

LAWRENCE TOWNSHIP

STARK COUNTY

Audit Report

For the Years Ended December 31, 2017 and 2016





Dave Yost • Auditor of State

Board of Township Trustees
Lawrence Township
5828 Manchester Ave NW
North Lawrence, Ohio 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, 2016 through December 31, 2017. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding for Recovery Repaid Under Audit Stanley LETF:

Sixteen cash withdrawals totaling \$23,857.90 were issued from the Township Law Enforcement Trust Fund (LETF) checking account in which the withdrawals were transacted by the (former) Township Police Chief, Paul Stanley, during the period May 24, 2013 to April 23, 2015.

The Township was unable to provide documentation to substantiate the transactions. As a result, the transactions were not in compliance with the Township LETF Policy and were deemed not for a proper public purpose as defined in AOS Bulletin 2003-005 and Ohio Attorney General Opinion 82-006.

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951) provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Auditor of State Bulletin 2003-005 indicates governmental entities may not make expenditures of public monies unless they are for a valid public purpose. The Bulletin indicates that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding For Recovery for public monies illegally expended is hereby issued against Paul Stanley, (former) Township Police Chief in the amount of \$23,857, and in favor of the Lawrence Township Law Enforcement Trust Fund in the amount of \$23,857.

On October 5, 2017, a judge noted full restitution has been paid.

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Board of Township Trustees
Lawrence Township
5828 Manchester Ave NW
North Lawrence, Ohio 44666
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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 black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D" and a long, sweeping tail on the "y".

Dave Yost
Auditor of State

October 24, 2018

Lawrence Township
Stark County
For the Years Ended December 31, 2017 and 2016

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Lawrence Township
Stark County
For the Years Ended December 31, 2017 and 2016

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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 (the Township) as of and for the years ended December 31, 2017 and 2016, 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 the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 2. This responsibility includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating of the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for 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, as of December 31, 2017 and 2016, 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.

Basis of Accounting

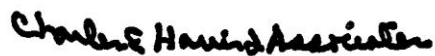
We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. Our opinions are not modified with respect to this matter.

Other Matter

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the Township's basic financial statements. The management's discussion and analysis, as listed in the table of contents, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2018, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
August 31, 2018

Lawrence Township
Stark County
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(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, 2017, 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 2017 are as follows:

In 2017, net position of the governmental activities increased \$232,487 or 9 percent from the prior year. The fund most affected by an increase in cash and cash equivalents was the Fire District fund. The Township's general receipts are primarily property taxes. These receipts represent \$2,598,449 or 80 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, 2017
(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 2017, 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, 2017
(Unaudited)

Governmental Funds - Most 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 2017 compared to 2016 on a cash basis:

(Table 1)
Net Position

	Governmental Activities	
	2017	2016
Assets		
Cash and cash equivalents	\$ 2,854,093	\$ 2,621,606
 Net position		
Restricted for:		
Other purposes	1,722,415	1,475,638
Unrestricted	1,131,678	1,145,968
Total net position	\$ 2,854,093	\$ 2,621,606

As mentioned previously, net position of governmental activities increased \$232,487 or 9 percent during 2017.

Lawrence Township
Stark County
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)

Table 2 reflects the changes in net position in 2017 and 2016.

(Table 2)

Changes in Net Position

	Governmental Activities 2017	Governmental Activities 2016
Receipts:		
Program receipts:		
Charges for services and sales	\$ 180,534	\$ 175,714
Operating grants and contributions	489,139	543,388
Total program receipts	<u>669,673</u>	<u>719,102</u>
General receipts:		
Property and other local taxes	2,073,334	2,040,337
Grants and Entitlements Not Restricted	318,838	318,088
Sale of capital assets	83,725	27,800
Cable franchise fees	116,735	96,471
Earnings on investments	461	1,204
Miscellaneous	5,356	418
Total general receipts	<u>2,598,449</u>	<u>2,484,318</u>
Total receipts	<u>3,268,122</u>	<u>3,203,420</u>
Disbursements:		
Current:		
General government	252,804	250,697
Public safety	1,583,771	1,793,946
Public works	655,680	630,946
Health	42,727	43,268
Conservation-recreation	22,718	35,443
Capital outlay	477,935	379,743
Total disbursements	<u>3,035,635</u>	<u>3,134,043</u>
Increase (decrease) in net position	232,487	69,377
Net position, January 1	2,621,606	2,552,229
Net position, December 31	<u>\$ 2,854,093</u>	<u>\$ 2,621,606</u>

Program receipts represent only 23 percent of total receipts in 2017 and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, and building permits.

General receipts represent 77 percent of the Township's total receipts, and of this amount, 82 percent are Property Taxes. Miscellaneous receipts, cable franchise fees and local government distributions make up the balance of the Townships general receipts.

