitures	5,082	5,082	6,139	1,057
Intergovernmental	59,627	59,627	130,721	71,094
Earnings on investments	3,919	3,919	4,734	815
Miscellaneous	3,038	3,038	3,670	632
Total receipts	292,881	292,881	372,867	79,986
Disbursements				
Current:				
General government	340,977	342,777	265,118	77,659
Public works	3,000	3,000	1,200	1,800
Health	46,850	46,850	44,679	2,171
Conservation-recreation	-	-	-	-
Capital outlay	15,000	14,000	14,000	-
Total disbursements	405,827	406,627	324,997	81,630
Excess of receipts under disbursements	(112,946)	(113,746)	47,870	161,616
Other financing sources (uses)				
Sale of capital assets	-	-	66,000	66,000
Transfers out	(20,000)	(27,700)	(47,657)	(19,957)
Total other financing sources (uses)	(20,000)	(27,700)	18,343	46,043
Net change in fund balance	(132,946)	(141,446)	66,213	207,659
Fund balance at beginning of year	1,069,909	1,069,909	1,069,909	-
Prior year encumbrances appropriated	13,527	13,527	13,527	-
Fund balance at end of year	<u>\$ 950,490</u>	<u>\$ 941,990</u>	<u>\$ 1,149,649</u>	<u>\$ 207,659</u>

See accompanying notes to the financial statements.

Lawrence Township
Stark County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Police District
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and other local taxes	\$ 959,222	\$ 959,222	\$ 959,223	\$ 1
Licenses, permits and fees	-	-	1,612	1,612
Intergovernmental	134,217	134,217	145,263	11,046
Miscellaneous	-	-	2,070	2,070
Total receipts	<u>1,093,439</u>	<u>1,093,439</u>	<u>1,108,168</u>	<u>14,729</u>
Disbursements				
Current:				
Public safety	1,160,595	1,134,595	1,068,661	65,934
Capital outlay	56,960	122,960	112,444	10,516
Total disbursements	<u>1,217,555</u>	<u>1,257,555</u>	<u>1,181,105</u>	<u>76,450</u>
Excess of receipts under disbursements	(124,116)	(164,116)	(72,937)	91,179
Other financing sources (uses)				
Transfers in	-	-	9,355	9,355
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>9,355</u>	<u>9,355</u>
Net change in fund balance	(124,116)	(164,116)	(63,582)	100,534
Fund balance at beginning of year	410,749	410,749	410,749	-
Prior year encumbrances appropriated	20,055	20,055	20,055	-
Fund balance at end of year	<u>\$ 306,688</u>	<u>\$ 266,688</u>	<u>\$ 367,222</u>	<u>\$ 100,534</u>

See accompanying notes to the financial statements.

Lawrence Township
Stark County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire District
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and other local taxes	\$ 624,001	\$ 585,464	\$ 585,464	\$ -
Intergovernmental	43,100	74,585	93,188	18,603
Miscellaneous	-	-	1,623	1,623
Total receipts	<u>667,101</u>	<u>660,049</u>	<u>680,275</u>	<u>20,226</u>
Disbursements				
Current:				
General government	-	755	205	550
Public safety	708,559	717,805	623,576	94,229
Capital outlay	76,950	76,950	72,160	4,790
Total disbursements	<u>785,509</u>	<u>795,510</u>	<u>695,941</u>	<u>99,569</u>
Excess of receipts under disbursements	(118,408)	(135,461)	(15,666)	119,795
Other financing sources (uses)				
Sale of capital assets	-	-	21,370	21,370
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>21,370</u>	<u>21,370</u>
Net change in fund balance	(118,408)	(135,461)	5,704	141,165
Fund balance at beginning of year	304,666	304,666	304,666	-
Prior year encumbrances appropriated	<u>37,559</u>	<u>37,559</u>	<u>37,559</u>	<u>-</u>
Fund balance at end of year	<u>\$ 223,817</u>	<u>\$ 206,764</u>	<u>\$ 347,929</u>	<u>\$ 141,165</u>

See accompanying notes to the financial statements.

Lawrence Township
Stark County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road District
For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and other local taxes	\$ 366,618	\$ 343,825	\$ 343,825	\$ -
Licenses, permits and fees	-	-	15,637	15,637
Intergovernmental	25,661	27,536	32,557	5,021
Miscellaneous	-	-	2,701	2,701
Total receipts	<u>392,279</u>	<u>371,361</u>	<u>394,720</u>	<u>23,359</u>
Disbursements				
Current:				
Public works	396,440	403,940	393,000	10,940
Capital outlay	17,500	10,000	5,032	4,968
Total disbursements	<u>413,940</u>	<u>413,940</u>	<u>398,032</u>	<u>15,908</u>
Net change in fund balance	(21,661)	(42,579)	81,685	124,264
Fund balance at beginning of year	111,675	111,675	111,675	-
Prior year encumbrances appropriated	<u>3,440</u>	<u>3,440</u>	<u>3,440</u>	<u>-</u>
Fund balance at end of year	<u>\$ 93,454</u>	<u>\$ 72,536</u>	<u>\$ 196,800</u>	<u>\$ 124,264</u>

See accompanying notes to the financial statements.

Lawrence Township
Stark County
Statement of Fiduciary Net Position - Cash Basis
Fiduciary Fund
December 31, 2019

	<u>Agency</u>
Assets	
Equity in pooled cash and cash equivalents	<u>\$ 2,800</u>
Total assets	<u>2,800</u>
Net Position	
Restricted for:	
Charitable donations	<u>2,800</u>
Total net position	<u><u>\$ 2,800</u></u>

See accompanying notes to the financial statements.

