



**LAWRENCE TOWNSHIP
STARK COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001-2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

LAWRENCE TOWNSHIP
STARK COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances All Governmental and Similar Fiduciary Fund Types For the Year Ended December 31, 2001	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances All Governmental and Similar Fiduciary Fund Types For the Year Ended December 31, 2000	4
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	13

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

111 Second Street, NW
Fourth Floor
Canton, Ohio 44702
Telephone 330-438-0617
800-443-9272
Facsimile 330-471-0001
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Lawrence Township
Stark County
158 East Cherry Street
Canal Fulton, Ohio 44614

To the Board of Trustees:

We have audited the accompanying financial statements of Lawrence Township, Stark County, Ohio, (the Township) as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2002 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

January 11, 2002

**LAWRENCE TOWNSHIP
STARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Types				Fiduciary Fund Types	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Local Taxes	\$107,946	\$885,754	\$54,128			\$1,047,828
Intergovernmental	177,957	225,340				403,297
Special Assessments			7,267			7,267
Licenses, Permits, and Fees		9,088				9,088
Fines, Forfeitures, and Penalties	10,818	1,485				12,303
Earnings on Investments	33,608	3,361				36,969
Other	24,048	10,302				34,349
Total Cash Receipts	354,377	1,135,330	61,395	0	0	1,551,101
Cash Disbursements:						
Current:						
General Government	235,930	9,644				245,574
Public Safety	1,917	689,298				691,215
Public Works		430,794				430,794
Miscellaneous		1,079				1,079
Debt Service:						
Redemption of Principal			48,918			48,918
Interest and Fiscal Charges			5,210			5,210
Capital Outlay			9,687	\$11,285		20,972
Total Cash Disbursements	237,847	1,130,815	63,815	11,285	0	1,443,762
Total Cash Receipts Over/(Under) Cash Disbursements	116,530	4,515	(2,420)	(11,285)	0	107,340
Other Financing Receipts/(Disbursements):						
Transfers-In		27,681		350,000		377,681
Advances-In	129,291	156,630	7,811	11,285		305,017
Transfers-Out	(377,681)					(377,681)
Advances-Out	(175,726)	(126,928)	(2,363)			(305,017)
Total Other Financing Receipts/(Disbursements)	(424,116)	57,383	5,448	361,285	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(307,586)	61,898	3,028	350,000		107,340
Fund Cash Balances, January 1,	636,420	304,741	193	0	\$65	941,419
Fund Cash Balances, December 31,	\$328,834	\$366,639	\$3,221	\$350,000	\$65	\$1,048,759
Reserve for Encumbrances, December 31,	\$3,245	\$116,167	\$798	\$0	\$0	\$120,210

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

LAWRENCE TOWNSHIP
STARK COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types			Fiduciary Fund Types	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Expendable Trust	
Cash Receipts:					
Local Taxes	\$92,288	\$844,970	\$34,703		\$971,961
Intergovernmental	171,656	183,308			354,964
Special Assessments		0	6,803		6,803
Licenses, Permits, and Fees		13,551			13,551
Fines, Forfeitures, and Penalties	12,650	2,710			15,360
Earnings on Investments	47,229	5,668			52,897
Other	30,856	33,095			63,951
Total Cash Receipts	354,679	1,083,302	41,506	0	1,479,487
Cash Disbursements:					
Current:					
General Government	209,512	12,907			222,419
Public Safety	2,230	631,430			633,660
Public Works	6,900	404,483			411,383
Conservation - Recreation	3,858				3,858
Miscellaneous		2,881			2,881
Debt Service:					
Redemption of Principal			31,168		31,168
Interest and Fiscal Charges			3,535		3,535
Capital Outlay		71,698	6,610		78,308
Total Cash Disbursements	222,500	1,123,399	41,313	0	1,387,212
Total Cash Receipts Over/(Under) Cash Disbursements	132,179	(40,097)	193	0	92,275
Other Financing Receipts/(Disbursements):					
Proceeds of Notes		53,250			53,250
Transfers-In		20,650			20,650
Advances-In	205,211	202,427	3,745		411,383
Transfers-Out	(20,650)				(20,650)
Advances-Out	(206,172)	(201,466)	(3,745)		(411,383)
Other Sources	218			\$65	283
Other Uses				(104)	(104)
Total Other Financing Receipts/(Disbursements)	(21,393)	74,861	0	(39)	53,429
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	110,786	34,764	193	(39)	145,704
Fund Cash Balances, January 1, 2000	525,634	269,977	0	104	795,715
Fund Cash Balances, December 31,	\$636,420	\$304,741	\$193	\$65	\$941,419
Reserve for Encumbrances, December 31	\$2,566	\$32,236	\$0	\$0	\$34,802

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

**LAWRENCE TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Lawrence Township, Stark County, Ohio, (the Township) is a body corporate and politic established 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 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 accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

The Township invests in an overnight repurchase agreement. Repurchase agreements are valued at cost.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

Police District Fund - This fund receives property tax money and intergovernmental receipts. These funds are used for police services provided by the Township.