Lawrence Township
Stark County
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)

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 11, 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 2017 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
	2017	2017	2016	2016
Current:				
General government	\$ 252,804	\$ (165,966)	\$ 250,697	\$ (172,065)
Public safety	1,583,771	(1,221,836)	1,793,946	(1,357,585)
Pulic works	655,680	(451,913)	630,946	(431,748)
Health	42,727	(42,727)	43,268	(43,268)
Conservation-recreation	22,718	(5,585)	35,443	(30,532)
Capital Outlay	477,935	(477,935)	379,743	(379,743)
Total expenses	<u>\$ 3,035,635</u>	<u>\$ (2,365,962)</u>	<u>\$ 3,262,617</u>	<u>\$ (2,543,515)</u>

The Township's Funds

In 2017, the Township's funds had receipts of \$3,268,122 and disbursements of \$3,035,635.

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.

Lawrence Township
Stark County
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(Unaudited)

During 2017, 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 \$416,065 while actual disbursements were \$345,889. 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, 2017 the Township's outstanding debt included \$184,439 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, 2017

	<u>Governmental Activities</u>
Assets	
Equity in pooled cash and cash equivalents	<u>\$ 2,854,093</u>
Total assets	<u>2,854,093</u>
Net Position	
Restricted for:	
Other purposes	1,722,415
Unrestricted	<u>1,131,678</u>
Total net position	<u><u>\$ 2,854,093</u></u>

See accompanying notes to the financial statements.

Lawrence Township
Stark County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2017

	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	\$ 252,804	\$ 10,736	\$ 76,102	\$ (165,966)
Public safety	1,583,771	163,131	198,804	(1,221,836)
Public works	655,680	6,392	197,375	(451,913)
Health	42,727	-	-	(42,727)
Conservation-recreation	22,718	275	16,858	(5,585)
Capital outlay	477,935	-	-	(477,935)
Total governmental activities	<u>\$ 3,035,635</u>	<u>\$ 180,534</u>	<u>\$ 489,139</u>	<u>(2,365,962)</u>

General Receipts

Property taxes levied for:

General purposes	89,009
Public safety	1,471,484
Public works	512,841
Grants and entitlements not restricted to specific programs	318,838
Sale of capital assets	83,725
Cable franchise fees	116,735
Earnings on investment	461
Miscellaneous	5,356

Total general receipts 2,598,449

Change in net position 232,487

Net position beginning of year 2,621,606

Net position end of year \$ 2,854,093

See accompanying notes to the financial statements.

Lawrence Township
Stark County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2017

	<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	\$ 1,131,678	\$ 445,032	\$ 409,441	\$ 115,195	\$ 752,747	\$ 2,854,093
Total assets	1,131,678	445,032	409,441	115,195	752,747	2,854,093
Fund Balances						
Restricted	-	445,032	409,441	115,195	752,747	1,722,415
Assigned	153,418	-	-	-	-	153,418
Unassigned	978,260	-	-	-	-	978,260
Total fund balances	<u>\$ 1,131,678</u>	<u>\$ 445,032</u>	<u>\$ 409,441</u>	<u>\$ 115,195</u>	<u>\$ 752,747</u>	<u>\$ 2,854,093</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, 2017

	General	Police District	Fire District	Road District	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and other local taxes	\$ 89,009	\$ 905,775	\$ 565,709	\$ 308,522	\$ 204,319	\$ 2,073,334
Charges for services	-	-	-	-	120,927	120,927
Licenses, permits and fees	127,471	2,565	-	6,392	-	136,428
Fines and forfeitures	8,958	-	-	-	20,697	29,655
Intergovernmental	92,431	156,334	218,671	62,720	237,942	768,098
Special assessments	-	-	-	-	9,444	9,444
Earnings on investments	461	-	-	-	90	551
Miscellaneous	5,355	16,936	6,492	2,799	14,378	45,960
Total receipts	323,685	1,081,610	790,872	380,433	607,797	3,184,397
Disbursements						
Current:						
General government	252,644	-	-	-	160	252,804
Public safety	-	962,377	562,917	-	58,477	1,583,771
Public works	-	-	-	336,999	318,681	655,680
Health	42,727	-	-	-	-	42,727
Conservation-recreation	5,115	-	-	-	17,603	22,718
Capital outlay	-	80,865	174,046	55,531	167,493	477,935
Total disbursements	300,486	1,043,242	736,963	392,530	562,414	3,035,635
Excess of receipts over (under) disbursements	23,199	38,368	53,909	(12,097)	45,383	148,762
Other financing sources (uses)						
Sale of capital assets	-	2,475	79,550	-	1,700	83,725
Transfers in	-	11,889	-	-	25,600	37,489
Transfers out	(37,489)	-	-	-	-	(37,489)
Total other financing sources (uses)	(37,489)	14,364	79,550	-	27,300	83,725
Net change in fund balance	(14,290)	52,732	133,459	(12,097)	72,683	232,487
Fund balances beginning of year	1,145,968	392,300	275,982	127,292	680,064	2,621,606
Fund balances end of year	<u>\$ 1,131,678</u>	<u>\$ 445,032</u>	<u>\$ 409,441</u>	<u>\$ 115,195</u>	<u>\$ 752,747</u>	<u>\$ 2,854,093</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, 2017