Lawrence Township
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

Lawrence Township, Stark County, Ohio (the Township), is a body politic and corporate established in 1815 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

The reporting entity is comprised solely of the primary government.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general governmental services, including road and bridge, maintenance, zoning services, police and fire protection, and emergency medical services. The Township contracts with the North Lawrence Volunteer Fire Department to provide fire protection and emergency medical services to the southwestern portion of the Township.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in the Basis of Accounting section of this Note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

Lawrence Township
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 2 – Summary of Significant Accounting Policies (continued)

The statement of net position presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Fiduciary funds are reported by type.

B. Fund Accounting

The Township uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the Township are divided into two categories: governmental and fiduciary.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Police District Fund, Fire District Fund, and Road District Fund.

The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

The Road District Fund is used to account for a portion of property tax revenue received and used for the purpose of maintaining Township roads.

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

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

The other governmental funds of the Township account for and report grants and other resources, whose use is restricted to a particular purpose.

Note 2 – Summary of Significant Accounting Policies (continued)

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The Township's fiduciary funds are classified as agency funds. Agency funds are purely custodial in nature and are used to account for assets held by the Township for individuals, other governments, or other organizations. The Township's agency funds account for insurance proceeds in accordance with compliance with building codes and amounts donated to Adopt-a-Family.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriation resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the object level. The legal level of control has been classified so as to set forth separately the amounts appropriated for each fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

Note 2 – Summary of Significant Accounting Policies (continued)

E. Cash and Investments

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements and sales if investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2019 were \$4,734.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Township has no restricted assets.

G. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's cash basis of accounting.

J. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor capital outlay expenditure are reported at inception. Lease payments are reported when paid.

Note 2 – Summary of Significant Accounting Policies (continued)

M. Net Position

Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for special revenue funds.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position are available.

N. Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact.

Restricted Fund balance is reported as 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 The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Township Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not 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. State Statute authorizes the Township Clerk to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the General Fund.

Note 2 – Summary of Significant Accounting Policies (continued)

N. Fund Balance (continued)

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

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

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statements of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General fund, Police District fund, Fire District fund, and Road District fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are (1) outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as assigned or restricted fund balance (cash basis) and (2) a perspective difference for the Zoning fund which is presented in the General fund on the financial statements, but budgeted separately. The encumbrances outstanding at year end (budgetary basis) amounted to \$1,520 for the General fund; \$96,241 for the Police Fund; \$4,323 for the Fire Fund; and \$3,864 for the Road District Fund. The perspective difference in the General fund is (\$28,752) net change in fund balance.

Note 4 – Deposits and Investments

State statues classify monies held by the Township into three categories.

Active deposits are public deposits necessary to meet demands on the treasury. Such monies must be maintained either as cash in the Township's Treasury, in commercial accounts payable or withdrawable on demand money market deposit accounts.

Inactive deposits are public deposits that the Township has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposits accounts including, but not limited to passbook accounts.

Interim deposits are deposits of interim monies. Interim monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Lawrence Township
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 4 – Deposits and Investments (continued)

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes in an amount not to exceed 25% of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Deposits

At year-end, the carrying amount of the Township's deposits was \$2,976,728 and the bank balance was \$3,015,620.

Custodial Credit Risk

Custodial Credit Risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned. The Township's policy is to place deposits with major local banks approved by the Board. Multiple financial institution collateral pools that insure public deposits must maintain collateral in excess of 105 percent of deposits, as permitted by Chapter 135 of the Ohio Revised Code. As of year-end, deposits totaling \$276,562 were exposed to custodial risk because they were uninsured and uncollateralized.

Lawrence Township
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 4 – Deposits and Investments (continued)

Investments

State Statute and Board resolutions authorize the Township to invest in obligations of the U.S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository funds, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds and other obligations of this State, and the State Treasurer's investment pool. Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Township and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers, and institutions. Payment for investments may be made only upon delivery of securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The Township has a formal investment policy. The objective of this policy shall be to maintain liquidity and protection of principal while earning investment interest. Safety of principal is the primary objective of the investment program. The Township follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and records all its investments at cost.

At December 31, 2019 the Township had no investments.

Note 5 – Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2019 for real and public utility property taxes represents collections of 2018 taxes.

2019 real property taxes are levied after October 1, 2019, on the assessed values as of January 1, 2019, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2019 real property taxes are collected in and intended to finance 2019. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2019 public utility property taxes which became a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2020 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2019 was \$16.05 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2019 property tax receipts were based are as follows:

Lawrence Township
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 5 – Property Taxes (continued)

Real Property	
Residential and Agriculture	\$180,718,690
Other	\$5,597,690
Public Utility Property	
Personal	\$8,821,080
Total Assessed Value	\$195,137,460

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

Note 6 - Risk Management

The Township 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. 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. OPRM had 774 members as of December 31, 2018 (latest information available).

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

	<u>2018</u>	
Assets		\$15,065,412
Liabilities		<u>(10,734,623)</u>
Members' Equity		<u>\$ 4,330,789</u>

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

The Township pays the State Workers' Compensation System a premium based on a percentage of employee salaries. This rate is based on accident history and administrative costs.

