



OHIO AUDITOR OF STATE  
**KEITH FABER**





LAWRENCE TOWNSHIP  
TUSCARAWAS COUNTY

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Lawrence Township  
Tuscarawas County  
10867 Industrial Parkway  
Bolivar, Ohio 44612

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Lawrence Township, Tuscarawas County, Ohio (the Township), as of and for the years ended December 31, 2019 and 2018.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Lawrence Township, Tuscarawas County as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(D) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 11 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2020, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

September 11, 2020

LAWRENCE TOWNSHIP, TUSCARAWAS COUNTY  
**Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)**  
**All Governmental Fund Types**  
**For the Year Ended December 31, 2019**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$71,560	\$996,054	\$0	\$0	\$1,067,614
Licenses, Permits and Fees	54,864	5,800	0	0	60,664
Intergovernmental	86,647	229,627	0	0	316,274
Special Assessments	0	3,676	0	0	3,676
Earnings on Investments	2,832	550	0	0	3,382
Miscellaneous	26,220	7,254	0	0	33,474
<i>Total Cash Receipts</i>	<u>242,123</u>	<u>1,242,961</u>	<u>0</u>	<u>0</u>	<u>1,485,084</u>
<b>Cash Disbursements</b>					
Current:					
General Government	183,230	10,540	0	0	193,770
Public Safety	0	615,089	0	0	615,089
Public Works	0	572,450	0	0	572,450
Health	0	9,944	0	0	9,944
Conservation-Recreation	14,691	0	0	0	14,691
Capital Outlay	16,188	13,742	0	0	29,930
<i>Total Cash Disbursements</i>	<u>214,109</u>	<u>1,221,765</u>	<u>0</u>	<u>0</u>	<u>1,435,874</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>28,014</u>	<u>21,196</u>	<u>0</u>	<u>0</u>	<u>49,210</u>
<i>Fund Cash Balances, January 1</i>	<u>\$272,891</u>	<u>\$497,488</u>	<u>\$1,955</u>	<u>\$33,722</u>	<u>\$806,056</u>
<b>Fund Cash Balances, December 31</b>					
Restricted	0	362,690	1,955	33,722	398,367
Committed	0	155,994	0	0	155,994
Assigned	300,905	0	0	0	300,905
<i>Fund Cash Balances, December 31</i>	<u>\$300,905</u>	<u>\$518,684</u>	<u>\$1,955</u>	<u>\$33,722</u>	<u>\$855,266</u>

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

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

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Lawrence Township, Tuscarawas County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Tuscarawas County Sheriff's Department to provide police protection. The Township contracts with the Bolivar Volunteer Fire Department to provide fire and emergency medical services.

***Public Entity Risk Pools and Related Organizations***

The Township participates in a public entity risk pool and is associated with a related organization. Notes 6 and 10 to the financial statements provide additional information for these entities. These organizations are:

Public Entity Risk Pool:

Ohio Township Association Risk Management Authority (OTARMA) – The Township belongs to OTARMA, a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members.

Related Organization:

Lawrence Township Community Improvement Corporation (Corporation) – The Township Board of Trustees act as the Board of Trustees for the Corporation. The Corporation promotes industrial commercial and research and development projects within the Township.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, which are organized on a fund type basis.

***Fund Accounting***

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Fund Accounting (Continued)***

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

Road and Bridge and Road District Funds – These funds receive property tax money for constructing, maintaining, and repairing Township roads and bridges.

Gasoline Tax Fund – This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

Police Fund – This fund receives property tax money to provide for police protection. The Township contracts with the Tuscarawas County Sheriff’s Department to provide this service.

Fire District Funds – These funds receive property tax money to provide for fire and emergency medical services. The Township contracts with the Bolivar Volunteer Fire Department to provide these services.

Motor Vehicle License Tax Fund – The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

Lodging Tax Fund – This fund receives lodging tax money to maintain, improve and promote parks, green space and trails within the park.

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

General Debt Fund – This fund previously received property tax money to pay for debt. As of December 31, 2019, the Township had no reportable outstanding debt balances.

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project funds:

Permanent Improvement Fund – The Township receives funding from the sale of assets. Monies are utilized for capital outlay.