	<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	\$ 102,010	\$ 102,010	\$ 89,009	\$ (13,001)
Licenses, permits and fees	44,453	44,453	116,735	72,282
Fines and forfeitures	3,411	3,411	8,958	5,547
Intergovernmental	58,591	58,591	92,431	33,840
Earnings on investments	176	176	461	285
Miscellaneous	1,960	1,960	5,146	3,186
Total receipts	210,600	210,600	312,740	102,140
Disbursements				
Current:				
General government	307,863	307,863	244,108	63,755
Health	48,500	48,500	43,727	4,773
Conservation-recreation	5,000	29,275	5,565	23,710
Total disbursements	361,363	385,638	293,400	92,238
Excess of receipts under disbursements	(150,763)	(175,038)	19,340	194,378
Other financing sources (uses)				
Transfers out	(30,000)	(45,000)	(52,489)	(7,489)
Total other financing sources (uses)	(30,000)	(45,000)	(52,489)	(7,489)
Net change in fund balance	(180,763)	(220,038)	(33,149)	186,889
Fund balance at beginning of year	1,123,668	1,123,668	1,123,668	-
Prior year encumbrances appropriated	14,573	14,573	14,573	-
Fund balance at end of year	<u>\$ 957,478</u>	<u>\$ 918,203</u>	<u>\$ 1,105,092</u>	<u>\$ 186,889</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, 2017

	<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	\$ 1,037,257	\$ 1,037,257	\$ 905,775	\$ (131,482)
Licenses, permits and fees	-	-	2,565	2,565
Intergovernmental	-	-	156,334	156,334
Miscellaneous	-	-	16,936	16,936
Total receipts	<u>1,037,257</u>	<u>1,037,257</u>	<u>1,081,610</u>	<u>44,353</u>
Disbursements				
Current:				
Public safety	1,184,039	1,184,039	994,292	189,747
Capital outlay	96,869	96,869	97,230	(361)
Total disbursements	<u>1,280,908</u>	<u>1,280,908</u>	<u>1,091,522</u>	<u>189,386</u>
Excess of receipts under disbursements	(243,651)	(243,651)	(9,912)	233,739
Other financing sources (uses)				
Sale of capital assets	-	-	2,475	2,475
Transfers in	-	-	11,889	11,889
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>14,364</u>	<u>14,364</u>
Net change in fund balance	(243,651)	(243,651)	4,452	248,103
Fund balance at beginning of year	288,392	288,392	288,392	-
Prior year encumbrances appropriated	103,908	103,908	103,908	-
Fund balance at end of year	<u>\$ 148,649</u>	<u>\$ 148,649</u>	<u>\$ 396,752</u>	<u>\$ 248,103</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, 2017

	<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	\$ 641,062	\$ 641,062	\$ 565,709	\$ (75,353)
Intergovernmental	94,203	94,203	218,671	124,468
Miscellaneous	2,797	2,797	6,492	3,695
Total receipts	738,062	738,062	790,872	52,810
Disbursements				
Current:				
Public safety	648,771	665,771	602,744	63,027
Capital outlay	219,290	219,290	222,090	(2,800)
Total disbursements	868,061	885,061	824,834	60,227
Excess of receipts under disbursements	(129,999)	(146,999)	(33,962)	113,037
Other financing sources (uses)				
Sale of capital assets	-	-	79,550	79,550
Total other financing sources (uses)	-	-	79,550	79,550
Net change in fund balance	(129,999)	(146,999)	45,588	192,587
Fund balance at beginning of year	118,371	118,371	118,371	-
Prior year encumbrances appropriated	157,611	157,611	157,611	-
Fund balance at end of year	<u>\$ 145,983</u>	<u>\$ 128,983</u>	<u>\$ 321,570</u>	<u>\$ 192,587</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, 2017

	<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	\$ 353,426	\$ 353,426	\$ 308,522	\$ (44,904)
Licenses, permits and fees	-	-	6,392	6,392
Intergovernmental	-	-	62,720	62,720
Miscellaneous	-	-	2,799	2,799
Total receipts	<u>353,426</u>	<u>353,426</u>	<u>380,433</u>	<u>27,007</u>
Disbursements				
Current:				
Public works	373,138	373,138	341,286	31,852
Capital outlay	26,270	26,270	56,667	(30,397)
Total disbursements	<u>399,408</u>	<u>399,408</u>	<u>397,953</u>	<u>1,455</u>
Net change in fund balance	(45,982)	(45,982)	(17,520)	28,462
Fund balance at beginning of year	114,884	114,884	114,884	-
Prior year encumbrances appropriated	12,408	12,408	12,408	-
Fund balance at end of year	<u>\$ 81,310</u>	<u>\$ 81,310</u>	<u>\$ 109,772</u>	<u>\$ 28,462</u>

See accompanying notes to the financial statements.