Note 7– Defined Benefit Pension Plan

Ohio Public Employees Retirement System

Plan Description – Township employees participate in the Ohio Public Employees Retirement System (OPERS) which administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members may elect the Member-Directed Plan and the Combined Plan, substantially all members are in the OPERS’ Traditional Plan; therefore, the following disclosure focuses on the Traditional Pension Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional and Combined Plans. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <http://www.opers.org/financial/reports.shtml>., by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (800) 222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the Traditional and Combined Plans as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for the additional information, including requirements for reduced and unreduced benefits):

Lawrence Township
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 7– Defined Benefit Pension Plan (continued)

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member’s career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member’s career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a Traditional Plan benefit recipient has received benefits for 12 months, an annual cost-of-living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the Combined Plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2020, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Lawrence Township
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 7– Defined Benefit Pension Plan (continued)

Defined Contribution Plan benefits are established in the plan documents, which may be amended by the Board. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member’s contributions plus or minus the investment gains or losses resulting from the member’s investment selections. Combined Plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-Directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members’ contributions, vested employer contributions and investment gains or losses resulting from the members’ investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local	Public Safety	Law Enforcement
2019 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2019 Actual Contribution Rates			
Employer:			
Pension	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits	0.0	0.0	0.0
Total Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	12.0 %	13.0 %
* This rate is determined by OPERS' Board and has no maximum rate established by ORC.			
** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.			

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Township’s contractually required contribution was \$261,332 for year 2019.

Note 7– Defined Benefit Pension Plan (continued)

Social Security

Some of the Township’s employees contribute 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 Township contributed an amount equal to 6.2 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2019.

Note 8- Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined Plans. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. Please see the Plan Statement in the OPERS CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the OPERS Board of Trustees (OPERS Board) in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml#CAFR>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund post-employment health care through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside to fund OPERS health care plans.

Lawrence Township
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 8 - Postemployment Benefits (continued)

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2019, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was 4.0 percent.

The corresponding contribution for the years ended December 31, 2019, 2018, and 2017 was \$0, \$0, and \$17,013 respectively. The full amount has been contributed for 2017.

Note 9 – Debt

The Township has no long-term debt.

Note 10 – Leases

The Township leases buildings, vehicles and other equipment under non-cancelable leases.

Road	2020	\$55,428
	2021	\$55,428
	2022	\$55,428
	2023	\$55,428
	2024	<u>\$55,428</u>
		\$277,140
Fire	2019	\$36,373
	2020	\$36,373
	2021	<u>\$36,373</u>
		\$109,119

Note 11 – Jointly Governed Organizations

The Stark Council of Governments (Council) is a statutorily created political subdivision of Ohio for the purpose for providing a permanent forum for discussion and study of concerns of the county, cities, villages and townships for development of policies and programs for implementation by one or more of the local governing bodies. The Council is jointly governed among municipalities and townships located in Stark County. Each member's control over the operation of the Council is limited to its representation on the Board which consists of 27 members. The Board exercises total control over Council operations. Complete financial statements may be obtained from the Stark Council of Governments, Canton, Ohio.

Lawrence Township
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 12- Transfers

Following is a summary of transfers in and out for all funds for 2019:

<u>FUND</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund		\$26,257
Police Fund	\$9,355	
Other Governmental Funds	<u>\$16,902</u>	
Total	\$26,257	\$26,257

Transfers are used to move revenues from funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them; to segregate money for anticipated capital projects; or to provide additional resources for current operations or debt service.

Note 13 – Contingent Liabilities

The Township may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, they believe the resolution of these matters will not materially adversely affect the Township's financial condition.

Note 14 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

<u>Fund Balances</u>	<u>General</u>	<u>Police District</u>	<u>Fire District</u>	<u>Road District</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Restricted for						
Road and Bridge	-	-	-	\$ 200,664	\$ 299,845	\$ 500,509
Police	-	\$ 463,463	-	-	26,426	489,889
Fire	-	-	\$ 352,252	-	333,655	685,907
Park	-	-	-	-	117,702	117,702
<i>Total Restricted</i>	-	463,463	352,252	200,664	777,628	1,794,007
Assigned to						
Encumbrances	\$ 1,520	-	-	-	-	1,520
Subsequent Year Appropriations	118,018	-	-	-	-	118,018
<i>Total Assigned</i>	119,538	-	-	-	-	119,538
Unassigned (Deficit)	1,060,383	-	-	-	-	1,060,383
<i>Total Fund Balances</i>	<u>\$ 1,179,921</u>	<u>\$ 463,463</u>	<u>\$ 352,252</u>	<u>\$ 200,664</u>	<u>\$ 777,628</u>	<u>\$2,973,928</u>

Note 15 – Subsequent Event

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

Lawrence Township
Stark County
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

This discussion and analysis of Lawrence Township's (the Township) financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2018, within the limitations of the Township's cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Financial Highlights

Key highlights for 2018 are as follows:

In 2018, net position of the governmental activities decreased \$131,777 or 5 percent from the prior year. The fund most affected by a decrease in cash and cash equivalents was the Fire District fund. The Township's general receipts are primarily property taxes. These receipts represent \$2,131,404 or 68 percent of total cash receipts for governmental activities for the year.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The Statement of Net Position and the Statement of Activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

Lawrence Township
Stark County
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Township as a Whole

The Statement of Net Position and the Statement of Activities reflect how the Township did financially during 2018, within the limitations of the cash basis of accounting. The Statement of Net Position presents the cash balances and investments of the governmental activities of the Township at year end. The Statement of Activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, these changes can be thought of as a way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position are one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the Statement of Net Position and the Statement of Activities, the Township has one type of activity:

Governmental activities - All of the Township's basic services are reported here, including police, fire, road and zoning. State grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are all governmental in nature.