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

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

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

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

***Encumbrances*** The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2019 budgetary activity appears in Note 3.

***Deposits and Investments***

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

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***Capital Assets***

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

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

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Accumulated Leave***

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

***Fund Balance***

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

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

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

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

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

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

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

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

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$232,433	\$242,123	\$9,690
Special Revenue	1,229,813	1,242,961	\$13,148
Total	\$1,462,246	\$1,485,084	\$22,838

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$483,797	\$214,109	\$269,688
Special Revenue	1,658,235	1,221,765	436,470
Debt Service	1,955	0	1,955
Capital Projects	33,722	0	33,722
Total	\$2,177,709	\$1,435,874	\$741,835

**Note 4 – Deposits and Investments**

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

	2019
Demand deposits	\$626,101
STAR Ohio	229,165
Total deposits and investments	\$855,266

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

***Investments***

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

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

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**Note 5 – Property Taxes**

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

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

**Note 6 – Risk Management**

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs, if material.

***Risk Pool Membership***

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2019</u>
Cash and investments	\$35,207,320
Actuarial liabilities	\$10,519,942

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

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**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

All employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2019.

**Note 8 – Postemployment Benefits**

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0.0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

**Note 9 – Health Insurance**

The Board participates in the Tuscarawas County Healthcare Consortium (the “Consortium”), which is a legally separate entity organized under Ohio Revised Code Chapter 167. The Consortium was established on January 1, 2017, formed by certain political subdivisions located within Tuscarawas County, for the purpose of obtaining medical and hospitalization benefits. The Consortium acts as a governmental risk pool for health insurance (including prescription and vision) coverage for its 29 member subdivisions. The Consortium has a Board of Directors consisting of five members. The Fiscal Agent is responsible for administering the financial transactions of the Consortium. For 2019, Tuscarawas County served as Fiscal Agent for the Consortium. Member contributions are used to provide medical, hospitalization, prescription drug and vision insurance benefits as provided for in the Member’s Plan Document and as established by law. The Board of Directors determines, at their discretion, the insurance benefits to be provided by or through the Consortium. Insurance limits, types of claims covered, eligibility for benefits and any deductibles shall be approved by the governing board of each member and shall be described in the Member’s Plan Document. The risk of loss for loss transfers from the member subdivisions to the Consortium upon payment of the monthly premium.

The Consortium’s audited financial statements conform to generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31:

	<u>2018</u>
Assets	\$1,476,422
Liabilities	<u>(\$1,749,147)</u>
Net Position	<u><u>(\$272,725)</u></u>

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

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**Note 9 – Health Insurance (Continued)**

*(Note: At the time of compilation of the note disclosures, the most recent information available was as of December 31, 2018.)*

**Note 10 – Related Organization**

Lawrence Township Community Improvement Corporation (Corporation) – The Corporation is a for profit organization authorized under Chapter 1702 and Chapter 1724 of the Ohio Revised Code. The Township Board of Trustees act as the Board of Trustees for the Corporation. The Corporation promotes industrial, commercial and research and development projects within the Township. The Township did not provide any funding to the Corporation in 2019.

**Note 11 – Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The impact on the Township’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

LAWRENCE TOWNSHIP, TUSCARAWAS COUNTY  
**Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)**  
**All Governmental Fund Types**  
**For the Year Ended December 31, 2018**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$71,052	\$955,414	\$0	\$0	\$1,026,466
Licenses, Permits and Fees	57,654	6,550	0	0	64,204
Intergovernmental	116,911	310,336	0	0	427,247
Special Assessments	0	4,677	0	0	4,677
Earnings on Investments	23	0	0	0	23
Miscellaneous	14,376	9,001	0	0	23,377
<i>Total Cash Receipts</i>	<u>260,016</u>	<u>1,285,978</u>	<u>0</u>	<u>0</u>	<u>1,545,994</u>
<b>Cash Disbursements</b>					
Current:					
General Government	196,862	19,905	0	0	216,767
Public Safety	0	628,875	0	0	628,875
Public Works	525	533,149	0	0	533,674
Health	0	7,250	0	0	7,250
Conservation-Recreation	34,132	61,600	0	0	95,732
Capital Outlay	12,291	91,000	0	14,273	117,564
<i>Total Cash Disbursements</i>	<u>243,810</u>	<u>1,341,779</u>	<u>0</u>	<u>14,273</u>	<u>1,599,862</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>16,206</u>	<u>(55,801)</u>	<u>0</u>	<u>(14,273)</u>	<u>(53,868)</u>
<b>Other Financing Receipts</b>					
Sale of Capital Assets	0	0	0	8,995	8,995
<i>Total Other Financing Receipts</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,995</u>	<u>8,995</u>
<i>Net Change in Fund Cash Balances</i>	16,206	(55,801)	0	(5,278)	(44,873)
<i>Fund Cash Balances, January 1</i>	<u>\$256,685</u>	<u>\$553,289</u>	<u>\$1,955</u>	<u>\$39,000</u>	<u>\$850,929</u>
<b>Fund Cash Balances, December 31</b>					
Restricted	0	328,309	1,955	33,722	363,986
Committed	0	169,179	0	0	169,179
Assigned	272,891	0	0	0	272,891
<i>Fund Cash Balances, December 31</i>	<u><u>\$272,891</u></u>	<u><u>\$497,488</u></u>	<u><u>\$1,955</u></u>	<u><u>\$33,722</u></u>	<u><u>\$806,056</u></u>