Lawrence Township
Stark County
Statement of Fiduciary Net Position - Cash Basis
Fiduciary Fund
December 31, 2017

	<u>Agency</u>
Assets	
Equity in pooled cash and cash equivalents	<u>\$ 1,913</u>
Total assets	<u>1,913</u>
Net Position	
Restricted for:	
Charitable donations	<u>1,913</u>
Total net position	<u>\$ 1,913</u>

See accompanying notes to the financial statements.

Lawrence Township
Notes to the Financial Statements
For the Year Ended December 31, 2017

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, 2017

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.

Lawrence Township
Notes to the Financial Statements
For the Year Ended December 31, 2017

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 2017, the Township invested in an overnight repurchase agreement. Repurchase agreements (overnight sweep) are valued at cost. The Township's repurchase agreement investment is \$2,873,043 the amount reported by Huntington on December 31, 2017.

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 2017 were \$461.

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. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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 \$19,762 for the General fund; \$48,280 for the Police Fund; \$87,871 for the Fire Fund; and \$5,423 for the Road District Fund. The perspective difference in the General fund is (\$903) 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, 2017

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 for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Deposits

At year-end, the carrying amount of the Township's deposits was (\$17,037) and the bank balance was \$10,210.

Lawrence Township
Notes to the Financial Statements
For the Year Ended December 31, 2017

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, deposits totaling \$10,210 were covered by Federal Depository Insurance.

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, 2017

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, 2017, the Township had \$2,873,043 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 2017 for real and public utility property taxes represents collections of 2016 taxes.

2017 real property taxes are levied after October 1, 2017, on the assessed values as of January 1, 2017, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2017 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. 2017 public utility property taxes which became a lien December 31, 2016, are levied after October 1, 2017, and are collected in 2018 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2017 was \$16.05 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2017 property tax receipts were based are as follows:

Real Property	
Residential and Agriculture	\$155,697,140
Other	\$4,874,080
Public Utility Property	
Personal	\$7,046,500
Total Assessed Value	<u>\$167,617,720</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, 2017

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. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 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. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

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, 2016 (latest information available).

	<u>2016</u>
Assets	\$14,765,712
Liabilities	<u>(9,531,506)</u>
Members' Equity	<u>\$ 5,234,206</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). OPERS 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 (e.g. Township employees) may elect the member-directed plan and the combined plan, substantially all employee members are in 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 plan. Authority to establish and amend benefits is provided by 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 <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 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 plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Lawrence Township
Notes to the Financial Statements
For the Year Ended December 31, 2017

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 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. 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, 2017

Note 7– Defined Benefit Pension Plan (continued)

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

	State and Local	Public Safety	Law Enforcement
2017 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2017 Actual Contribution Rates			
Employer:			
Pension	13.0 %	17.1 %	17.1 %
Post-employment Health Care Benefits	1.0	1.0	1.0
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 \$238,180 for year 2017.

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.

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. 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. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

Lawrence Township
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 8- Postemployment Benefits (continued)

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty 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 45. See OPERS' CAFR referenced below for additional information.

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 Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 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 postemployment 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.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, 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. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016, and was 1.0 percent during calendar year 2017. 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 2017 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, 2017, 2016, and 2015 was \$17,013, \$31,743, and \$31,430, respectively. The full amount has been contributed for all three years.

Note 9 – Debt

The Township has no long term debt.

Lawrence Township
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 10 – Leases

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

Road	2017	\$38,946
	2018	<u>\$38,946</u>
		\$77,892

Fire	2017	\$36,373
	2018	\$36,373
	2019	\$36,373
	2020	\$36,373
	2021	<u>\$36,373</u>
		\$181,865

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.

Note 12 - Transfers

Following is a summary of transfers in and out for all funds for 2017:

<u>FUND</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund		\$37,489
Police Fund	\$11,889	
Other Governmental Funds	<u>25,600</u>	
Total	\$37,489	\$37,489

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; to provide additional resources for current operations or debt service; or to return money to the fund from which it was originally provided once a project is completed.

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.