**LAWRENCE TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Debt Service Funds

The Debt Service Fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Funds:

General Note Retirement Fund - This fund is used to accumulate resources for the payment of principal and interest on the Township's Fire Department and Road Department notes.

4. Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant Capital Projects Fund:

Capital Reserve Fund - This fund was established in fiscal year 2001 for the purpose of setting aside funds to purchase land and construct a new building.

5. Fiduciary Funds (Trust Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. The Township's only Fiduciary Fund is the Expendable Trust Fund which is used to account for stale dated checks.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

**LAWRENCE TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

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

A summary of 2001 and 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2001</u>	<u>2000</u>
Demand deposits	(\$11,241)	(\$18,581)
Overnight repurchase agreement	<u>1,060,000</u>	<u>960,000</u>
Total deposits and investments	<u><u>\$1,048,759</u></u>	<u><u>\$941,419</u></u>

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

Investments: The repurchase agreement is an overnight sweep account reported at cost.

**LAWRENCE TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending 2001 and 2000 was as follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$476,746	\$483,668	\$6,922
Special Revenue	1,317,910	1,319,641	1,731
Debt Service	69,206	69,206	0
Capital Project	361,285	361,285	0
Fiduciary	0	0	0
Total	<u>\$2,225,147</u>	<u>\$2,233,800</u>	<u>\$8,653</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$809,891	\$794,499	\$15,392
Special Revenue	1,488,726	1,373,910	114,816
Debt Service	67,785	66,976	809
Capital Projects	11,285	11,285	0
Fiduciary	65	0	65
Total	<u>\$2,377,752</u>	<u>\$2,246,670</u>	<u>\$131,082</u>

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$546,018	\$560,108	\$14,090
Special Revenue	1,343,473	1,359,629	16,156
Debt Service	45,251	45,251	0
Fiduciary	65	65	0
Total	<u>\$1,934,807</u>	<u>\$1,965,053</u>	<u>\$30,246</u>

**LAWRENCE TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$836,822	\$451,888	\$384,934
Special Revenue	1,646,373	1,357,101	289,272
Debt Service	48,892	45,058	3,834
Fiduciary	104	104	0
Total	<u>\$2,532,191</u>	<u>\$1,854,151</u>	<u>\$678,040</u>

4. PROPERTY TAX

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

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. DEBT

During 1999, tax anticipation notes were issued to finance the purchase of a Navistar International dump truck to be used by the Township Road Department for road maintenance and an ambulance to be used by the North Lawrence Volunteer Fire Department. During June 2000, tax anticipation notes were issued to finance the purchase of an International dump truck to be used by the Township Road Department. The notes are collateralized solely by the Township's taxing authority.

Year	Beginning Balance	Plus Proceeds	Less Payments	Ending Balance
2000	\$82,325	\$53,250	\$31,168	\$104,407
2001	104,407	0	48,918	55,489

**LAWRENCE TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000
(Continued)**

5. DEBT (Continued)

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
Tax Anticipation Notes - Road Equipment	\$35,500	6%
Tax Anticipation Notes - Fire Equipment	19,989	4%
Total	\$55,489	

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

Year ending December 31:	Tax Anticipation Notes
2002	\$40,591
2003	18,758
Total	\$76,160

6. RETIREMENT SYSTEM

The Township's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. The Township contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000. The Township has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Public official's liability

The Township also provides health insurance to full-time employees through the Enterprise Group Benefit Plan through Guarantee Life Insurance Company.

LAWRENCE TOWNSHIP
STARK COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000
(Continued)

8. JOINTLY GOVERNED ORGANIZATIONS

Stark Council of Governments (Council) The Township participates in the Council which is a statutorily created political subdivision of the State. The Council is jointly governed among by Stark County, municipalities and townships. The Council was organized for the purpose of providing a permanent forum for discussion and study of problems of mutual interest and concern of member governments. Each members' 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 the operation of the Council including appropriating, contracting, and designating management.

Stark County Regional Planning Commission (Commission) The Township participates in the Commission which is a statutorily created political subdivision of the State. The Commission is jointly governed among Stark County, municipalities and townships. The principal aim of the Commission is to provide comprehensive planning for the economic and physical environment of Stark County. Each members' control over the operation of the Commission is limited to its representation on the Board, which consists of 48 members. The Board exercises control over the operation of the Commission, including, appropriating, contracting, and designating management.

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

111 Second Street, NW
Fourth Floor
Canton, Ohio 44702
Telephone 330-438-0617
800-443-9272
Facsimile 330-471-0001
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Lawrence Township
Stark County
158 East Cherry Street
Canal Fulton, Ohio 44614

To the Board of Trustees:

We have audited the accompanying financial statements of Lawrence Township, Stark County, Ohio, (the Township) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated January 11, 2002. We conducted our audits 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.

Compliance

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 grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Lawrence Township
Stark County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of the audit committee, management, and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

January 11, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

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
FEBRUARY 19, 2002**