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

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

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**Note 1 – Reporting Entity**

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***Public Entity Risk Pools and Related Organizations***

The Township participates in a public entity risk pool and is associated with a related organization. Notes 6 and 10 to the financial statements provide additional information for these entities. These organizations are:

Public Entity Risk Pool:

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Related Organization:

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**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, which are organized on a fund type basis.

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

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Fund Accounting (Continued)***

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

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Lodging Tax Fund – This fund receives lodging tax money to maintain, improve and promote parks, green space and trails within the park.

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

General Debt Fund – This fund previously received property tax money to pay for debt. As of December 31, 2018, the Township had no reportable outstanding debt balances.

***Capital Project Funds*** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project funds:

Permanent Improvement Fund – The Township receives funding from the sale of assets. Monies are utilized for capital outlay.

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

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

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

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

***Encumbrances*** The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2018 budgetary activity appears in Note 3.

***Deposits and Investments***

The Township's accounting basis includes investments as assets.

***Capital Assets***

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

***Accumulated Leave***

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

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

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Fund Balance***

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

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

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

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

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

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

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

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

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$231,411	\$260,016	\$28,605
Special Revenue	1,296,449	1,285,978	(\$10,471)
Capital Projects	0	8,995	8,995
Total	\$1,527,860	\$1,554,989	\$27,129

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$417,440	\$243,810	\$173,630
Special Revenue	1,780,093	1,341,779	438,314
Debt Service	1,955	0	1,955
Capital Projects	39,000	14,273	24,727
Total	\$2,238,488	\$1,599,862	\$638,626

**Note 4 – Deposits**

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

Demand deposits	2018 \$580,273
Other time deposits (savings and NOW accounts)	225,783
Total deposits	\$806,056

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 5 – Property Taxes**

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

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

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**Note 5 – Property Taxes (Continued)**

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

**Note 6 – Risk Management**

***Workers' Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs, if material.

***Risk Pool Membership***

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2018</u>
Cash and investments	\$33,097,416
Actuarial liabilities	\$7,874,610

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

All employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

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

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**Note 8 – Postemployment Benefits**

OPERS offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0.0 percent during calendar year 2018.

**Note 9 – Health Insurance**

The Board participates in the Tuscarawas County Healthcare Consortium (the “Consortium”), which is a legally separate entity organized under Ohio Revised Code Chapter 167. The Consortium was established on January 1, 2017, formed by certain political subdivisions located within Tuscarawas County, for the purpose of obtaining medical and hospitalization benefits. The Consortium acts as a governmental risk pool for health insurance (including prescription and vision) coverage for its 29 member subdivisions. The Consortium has a Board of Directors consisting of five members. The Fiscal Agent is responsible for administering the financial transactions of the Consortium. For 2018, Tuscarawas County served as Fiscal Agent for the Consortium. Member contributions are used to provide medical, hospitalization, prescription drug and vision insurance benefits as provided for in the Member’s Plan Document and as established by law. The Board of Directors determines, at their discretion, the insurance benefits to be provided by or through the Consortium. Insurance limits, types of claims covered, eligibility for benefits and any deductibles shall be approved by the governing board of each member and shall be described in the Member’s Plan Document. The risk of loss for loss transfers from the member subdivisions to the Consortium upon payment of the monthly premium.

The Consortium’s audited financial statements conform to generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31:

	<u>2018</u>
Assets	\$1,476,422
Liabilities	<u>(\$1,749,147)</u>
Net Position	<u><u>(\$272,725)</u></u>

**Note 10 – Related Organization**

Lawrence Township Community Improvement Corporation (Corporation) – The Corporation is a for profit organization authorized under Chapter 1702 and Chapter 1724 of the Ohio Revised Code. The Township Board of Trustees act as the Board of Trustees for the Corporation. The Corporation promotes industrial, commercial and research and development projects within the Township. The Township did not provide any funding to the Corporation in 2018.