Lawrence Township
Notes to the Financial Statements
For the Year Ended December 31, 2017

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:

Fund Balances	General	Police District	Fire District	Road District	Other Governmental Funds
Restricted for					
Road and Bridge	\$ -	\$ -	\$ -	\$ 115,195	\$ 333,371
Police	-	445,032	-	-	122,845
Fire	-	-	409,441	-	267,304
Park	-	-	-	-	29,227
<i>Total Restricted</i>	<u>-</u>	<u>445,032</u>	<u>409,441</u>	<u>115,195</u>	<u>752,747</u>
Assigned to					
Encumbrances	20,403	-	-	-	-
Subsequent Year Appropriations	133,015	-	-	-	-
<i>Total Assigned</i>	153,418	-	-	-	-
Unassigned (Deficit)	<u>978,260</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Fund Balances</i>	<u>\$ 1,131,678</u>	<u>\$ 445,032</u>	<u>\$ 409,441</u>	<u>\$ 115,195</u>	<u>\$ 752,747</u>

Lawrence Township
Stark County
Management's Discussion and Analysis
For the Year Ended December 31, 2016
(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, 2016, 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 2016 are as follows:

In 2016, net position of the governmental activities increased \$69,377 or 3 percent from the prior year. The fund most affected by an increase in cash and cash equivalents was the Fire District fund. The Township's general receipts are primarily property taxes. These receipts represent \$2,484,318 or 78 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, 2016
(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 2016, 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, 2016
(Unaudited)

Governmental Funds - Most 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 2016 compared to 2015 on a cash basis:

(Table 1)
Net Position

	Governmental Activities	
	2016	2015
Assets		
Cash and cash equivalents	\$ 2,621,606	\$ 2,552,229
 Net position		
Restricted for:		
Other purposes	1,475,638	1,367,011
Unrestricted	1,145,968	1,185,218
Total net position	\$ 2,621,606	\$ 2,552,229

As mentioned previously, net position of governmental activities increased \$69,377 or 3 percent during 2016.

Lawrence Township
Stark County
Management's Discussion and Analysis
For the Year Ended December 31, 2016
(Unaudited)

Table 2 reflects the changes in net position in 2016 and 2015.

(Table 2)

Changes in Net Position

	Governmental Activities 2016	Governmental Activities 2015
Receipts:		
Program receipts:		
Charges for services and sales	\$ 175,714	\$ 112,761
Operating grants and contributions	543,388	2,424,933
Total program receipts	<u>719,102</u>	<u>2,537,694</u>
General receipts:		
Property and other local taxes	2,040,337	91,762
Grants and Entitlements Not Restricted	318,088	93,043
Sale of capital assets	27,800	-
Cable franchise fees	96,471	-
Earnings on investments	1,204	1,414
Miscellaneous	418	79,471
Total general receipts	<u>2,484,318</u>	<u>265,690</u>
Total receipts	<u>3,203,420</u>	<u>2,803,384</u>
Disbursements:		
Current:		
General governmnet	250,697	238,871
Public safety	1,793,946	1,467,365
Public works	630,946	690,505
Health	43,268	27,337
Conservation-recreation	35,443	42,203
Capital outlay	379,743	250,393
Total disbursements	<u>3,134,043</u>	<u>2,716,674</u>
Increase (decrease) in net position	69,377	86,710
Net position, January 1	2,552,229	2,465,519
Net position, December 31	<u>\$ 2,621,606</u>	<u>\$ 2,552,229</u>

Program receipts represent only 22 percent of total receipts in 2016 and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, and building permits.

General receipts represent 78 percent of the Township's total receipts, and of this amount, 82 percent are Property Taxes. Miscellaneous receipts, cable franchise fees and local government distributions make up the balance of the Townships general receipts.

Lawrence Township
Stark County
Management's Discussion and Analysis
For the Year Ended December 31, 2016
(Unaudited)

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 2016 are for Public Safety, which accounts for 57 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
	2016	2016	2015	2015
Current:				
General government	\$ 250,697	\$ (172,065)	\$ 235,171	\$ (223,805)
Public safety	1,793,946	(1,357,585)	1,467,365	304,539
Pulic works	630,946	(431,748)	690,505	49,387
Health	43,268	(43,268)	42,203	(42,203)
Conservation-recreation	35,443	(30,532)	27,337	(22,685)
Capital Outlay	379,743	(379,743)	250,393	(240,511)
Total expenses	<u>\$ 3,134,043</u>	<u>\$ (2,414,941)</u>	<u>\$ 2,712,974</u>	<u>\$ (175,278)</u>

The Township's Funds

In 2016, the Township's funds had receipts of \$3,203,420 and disbursements of \$3,134,043.

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.

Lawrence Township
Stark County
Management's Discussion and Analysis
For the Year Ended December 31, 2016
(Unaudited)

During 2016, 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 \$406,612 while actual disbursements were \$345,424. 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, 2016 the Township's outstanding debt included \$352,679 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, 2016

	<u>Governmental Activities</u>
Assets	
Equity in pooled cash and cash equivalents	<u>\$ 2,621,606</u>
Total assets	2,621,606
Net Position	
Restricted for:	
Other purposes	1,475,638
Unrestricted	<u>1,145,968</u>
Total net position	<u>\$ 2,621,606</u>

See accompanying notes to the financial statements.