Lawrence Township
Stark County
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

Governmental Funds - All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General fund, Police District fund, Fire District fund and the Road District fund. The programs reported in the governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The Township as a Whole

Table 1 provides a summary of the Township's net position for 2018 compared to 2017 on a cash basis:

(Table 1)
Net Position

	Governmental Activities	
	2018	2017
Assets		
Cash and cash equivalents	\$ 2,722,316	\$ 2,854,093
Net position		
Restricted for:		
Other purposes	1,631,529	1,722,415
Unrestricted	1,090,787	1,131,678
Total net position	\$ 2,722,316	\$ 2,854,093

As mentioned previously, net position of governmental activities decreased \$131,777 or 5 percent during 2018.

Lawrence Township
Stark County
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

Table 2 reflects the changes in net position in 2018 and 2017.

(Table 2)
Changes in Net Position

	Governmental Activities 2018	Governmental Activities 2017
Receipts:		
Program receipts:		
Charges for services and sales	\$ 146,840	\$ 180,534
Operating grants and contributions	628,866	489,139
Total program receipts	<u>775,706</u>	<u>669,673</u>
General receipts:		
Property and other local taxes	2,131,404	2,073,334
Grants and Entitlements Not Restricted	59,642	318,838
Sale of capital assets	8,450	83,725
Cable franchise fees	118,994	116,735
Earnings on investments	310	461
Miscellaneous	29,778	5,356
Total general receipts	<u>2,348,578</u>	<u>2,598,449</u>
Total receipts	<u>3,124,284</u>	<u>3,268,122</u>
Disbursements:		
Current:		
General governmnet	290,457	252,804
Public safety	1,681,180	1,583,771
Public works	813,804	655,680
Health	42,658	22,718
Conservation-recreation	49,772	42,727
Capital outlay	378,190	477,935
Total disbursements	<u>3,256,061</u>	<u>3,035,635</u>
Increase (decrease) in net position	(131,777)	232,487
Net position, January 1	2,854,093	2,621,606
Net position, December 31	<u>\$ 2,722,316</u>	<u>\$ 2,854,093</u>

Program receipts represent only 25 percent of total receipts in 2018 and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, and building permits.

Lawrence Township
Stark County
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

General receipts represent 75 percent of the Township's total receipts, and of this amount, 91 percent are Property Taxes. Miscellaneous receipts, cable franchise fees and local government distributions make up the balance of the Townships general receipts.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of Trustees, the fiscal office, zoning, and maintenance departments. Since these costs do not represent direct services to residents, we try to limit these costs to 15% of General fund unrestricted receipts.

Public Safety is the cost of police and fire protection and Public Works is the cost of maintaining the roads.

Governmental Activities

If you look at the Statements of Activities on page 41, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities in 2018 are for Public Safety, which accounts for 52 percent of all governmental disbursements. The next two columns of the Statement, entitled Program Cash Receipts identify amounts paid by users who are directly charged for the service and grants restricted as to use. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service and identifies dependence upon money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2018	2018	2017	2017
Current:				
General government	\$ 290,457	\$ (163,550)	\$ 252,804	\$ (165,966)
Public safety	1,681,180	(1,290,562)	1,583,771	(1,221,836)
Pulic works	813,804	(555,873)	655,680	(451,913)
Health	42,658	(42,658)	42,727	(42,727)
Conservation-recreation	49,772	(49,522)	22,718	(5,585)
Capital Outlay	378,190	(378,190)	477,935	(477,935)
Total expenses	<u>\$ 3,256,061</u>	<u>\$ (2,480,355)</u>	<u>\$ 3,035,635</u>	<u>\$ (2,365,962)</u>

The Township's Funds

In 2018, the Township's funds had receipts of \$3,154,243 and disbursements of \$3,286,020.

Lawrence Township
Stark County
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2018, the Township amended its General fund budget several times to reflect changing circumstances. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements were budgeted at \$453,612 while actual disbursements were \$400,574. The Township kept spending very close to budgeted amounts as demonstrated by the minor reported variances.

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2018 the Township's outstanding debt included \$109,119 in leases for equipment.

Current Issues

The challenge for all townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking funding. The Township heavily depends on local taxes and has very little industry to support the tax base.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Cynthia Meismer, Fiscal Officer, 5828 Manchester Ave. NW, North Lawrence, Ohio 44666.

Lawrence Township
Stark County
Statement of Net Position - Cash Basis
December 31, 2018

	<u>Governmental Activities</u>
Assets	
Equity in pooled cash and cash equivalents	<u>\$ 2,722,316</u>
Total assets	<u>2,722,316</u>
Net Position	
Restricted for:	
Other purposes	1,631,529
Unrestricted	<u>1,090,787</u>
Total net position	<u><u>\$ 2,722,316</u></u>

See accompanying notes to the financial statements.

Lawrence Township
Stark County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2018

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Operating Grants Contributions and Interest	Governmental Activities
Governmental Activities				
Current:				
General government	\$ 290,457	\$ 8,832	\$ 118,075	\$ (163,550)
Public safety	1,681,180	125,642	264,976	(1,290,562)
Public works	813,804	12,116	245,815	(555,873)
Health	42,658	-	-	(42,658)
Conservation-recreation	49,772	250	-	(49,522)
Capital outlay	378,190	-	-	(378,190)
Total governmental activities	<u>\$ 3,256,061</u>	<u>\$ 146,840</u>	<u>\$ 628,866</u>	<u>(2,480,355)</u>

General Receipts

Property taxes levied for:

General purposes	90,577
Public safety	1,495,509
Public works	545,318
Grants and entitlements not restricted to specific programs	59,642
Sale of capital assets	8,450
Cable franchise fees	118,994
Earnings on investment	310
Miscellaneous	29,778
Total general receipts	<u>2,348,578</u>
Change in net position	(131,777)
Net position beginning of year	<u>2,854,093</u>
Net position end of year	<u>\$ 2,722,316</u>

See accompanying notes to the financial statements.