**Note 11 – Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township.

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

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**Note 11 – Subsequent Events (Continued)**

The impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**Note 12 – Compliance**

Contrary to Ohio Rev. Code. § 5705.10 River Park Special Revenue Fund receipts, along with related expenditures, were improperly recorded in the General Fund.



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

Lawrence Township  
Tuscarawas County  
10867 Industrial Parkway  
Bolivar, Ohio 44612

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Lawrence Township, Tuscarawas County, Ohio (the Township), as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated September 11, 2020, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(D) permit, and we also noted the potential impact of COVID-19 and the ensuing emergency measures that will impact subsequent periods.

***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider significant deficiencies. We consider Findings 2019-001 and 2019-002 to be significant deficiencies.

***Compliance and Other Matters***

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2019-001.

***Township's Response to Findings***

The Township's responses to the Findings identified in our audit are described in the accompanying Schedule of Findings. We did not subject the Township's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

***Purpose of this Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

September 11, 2020

LAWRENCE TOWNSHIP  
TUSCARAWAS COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018

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

FINDING NUMBER 2019-001

**Noncompliance and Significant Deficiency**

**Ohio Rev. Code § 5705.10(D)** provides in part that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

The Township inappropriately recorded \$61,600 in intergovernmental revenue that related to grant monies received to be used on the River Park - Wilkshire Walking Trail Project in the General Fund in 2018. Given the purpose of the revenue, this should have been recorded in the River Park Special Revenue Fund. Additionally, the Township inappropriately recorded immaterial amounts of \$1,418 and \$2,054 of Road District Fund revenue in the General Fund for fiscal years 2019 and 2018, respectively. Given the purpose of the revenue, this should have been recorded in Road District Fund. Audit adjustments are reflected in the financial statements and in the accounting records correcting the misstatement.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities.

The Township should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

**Official's Response:** As far as the \$61,600 is concerned I paid engineering fees out of the general fund because not enough money in River Park Fund. So, when received grant I replaced \$61,600 in general fund. In hindsight I should have advanced the money from the general fund to the River Park Fund. I will be working towards correcting this and the other errors this year and future years.

FINDING NUMBER 2019-002

**Significant Deficiency**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Board to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Township and the appropriation ledger provides the process by which the Township controls spending, it is therefore necessary the amounts appropriated by the Board are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish the amounts available for expenditures for the Township and the receipts ledger provides the process by which the Township controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

**LAWRENCE TOWNSHIP  
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018  
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2019-002  
(Continued)**

**Significant Deficiency – (Continued)**

The Township did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations and/or amendments thereof approved by Board were not properly posted to the accounting system. Additionally, the approved Certificate of Estimated Resources (and/or amendments thereof) was not posted to the accounting system.

The following table detail these variances for 2019:

<u>Fund</u>	<u>Amount per Final Appropriation Resolution</u>	<u>Amount Posted to the Accounting System</u>	<u>Variance</u>
General	\$483,797	\$508,797	(\$25,000)
Motor Vehicle License Tax	38,238	40,238	(2,000)
Gasoline Tax	200,500	210,500	(10,000)
Road and Bridge	349,093	392,688	(43,595)
Road District	293,867	303,867	(10,000)

The following tables detail these variances for 2018:

<u>Fund</u>	<u>Amount per Amended Certificate</u>	<u>Amount Posted to the Accounting System</u>	<u>Variance</u>
General	\$295,064	\$318,659	(\$23,595)
Road and Bridge	271,595	248,000	\$23,595
Permanent Improvement	0	8,900	(\$8,900)

<u>Fund</u>	<u>Amount per Final Appropriation Resolution</u>	<u>Amount Posted to the Accounting System</u>	<u>Variance</u>
General	\$417,440	\$393,845	\$23,595

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Township should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Board. The Township should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

**Officials' Response:** We did not receive a response from Officials to this finding.

# **LAWRENCE TOWNSHIP**

*TUSCARAWAS COUNTY*

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Matthew S. Ritterbeck  
Trustee

Donald J. Ackerman  
Trustee

Michael Haueter  
Trustee

## **SUMMARY SCHEDULE OF PRIOR AUDIT FINDING**

**DECEMBER 31, 2019 AND 2018**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2017-001	Various financial statement posting errors.	Partially Corrected.	Corrected Mapping. Working toward correcting the rest in current & future years.

John McClellan  
Fiscal Officer

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# OHIO AUDITOR OF STATE KEITH FABER



**LAWRENCE TOWNSHIP**

**TUSCARAWAS COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 9/24/2020**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)