Lawrence Township
Stark County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2016

	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	\$ 250,697	\$ 8,865	\$ 69,767	\$ (172,065)
Public safety	1,793,946	165,447	270,914	(1,357,585)
Public works	630,946	1,277	197,921	(431,748)
Health	43,268	-	-	(43,268)
Conservation-recreation	35,443	125	4,786	(30,532)
Capital outlay	379,743	-	-	(379,743)
Total governmental activities	<u>\$ 3,134,043</u>	<u>\$ 175,714</u>	<u>\$ 543,388</u>	<u>(2,414,941)</u>

General Receipts

Property taxes levied for:

General purposes	87,322
Public safety	1,448,422
Public works	504,593
Grants and entitlements not restricted to specific programs	318,088
Sale of capital assets	27,800
Cable franchise fees	96,471
Earnings on investment	1,204
Miscellaneous	418

Total general receipts 2,484,318

Change in net position 69,377

Net position beginning of year 2,552,229

Net position end of year \$ 2,621,606

See accompanying notes to the financial statements.

Lawrence Township
Stark County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2016

	<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	\$ 1,145,968	\$ 392,300	\$ 275,982	\$ 127,292	\$ 680,064	\$ 2,621,606
Total assets	1,145,968	392,300	275,982	127,292	680,064	2,621,606
Fund Balances						
Restricted	-	392,300	275,982	127,292	680,064	1,475,638
Assigned	220,736	-	-	-	-	220,736
Unassigned	925,232	-	-	-	-	925,232
Total fund balances	<u>\$ 1,145,968</u>	<u>\$ 392,300</u>	<u>\$ 275,982</u>	<u>\$ 127,292</u>	<u>\$ 680,064</u>	<u>\$ 2,621,606</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, 2016

	General	Police District	Fire District	Road District	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and other local taxes	\$ 87,322	\$ 891,593	\$ 556,829	\$ 303,911	\$ 200,682	\$ 2,040,337
Charges for services	-	-	-	-	139,360	139,360
Licenses, permits and fees	105,336	-	-	825	452	106,613
Fines and forfeitures	11,913	-	-	-	3,456	15,369
Intergovernmental	86,546	147,277	76,306	77,674	466,472	854,275
Special assessments	-	-	-	-	9,371	9,371
Earnings on investments	1,204	-	-	-	233	1,437
Miscellaneous	418	1,570	529	4,883	1,458	8,858
Total receipts	292,739	1,040,440	633,664	387,293	821,484	3,175,620
Disbursements						
Current:						
General government	250,562	-	-	-	135	250,697
Public safety	-	924,586	559,292	-	310,068	1,793,946
Public works	-	-	-	323,230	307,716	630,946
Health	43,268	-	-	-	-	43,268
Conservation-recreation	2,495	-	-	-	32,948	35,443
Capital outlay	-	128,297	25,513	55,033	170,900	379,743
Total disbursements	296,325	1,052,883	584,805	378,263	821,767	3,134,043
Excess of receipts over (under) disbursements	(3,586)	(12,443)	48,859	9,030	(283)	41,577
Other financing sources (uses)						
Sale of capital assets	-	800	-	-	27,000	27,800
Transfers in	-	6,760	-	-	35,000	41,760
Transfers out	(41,760)	-	-	-	-	(41,760)
Total other financing sources (uses)	(41,760)	7,560	-	-	62,000	27,800
Net change in fund balance	(45,346)	(4,883)	48,859	9,030	61,717	69,377
Fund balances beginning of year	1,191,314	397,183	227,123	118,262	618,347	2,552,229
Fund balances end of year	<u>\$ 1,145,968</u>	<u>\$ 392,300</u>	<u>\$ 275,982</u>	<u>\$ 127,292</u>	<u>\$ 680,064</u>	<u>\$ 2,621,606</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, 2016

	<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	\$ 101,132	\$ 101,132	\$ 87,322	\$ (13,810)
Licenses, permits and fees	43,848	43,848	96,471	52,623
Fines and forfeitures	5,415	5,415	11,913	6,498
Intergovernmental	56,762	56,762	86,546	29,784
Earnings on investments	547	547	1,204	657
Miscellaneous	190	190	418	228
Total receipts	207,894	207,894	283,874	75,980
Disbursements				
Current:				
General government	295,032	299,032	238,901	60,131
Health	45,000	45,000	44,268	732
Conservation-recreation	2,580	2,580	2,495	85
Total disbursements	342,612	346,612	285,664	60,948
Excess of receipts under disbursements	(134,718)	(138,718)	(1,790)	136,928
Other financing sources (uses)				
Transfers out	(30,000)	(60,000)	(59,760)	240
Total other financing sources (uses)	(30,000)	(60,000)	(59,760)	240
Net change in fund balance	(164,718)	(198,718)	(61,550)	137,168
Fund balance at beginning of year	1,160,246	1,160,246	1,160,246	-
Prior year encumbrances appropriated	24,972	24,972	24,972	-
Fund balance at end of year	<u>\$ 1,020,500</u>	<u>\$ 986,500</u>	<u>\$ 1,123,668</u>	<u>\$ 137,168</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, 2016