Lawrence Township
Stark County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2018

	<u>General</u>	<u>Police District</u>	<u>Fire District</u>	<u>Road District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Equity in pooled cash and cash equivalents	\$ 1,090,787	\$ 430,802	\$ 342,225	\$ 115,115	\$ 743,387	\$ 2,722,316
Total assets	1,090,787	430,802	342,225	115,115	743,387	2,722,316
Fund Balances						
Restricted	-	430,802	342,225	115,115	743,387	1,631,529
Assigned	141,446	-	-	-	-	141,446
Unassigned	949,341	-	-	-	-	949,341
Total fund balances	<u>\$ 1,090,787</u>	<u>\$ 430,802</u>	<u>\$ 342,225</u>	<u>\$ 115,115</u>	<u>\$ 743,387</u>	<u>\$ 2,722,316</u>

See accompanying notes to the financial statements.

Lawrence Township
Stark County
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2018

	General	Police District	Fire District	Road District	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and other local taxes	\$ 90,577	\$ 920,595	\$ 574,914	\$ 337,452	\$ 207,866	\$ 2,131,404
Charges for services	-	-	-	-	116,287	116,287
Licenses, permits and fees	127,826	-	-	12,116	-	139,942
Fines and forfeitures	9,355	643	-	-	3,005	13,003
Intergovernmental	123,200	152,174	125,829	29,894	245,940	677,037
Special assessments	-	-	-	-	10,459	10,459
Earnings on investments	265	-	-	-	45	310
Miscellaneous	3,473	9,155	8,192	6,324	249	27,393
Total receipts	354,696	1,082,567	708,935	385,786	583,851	3,115,835
Disbursements						
Current:						
General government	290,186	-	-	-	271	290,457
Public safety	-	1,046,215	562,145	-	72,821	1,681,181
Public works	-	-	-	380,335	433,469	813,804
Health	42,658	-	-	-	-	42,658
Conservation-recreation	32,785	-	-	-	16,987	49,772
Capital outlay	-	67,990	214,006	5,531	90,663	378,190
Total disbursements	365,629	1,114,205	776,151	385,866	614,211	3,256,062
Excess of receipts over (under) disbursements	(10,933)	(31,638)	(67,216)	(80)	(30,360)	(140,227)
Other financing sources (uses)						
Sale of capital assets	-	8,450	-	-	-	8,450
Transfers in	-	8,958	-	-	21,000	29,958
Transfers out	(29,958)	-	-	-	-	(29,958)
Total other financing sources (uses)	(29,958)	17,408	-	-	21,000	8,450
Net change in fund balance	(40,891)	(14,230)	(67,216)	(80)	(9,360)	(131,777)
Fund balances beginning of year	1,131,678	445,032	409,441	115,195	752,747	2,854,093
Fund balances end of year	<u>\$ 1,090,787</u>	<u>\$ 430,802</u>	<u>\$ 342,225</u>	<u>\$ 115,115</u>	<u>\$ 743,387</u>	<u>\$ 2,722,316</u>

See accompanying notes to the financial statements.

Lawrence Township
Stark County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and other local taxes	\$ 103,598	\$ 103,598	\$ 90,577	\$ (13,021)
Licenses, permits and fees	98,648	98,648	118,994	20,346
Fines and forfeitures	7,755	7,755	9,355	1,600
Intergovernmental	56,480	56,480	123,200	66,720
Earnings on investments	220	220	265	45
Miscellaneous	2,684	2,684	3,238	554
Total receipts	269,385	269,385	345,629	76,244
Disbursements				
Current:				
General government	299,362	331,762	277,673	54,089
Health	44,000	44,000	42,658	1,342
Conservation-recreation	37,850	37,850	32,785	5,065
Total disbursements	381,212	413,612	353,116	60,496
Excess of receipts under disbursements	(111,827)	(144,227)	(7,487)	136,740
Other financing sources (uses)				
Transfers out	(40,000)	(40,000)	(47,458)	(7,458)
Total other financing sources (uses)	(40,000)	(40,000)	(47,458)	(7,458)
Net change in fund balance	(151,827)	(184,227)	(54,945)	129,282
Fund balance at beginning of year	1,105,092	1,105,092	1,105,092	-
Prior year encumbrances appropriated	19,762	19,762	19,762	-
Fund balance at end of year	<u>\$ 973,027</u>	<u>\$ 940,627</u>	<u>\$ 1,069,909</u>	<u>\$ 129,282</u>

See accompanying notes to the financial statements.

Lawrence Township
Stark County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Police District
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and other local taxes	\$ 917,527	\$ 917,527	\$ 920,595	\$ 3,068
Fines and forfeitures	-	-	643	643
Intergovernmental	134,422	134,422	152,174	17,752
Miscellaneous	-	-	9,156	9,156
Total receipts	<u>1,051,949</u>	<u>1,051,949</u>	<u>1,082,568</u>	<u>30,619</u>
Disbursements				
Current:				
Public safety	1,158,414	1,158,414	1,059,309	99,105
Capital outlay	56,365	56,365	74,950	(18,585)
Total disbursements	<u>1,214,779</u>	<u>1,214,779</u>	<u>1,134,259</u>	<u>80,520</u>
Excess of receipts under disbursements	(162,830)	(162,830)	(51,691)	111,139
Other financing sources (uses)				
Sale of capital assets	-	-	8,450	8,450
Transfers in	-	-	8,958	8,958
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>17,408</u>	<u>17,408</u>
Net change in fund balance	(162,830)	(162,830)	(34,283)	128,547
Fund balance at beginning of year	396,752	396,752	396,752	-
Prior year encumbrances appropriated	48,280	48,280	48,280	-
Fund balance at end of year	<u>\$ 282,202</u>	<u>\$ 282,202</u>	<u>\$ 410,749</u>	<u>\$ 128,547</u>

See accompanying notes to the financial statements.

Lawrence Township
Stark County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire District
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and other local taxes	\$ 581,743	\$ 649,622	\$ 574,914	\$ (74,708)
Intergovernmental	75,914	46,944	125,829	78,885
Miscellaneous	-	3,056	8,191	5,135
Total receipts	<u>657,657</u>	<u>699,622</u>	<u>708,934</u>	<u>9,312</u>
Disbursements				
Current:				
Public safety	613,777	653,777	592,753	61,024
Capital outlay	<u>203,044</u>	<u>203,044</u>	<u>220,956</u>	<u>(17,912)</u>
Total disbursements	<u>816,821</u>	<u>856,821</u>	<u>813,709</u>	<u>43,112</u>
Net change in fund balance	(159,164)	(157,199)	(104,775)	52,424
Fund balance at beginning of year	321,570	321,570	321,570	-
Prior year encumbrances appropriated	<u>87,871</u>	<u>87,871</u>	<u>87,871</u>	<u>-</u>
Fund balance at end of year	<u>\$ 250,277</u>	<u>\$ 252,242</u>	<u>\$ 304,666</u>	<u>\$ 52,424</u>

See accompanying notes to the financial statements.

Lawrence Township
Stark County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road District
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and other local taxes	\$ 358,242	\$ 336,870	\$ 337,452	\$ 582
Licenses, permits and fees	-	-	12,116	12,116
Intergovernmental	28,640	28,595	29,894	1,299
Miscellaneous	-	-	6,325	6,325
Total receipts	<u>386,882</u>	<u>365,465</u>	<u>385,787</u>	<u>20,322</u>
Disbursements				
Current:				
Public works	381,087	381,087	381,275	(188)
Capital outlay	26,136	26,136	8,032	18,104
Total disbursements	<u>407,223</u>	<u>407,223</u>	<u>389,307</u>	<u>17,916</u>
Net change in fund balance	(20,341)	(41,758)	(3,520)	38,238
Fund balance at beginning of year	109,772	109,772	109,772	-
Prior year encumbrances appropriated	<u>5,423</u>	<u>5,423</u>	<u>5,423</u>	<u>-</u>
Fund balance at end of year	<u>\$ 94,854</u>	<u>\$ 73,437</u>	<u>\$ 111,675</u>	<u>\$ 38,238</u>

See accompanying notes to the financial statements.

Lawrence Township
Stark County
Statement of Fiduciary Net Position - Cash Basis
Fiduciary Fund
December 31, 2018

	<u>Agency</u>
Assets	
Equity in pooled cash and cash equivalents	<u>\$ 2,748</u>
Total assets	<u>2,748</u>
Net Position	
Restricted for:	
Charitable donations	<u>2,748</u>
Total net position	<u>\$ 2,748</u>

See accompanying notes to the financial statements.

Lawrence Township
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

Lawrence Township, Stark County, Ohio (the Township), is a body politic and corporate established in 1815 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

The reporting entity is comprised solely of the primary government.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general governmental services, including road and bridge, maintenance, zoning services, police and fire protection, and emergency medical services. The Township contracts with the North Lawrence Volunteer Fire Department to provide fire protection and emergency medical services to the southwestern portion of the township.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in the Basis of Accounting section of this Note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

Lawrence Township
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

The statement of net position presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Fiduciary funds are reported by type.

B. Fund Accounting

The Township uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the Township are divided into two categories: governmental and fiduciary.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Police District Fund, Fire District Fund, and Road District Fund.

The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

The Road District Fund is used to account for a portion of property tax revenue received and used for the purpose of maintaining Township roads.

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

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

The other governmental funds of the Township account for and report grants and other resources, whose use is restricted to a particular purpose.

Note 2 – Summary of Significant Accounting Policies (continued)

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The Township's fiduciary funds are classified as agency funds. Agency funds are purely custodial in nature and are used to account for assets held by the Township for individuals, other governments, or other organizations. The Township's agency funds account for insurance proceeds in accordance with compliance with building codes and amounts donated to Adopt-a-Family.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriation resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the object level. The legal level of control has been classified so as to set forth separately the amounts appropriated for each fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

Note 2 – Summary of Significant Accounting Policies (continued)

E. Cash and Investments

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements and sales if investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

During 2018, the Township invested in an overnight repurchase agreement. Repurchase agreements (overnight sweep) are valued at cost. The Township's repurchase agreement investment is \$2,819,279 the amount reported by Huntington on December 31, 2018.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2018 were \$265.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Township has no restricted assets.

G. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's cash basis of accounting.

J. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Note 2 – Summary of Significant Accounting Policies (continued)

K. Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor capital outlay expenditure are reported at inception. Lease payments are reported when paid.

M. Net Position

Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for special revenue funds.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position are available.

N. Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact.

Restricted Fund balance is reported as 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 The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Township Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Note 2 – Summary of Significant Accounting Policies (continued)

Assigned Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not 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. State Statute authorizes the Township Clerk to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the General Fund.