	<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	\$ 1,021,129	\$ 1,021,129	\$ 891,593	\$ (129,536)
Intergovernmental	9,895	9,895	147,277	137,382
Miscellaneous	105	105	1,570	1,465
Total receipts	1,031,129	1,031,129	1,040,440	9,311
Disbursements				
Current:				
Public safety	1,100,003	1,100,003	981,625	118,378
Capital outlay	121,000	121,000	175,166	(54,166)
Total disbursements	1,221,003	1,221,003	1,156,791	64,212
Excess of receipts under disbursements	(189,874)	(189,874)	(116,351)	73,523
Other financing sources (uses)				
Sale of capital assets	-	-	800	800
Transfers in	-	-	6,760	6,760
Total other financing sources (uses)	-	-	7,560	7,560
Net change in fund balance	(189,874)	(189,874)	(108,791)	81,083
Fund balance at beginning of year	282,180	282,180	282,180	-
Prior year encumbrances appropriated	115,003	115,003	115,003	-
Fund balance at end of year	<u>\$ 207,309</u>	<u>\$ 207,309</u>	<u>\$ 288,392</u>	<u>\$ 81,083</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, 2016

	<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	\$ 638,590	\$ 638,590	\$ 556,829	\$ (81,761)
Intergovernmental	4,966	4,966	76,306	71,340
Miscellaneous	34	34	529	495
Total receipts	<u>643,590</u>	<u>643,590</u>	<u>633,664</u>	<u>(9,926)</u>
Disbursements				
Current:				
Public safety	643,206	643,206	625,613	17,593
Capital outlay	116,310	116,310	116,803	(493)
Total disbursements	<u>759,516</u>	<u>759,516</u>	<u>742,416</u>	<u>17,100</u>
Net change in fund balance	(115,926)	(115,926)	(108,752)	7,174
Fund balance at beginning of year	116,057	116,057	116,057	-
Prior year encumbrances appropriated	111,066	111,066	111,066	-
Fund balance at end of year	<u>\$ 111,197</u>	<u>\$ 111,197</u>	<u>\$ 118,371</u>	<u>\$ 7,174</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, 2016

	<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	\$ 347,976	\$ 347,976	\$ 303,911	\$ (44,065)
Licenses, permits and fees	20	20	825	805
Intergovernmental	1,863	1,863	77,674	75,811
Miscellaneous	117	117	4,883	4,766
Total receipts	<u>349,976</u>	<u>349,976</u>	<u>387,293</u>	<u>37,317</u>
Disbursements				
Current:				
Public works	373,189	373,189	334,368	38,821
Capital outlay	42,445	42,445	56,303	(13,858)
Total disbursements	<u>415,634</u>	<u>415,634</u>	<u>390,671</u>	<u>24,963</u>
Net change in fund balance	(65,658)	(65,658)	(3,378)	62,280
Fund balance at beginning of year	98,128	98,128	98,128	-
Prior year encumbrances appropriated	20,134	20,134	20,134	-
Fund balance at end of year	<u>\$ 52,604</u>	<u>\$ 52,604</u>	<u>\$ 114,884</u>	<u>\$ 62,280</u>

See accompanying notes to the financial statements.

Lawrence Township
Stark County
Statement of Fiduciary Net Position - Cash Basis
Fiduciary Fund
December 31, 2016

	<u>Agency</u>
Assets	
Equity in pooled cash and cash equivalents	<u>\$ 64</u>
Total assets	64
Net Position	
Restricted for:	
Charitable donations	<u>64</u>
Total net position	<u>\$ 64</u>

See accompanying notes to the financial statements.

Lawrence Township
Notes to the Financial Statements
For the Year Ended December 31, 2016

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, 2016

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 2016, the Township invested in an overnight repurchase agreement. Repurchase agreements (overnight sweep) are valued at cost. The Township's repurchase agreement investment is \$2,640,000 the amount reported by First Merit on December 31, 2016.

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 2016 were \$1,204.

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.

L. 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.

M. 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. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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 \$14,573 for the General fund; \$103,908 for the Police Fund; \$157,611 for the Fire Fund; and \$12,408 for the Road District Fund. The perspective difference in the General fund is \$1,631 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, 2016

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 for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Deposits

At year-end, the carrying amount of the Township's deposits was (\$18,394) and the bank balance was \$13,580.

Lawrence Township
Notes to the Financial Statements
For the Year Ended December 31, 2016

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, deposits totaling \$13,580 were covered by Federal Depository Insurance.

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, 2016

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, 2016, the Township had \$2,640,000 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 2016 for real and public utility property taxes represents collections of 2015 taxes.

2016 real property taxes are levied after October 1, 2016, on the assessed values as of January 1, 2016, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2016 real property taxes are collected in and intended to finance 2017.