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

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

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statements of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General fund, Police District fund, Fire District fund, and Road District fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are (1) outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as assigned or restricted fund balance (cash basis) and (2) a perspective difference for the Zoning fund which is presented in the General fund on the financial statements, but budgeted separately. The encumbrances outstanding at year end (budgetary basis) amounted to \$13,527 for the General fund; \$20,053 for the Police Fund; \$37,559 for the Fire Fund; and \$3,440 for the Road District Fund. The perspective difference in the General fund is (\$7,351) net change in fund balance.

Note 4 – Deposits and Investments

State statutes classify monies held by the Township into three categories.

Active deposits are public deposits necessary to meet demands on the treasury. Such monies must be maintained either as cash in the Township's Treasury, in commercial accounts payable or withdrawable on demand money market deposit accounts.

Inactive deposits are public deposits that the Township has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposits accounts including, but not limited to passbook accounts.

Lawrence Township
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 4 – Deposits and Investments (continued)

Interim deposits are deposits of interim monies. Interim monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes in an amount not to exceed 25% of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Deposits

At year-end, the carrying amount of the Township's deposits was (\$94,215) and the bank balance was \$10,000.

Lawrence Township
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 4 – Deposits and Investments (continued)

Custodial Credit Risk

Custodial Credit Risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned. The Township's policy is to place deposits with major local banks approved by the Board. Multiple financial institution collateral pools that insure public deposits must maintain collateral in excess of 105 percent of deposits, as permitted by Chapter 135 of the Ohio Revised Code. As of year-end, no deposits were exposed to custodial risk.

Investments

State Statute and Board resolutions authorize the Township to invest in obligations of the U.S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository funds, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds and other obligations of this State, and the State Treasurer's investment pool. Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Township and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers, and institutions. Payment for investments may be made only upon delivery of securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The Township has a formal investment policy. The objective of this policy shall be to maintain liquidity and protection of principal while earning investment interest. Safety of principal is the primary objective of the investment program. The Township follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and records all its investments at cost.

Interest Rate Risk

As a means of limiting its exposure to fair value of losses caused by rising interest rates, the Township's investment policy requires those funds which are not operation reserve funds to be invested in investments with a maximum term of one year or the Township's operating cycle. For investments of the Township's operating reserve funds, the maximum term can be up to three years. The intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Township has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

Generally, the Township places no limit on the amount it may invest in any one insurer. The Township's deposits in financial institutions represent 100 percent of its deposits.

Lawrence Township
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 4 – Deposits and Investments (continued)

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, “Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee.”

At December 31, 2018, the Township had \$2,819,279 invested in a sweep account (repurchase agreement) with an average maturity of 1 day.

Note 5 – Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2018 for real and public utility property taxes represents collections of 2017 taxes.

2018 real property taxes are levied after October 1, 2018, on the assessed values as of January 1, 2018, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2018 real property taxes are collected in and intended to finance 2018. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2018 public utility property taxes which became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2018 was \$16.05 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2018 property tax receipts were based are as follows:

Real Property	
Residential and Agriculture	\$157,340,990
Other	\$4,707,130
Public Utility Property	
Personal	\$8,056,260
Total Assessed Value	<u>\$170,104,380</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

Lawrence Township
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 6 - Risk Management

The Township 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, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. 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. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017 (latest information available).

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 equity at December 31, 2017.

	<u>2017</u>
Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</u>

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

The Township pays the State Workers' Compensation System a premium based on a percentage of employee salaries. This rate is based on accident history and administrative costs.

Note 7– Defined Benefit Pension Plan

Ohio Public Employees Retirement System

Plan Description – Township employees participate in the Ohio Public Employees Retirement System (OPERS) which administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members may elect the Member-Directed Plan and the Combined Plan, substantially all members are in the OPERS' Traditional Plan; therefore, the following disclosure focuses on the Traditional Pension Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional and Combined Plans. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about OPERS' fiduciary net position that may be obtained by visiting <http://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (800) 222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the Traditional and Combined Plans as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for the additional information, including requirements for reduced and unreduced benefits):

Lawrence Township
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 7– Defined Benefit Pension Plan (continued)

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements:	Age and Service Requirements:	Age and Service Requirements:
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula:	Formula:	Formula:
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements:	Age and Service Requirements:	Age and Service Requirements:
Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements:	Age and Service Requirements:	Age and Service Requirements:
Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula:	Formula:	Formula:
2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member’s career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member’s career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a Traditional Plan benefit recipient has received benefits for 12 months, an annual cost-of-living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the Combined Plan receive a cost-of-living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Lawrence Township
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 7– Defined Benefit Pension Plan (continued)

Defined Contribution Plan benefits are established in the plan documents, which may be amended by the Board. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member’s contributions plus or minus the investment gains or losses resulting from the member’s investment selections. Combined Plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-Directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members’ contributions, vested employer contributions and investment gains or losses resulting from the members’ investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local	Public Safety	Law Enforcement
2018 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2018 Actual Contribution Rates			
Employer:			
Pension	14.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits	0.0	0.0	0.0
Total Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	12.0 %	13.0 %
* This rate is determined by OPERS' Board and has no maximum rate established by ORC.			
** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.			

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Township’s contractually required contribution was \$251,643 for year 2018.

Note 7– Defined Benefit Pension Plan (continued)

Social Security

Some of the Township’s employees contribute 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 Township contributed an amount equal to 6.2 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2018.

Note 8- Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined Plans. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. Please see the Plan Statement in the OPERS CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the OPERS Board of Trustees (OPERS Board) in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml#CAFR>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund post-employment health care through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside to fund OPERS health care plans.

Lawrence Township
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 8- Postemployment Benefits (continued)

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2018, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

Substantially all of the Township's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2018, 2017, and 2016 was \$0, \$17,013, and \$31,743 respectively. The full amount has been contributed for all three years.

Note 9 – Debt

The Township has no long-term debt.

Note 10 – Leases

The Township leases buildings, vehicles and other equipment under non- cancelable leases.

Road	2018	<u>\$38,946</u>
		\$38,946
Fire	2018	\$36,373
	2019	\$36,373
	2020	\$36,373
	2021	<u>\$36,373</u>
		\$45,192

Note 11 – Jointly Governed Organizations

The Stark Council of Governments (Council) is a statutorily created political subdivision of Ohio for the purpose for providing a permanent forum for discussion and study of concerns of the county, cities, villages and townships for development of policies and programs for implementation by one or more of the local governing bodies. The Council is jointly governed among municipalities and townships located in Stark County. Each member's control over the operation of the Council is limited to its representation on the Board which consists of 27 members. The Board exercises total control over Council operations. Complete financial statements may be obtained from the Stark Council of Governments, Canton, Ohio.

Lawrence Township
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 12 - Transfers

Following is a summary of transfers in and out for all funds for 2018:

<u>FUND</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund		\$29,958
Police Fund	\$8,958	
Other Governmental Funds	<u>21,000</u>	
Total	\$29,958	\$29,958

Transfers are used to move revenues from funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them; to segregate money for anticipated capital projects; or to provide additional resources for current operations or debt service.

Note 13 – Contingent Liabilities

The Township may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, they believe the resolution of these matters will not materially adversely affect the Township's financial condition.

Note 14 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

<u>Fund Balances</u>	<u>General</u>	<u>Police District</u>	<u>Fire District</u>	<u>Road District</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Restricted for						
Road and Bridge	-	-	-	\$ 115,115	\$ 284,117	\$ 399,232
Police	-	\$ 430,802	-	-	50,483	481,285
Fire	-	-	\$ 342,225	-	297,515	639,740
Park	-	-	-	-	111,272	111,272
<i>Total Restricted</i>	<u>-</u>	<u>430,802</u>	<u>342,225</u>	<u>115,115</u>	<u>743,387</u>	<u>1,631,529</u>
Assigned to						
Encumbrances	\$ 13,527	-	-	-	-	13,527
Subsequent Year Appropriations	127,919	-	-	-	-	127,919
<i>Total Assigned</i>	141,446	-	-	-	-	141,446
Unassigned (Deficit)	949,341	-	-	-	-	949,341
<i>Total Fund Balances</i>	<u>\$ 1,090,787</u>	<u>\$ 430,802</u>	<u>\$ 342,225</u>	<u>\$ 115,115</u>	<u>\$ 743,387</u>	<u>\$ 2,722,316</u>

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

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

Lawrence Township
Stark County
5828 Manchester Avenue
North Lawrence, Ohio 44666

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 cash basis financial statements of the governmental activities, each major fund, and the remaining aggregate fund information of Lawrence Township, Stark County (the Township) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated July 14, 2020, wherein we noted the Township uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all 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 2019-001 to be a material weakness.

Compliance and Other Matters

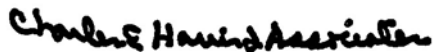
As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial 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*.

Township's Response to Finding

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

Purpose of this Report

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



Charles E. Harris and Associates, Inc.
July 14, 2020

**LAWRENCE TOWNSHIP
STARK COUNTY**

**SCHEDULE OF FINDINGS
December 31, 2019 and 2018**

Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS
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Finding Number: 2019-001 – Material Weakness

Audit Adjustments and Reclassifications

During 2019 and 2018, errors were noted in the Township’s financial statements that required audit adjustments and reclassifications, the most significant of which are as follows:

- Grant receipt classified as Miscellaneous instead of Intergovernmental receipt.
- In 2018, budgetary disbursements for the major funds did not include encumbrances.
- In the General Fund, fund balance was reclassified as Assigned for subsequent year appropriations and encumbrances.
- The Zoning fund was reclassified into the General Fund per GASB 54 requirements.
- Intrafund transfers from the General Fund to various funds that are “rolled up” into the General Fund on the financial statements needed to be eliminated.
- In 2018, General receipts for property taxes had to be broken out by category of property taxes on the Statement of Activities.
- Changes were made to various footnotes to comply with cash basis requirements.

Other various immaterial posting errors were noted and communicated to management as well. The accompanying financial statements and the Township’s records have been adjusted to properly reflect these transactions.

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

Management’s Response: See Corrective Action Plan on page 69.

Lawrence Township
Stark County

Summary Schedule of Prior Audit Findings
(Prepared by Management)
December 31, 2019 and 2018

Finding Number	Finding Summary	Status	Additional Information
2017-001	Audit Adjustments and Reclassifications	Not Corrected	See Corrective Action Plan

**LAWRENCE TOWNSHIP
STARK COUNTY**

CORRECTIVE ACTION PLAN
(Prepared by Management)
December 31, 2019 and 2018

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2019-001	Incorrect classifications will be reclassified. zoning transfers will be eliminated from the report Prior year encumbrances weren't separated from 2019 appropriations of the conversion from UAN to OTAS.	Immediately	Cynthia Meismer, Fiscal Officer

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OHIO AUDITOR OF STATE KEITH FABER



LAWRENCE TOWNSHIP

STARK COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/15/2020

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