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. 2016 public utility property taxes which became a lien December 31, 2017, are levied after October 1, 2016, and are collected in 2017 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2016 was \$16.05 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2016 property tax receipts were based are as follows:

Real Property	
Residential and Agriculture	\$134,962,600
Other	\$4,657,410
Public Utility Property	
Personal	\$6,352,900
Total Assessed Value	<u>\$145,972,910</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, 2016

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. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 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. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

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, 2016.

	<u>2016</u>
Assets	\$14,765,712
Liabilities	<u>(9,531,506)</u>
Members' Equity	<u>\$ 5,234,206</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). OPERS 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 (e.g. Township employees) may elect the member-directed plan and the combined plan, substantially all employee members are in 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 plan. Authority to establish and amend benefits is provided by 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 <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 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 plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Lawrence Township
Notes to the Financial Statements
For the Year Ended December 31, 2016

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 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. 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, 2016

Note 7– Defined Benefit Pension Plan (continued)

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

	State		Public		Law	
	and Local		Safety		Enforcement	
2016 Statutory Maximum Contribution Rates						
Employer	14.0	%	18.1	%	18.1	%
Employee	10.0	%	*		**	
2016 Actual Contribution Rates						
Employer:						
Pension	12.0	%	16.1	%	16.1	%
Post-employment Health Care Benefits	2.0		2.0		2.0	
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 \$222,199 for year 2016.

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.

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. 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. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

Lawrence Township
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 8- Postemployment Benefits (continued)

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty 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 45. See OPERS' CAFR referenced below for additional information.

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 Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 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 postemployment 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.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, 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. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016. 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 2016 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, 2016, 2015, and 2014 was \$31,743, \$31,430, and \$28,259, respectively. The full amount has been contributed for all three years.

Note 9 – Debt

The Township has no long term debt.

Lawrence Township
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 10 – Leases

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

Road	2017	\$38,946	EMS Fund	2016	\$46,461
	2018	<u>\$38,946</u>		2017	<u>\$46,461</u>
		\$77,892			\$92,922

Fire	2017	\$36,373
	2018	\$36,373
	2019	\$36,373
	2020	\$36,373
	2021	<u>\$36,373</u>
		\$181,865

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.

Note 12- Transfers

Following is a summary of transfers in and out for all funds for 2016:

<u>FUND</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund		\$41,760
Police Fund	\$6,760	
Other Governmental Funds	<u>\$35,000</u>	
Total	\$41,760	\$41,760

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; to provide additional resources for current operations or debt service; or to return money to the fund from which it was originally provided once a project is completed.

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.

Lawrence Township
Notes to the Financial Statements
For the Year Ended December 31, 2016

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:

Fund Balances	General	Police District	Fire District	Road District	Other Governmental Funds
Restricted for					
Road and Bridge	\$ -	\$ -	\$ -	\$ 127,292	\$ 303,110
Police	-	392,300	-	-	119,715
Fire	-	-	275,982	-	250,552
Park	-	-	-	-	6,687
<i>Total Restricted</i>	<u>-</u>	<u>392,300</u>	<u>275,982</u>	<u>127,292</u>	<u>680,064</u>
Assigned to					
Encumbrances	15,271	-	-	-	-
Subsequent Year Appropriations	205,465	-	-	-	-
<i>Total Assigned</i>	220,736	-	-	-	-
Unassigned (Deficit)	<u>925,232</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Total Fund Balances</i>	<u>\$ 1,145,968</u>	<u>\$ 392,300</u>	<u>\$ 275,982</u>	<u>\$ 127,292</u>	<u>\$ 680,064</u>

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Cleveland OH 44113-1306
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Fax - (216) 436-2411

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

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *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 of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the 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, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated August 31, 2018, wherein we noted the Township uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control described in the accompanying Schedule of Findings as 2017-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Entity's Response to Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris and Associates, Inc.
August 31, 2018

*Lawrence Township
Stark County
Schedule of Findings
December 31, 2017 and 2016*

Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS

Finding Number: 2017-001 – Material Weakness

Audit Adjustments and Reclassifications

During 2017 and 2016, errors were noted in the Township’s financial statements that required audit adjustments and reclassifications, the most significant of which are as follows:

- The financial statements included expense line items that are not in compliance with standard cash basis reporting for townships.
- Property tax revenue was classified as program receipts instead of general receipts.
- Budgetary comparisons for the major funds did not include amounts appropriated in a prior year.
- 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.
- 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 68.

*Lawrence Township
Stark County
Corrective Action Plan
(Prepared by Management)
December 31, 2017 and 2016*

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2017-001	Management plans to use more care in completing the financial statements in the future and will review all postings prior to filing in the future.	Immediately	Cynthia Meismer, Fiscal Officer



Dave Yost • Auditor of State

LAWRENCE TOWNSHIP

STARK COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
NOVEMBER 8, 2018