

***LAWRENCE TOWNSHIP***

**TUSCARAWAS COUNTY, OHIO**

**AUDIT REPORT**

**For the Years Ended December 31, 2005 and 2004**

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants and Government Consultants**





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Lawrence Township  
P.O. Box 190  
10867 Industrial Parkway North West  
Bolivar, Ohio 44612

We have reviewed the *Report of Independent Accountants* of Lawrence Township, Tuscarawas County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2004 through December 31, 2005. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

September 11, 2006

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**LAWRENCE TOWNSHIP**  
**TUSCARAWAS COUNTY, OHIO**  
**Audit Report**  
**For the Years ended December 31, 2005 and 2004**

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**REPORT OF INDEPENDENT ACCOUNTANTS**

To the Board of Trustees  
Lawrence Township  
Bolivar, Ohio

We have audited the accompanying financial statements of Lawrence Township, Tuscarawas County, Ohio as and for the years ended December 31, 2005 and 2004. 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 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although, we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revision requires presenting entity wide statements and also to present larger (i.e. major) funds separately for 2005 and 2004. While the Township does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since the Township does not use GAAP to measure its financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2005 and 2004, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2005 and 2004, or its changes in financial position for the years then ended.

Also, 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 Lawrence Township, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2006, 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, grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

***Charles E. Harris & Associates, Inc.***  
June 27, 2006



**LAWRENCE TOWNSHIP  
TUSCARAWAS COUNTY, OHIO  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
For the Year Ended December 31, 2005**

	Governmental Fund Types			Total - (Memorandum Only)
	General	Special Revenue	Debt Service	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$ 63,496	\$ 766,690	-	\$ 830,186
Licenses, Permits and Fees	-	24,913	-	24,913
Intergovernmental	123,995	231,935	-	355,930
Special Assessments	-	3,327	-	3,327
Earnings on Investments	7,674	1,193	-	8,867
Miscellaneous	29,527	60,652	-	90,179
<b>Total Cash Receipts</b>	<b>224,692</b>	<b>1,088,710</b>	<b>-</b>	<b>1,313,402</b>
<b>Cash Disbursements:</b>				
<b>Current:</b>				
General Government	179,011	34,173	-	213,184
Public Safety	4,701	487,702	-	492,403
Public Works	-	521,741	-	521,741
Health	-	7,477	-	7,477
Capital Outlay	-	27,701	-	27,701
<b>Total Cash Disbursements</b>	<b>183,712</b>	<b>1,078,794</b>	<b>-</b>	<b>1,262,506</b>
<b>Cash Receipts Over/(Under) Cash Disbursements</b>	<b>40,980</b>	<b>9,916</b>	<b>-</b>	<b>50,896</b>
<b>Fund Balance, January 1, 2005</b>	<b>116,608</b>	<b>327,805</b>	<b>\$ 1,955</b>	<b>446,368</b>
<b>Fund Balance, December 31, 2005</b>	<b>\$ 157,588</b>	<b>\$ 337,721</b>	<b>\$ 1,955</b>	<b>\$ 497,264</b>
<b>Reserve for Encumbrances</b>	<b>\$ -</b>	<b>\$ 1,500</b>	<b>\$ -</b>	<b>\$ 1,500</b>

See accompanying Notes to the Financial Statements.

**LAWRENCE TOWNSHIP  
TUSCARAWAS COUNTY, OHIO  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
For the Year Ended December 31, 2004**

	Governmental Fund Types			Total - (Memorandum Only)
	General	Special Revenue	Debt Service	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$ 58,802	\$ 746,244	-	\$ 805,046
Licenses, Permits and Fees	-	26,894	-	26,894
Intergovernmental	110,715	172,137	-	282,852
Special Assessments	-	3,483	-	3,483
Earnings on Investments	2,672	345	-	3,017
Miscellaneous	19,928	35,649	-	55,577
<b>Total Cash Receipts</b>	<b>192,117</b>	<b>984,752</b>	<b>-</b>	<b>1,176,869</b>
<b>Cash Disbursements:</b>				
<b>Current:</b>				
General Government	201,190	19,602	-	220,792
Public Safety	3,968	471,907	-	475,875
Public Works	3,804	383,076	-	386,880
Health	-	23,812	-	23,812
Capital Outlay	5,000	59,626	-	64,626
<b>Debt Service:</b>				
Interest and Fiscal Charges	-	-	\$ 416	416
<b>Total Cash Disbursements</b>	<b>213,962</b>	<b>958,023</b>	<b>416</b>	<b>1,172,401</b>
<b>Cash Receipts Over/(Under) Cash Disbursements</b>	<b>(21,845)</b>	<b>26,729</b>	<b>(416)</b>	<b>4,468</b>
<b>Other Financing Sources/ Uses:</b>				
Advances - In	-	2,000	-	2,000
Advances - Out	-	(2,000)	-	(2,000)
<b>Total Other Financing Sources/ Uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses</b>	<b>(21,845)</b>	<b>26,729</b>	<b>(416)</b>	<b>4,468</b>
<b>Fund Balance, January 1, 2004</b>	<b>138,453</b>	<b>301,076</b>	<b>2,371</b>	<b>441,900</b>
<b>Fund Balance, December 31, 2004</b>	<b>\$ 116,608</b>	<b>\$ 327,805</b>	<b>\$ 1,955</b>	<b>\$ 446,368</b>
<b>Reserve for Encumbrances</b>	<b>\$ 1,500</b>	<b>\$ 10,005</b>	<b>\$ -</b>	<b>\$ 11,505</b>

See accompanying Notes to the Financial Statements.

**LAWRENCE TOWNSHIP  
TUSCARAWAS COUNTY, OHIO**

**Notes To The Financial Statements  
For The Years Ended December 31, 2005 and 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. DESCRIPTION OF THE ENTITY**

Lawrence Township, Tuscarawas County, (the Township) is a body corporate and politic established for the purpose of exercising 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. The Township provides general government services, including road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Bolivar Fire Department, Inc. to provide fire services and ambulance services. The Township contracts with the Tuscarawas County Sheriff's Department, to provide police services.

Management believes the financial statements included in this report represent all of the funds of the Township over which the Township has the ability to exercise direct operating control.

The Township is associated with the Lawrence Township Community Improvement Corporation which is defined as a jointly governed organization under Government Accounting Standards Board (GASB) Statement No. 14, Reporting Entity. This organization is presented in Note 7.

**B. BASIS OF ACCOUNTING**

The Township prepares its financial statements following 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.)

The statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. INVESTMENTS AND INACTIVE FUNDS**

The Township maintains cash in an interest-bearing checking account. The Township invests in an overnight repurchase agreement.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains and losses at the time of the sale are recorded as receipts or disbursements, respectively.

LAWRENCE TOWNSHIP  
TUSCARAWAS COUNTY, OHIO

Notes To The Financial Statements  
For The Years Ended December 31, 2005 and 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

D. FUND ACCOUNTING

The Township maintains its accounting records in accordance with the principles of “Fund” accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

Governmental Fund Types:

General Fund: The general operating fund of the Township. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Special Revenue Funds: To account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. The Township had the following significant Special Revenue Funds:

- *Road & Bridge Fund:* This fund receives property tax money levied for the funding of the repair of the Township’s roads.

Debt Service Fund: To account for interest and fiscal charges on payment of a note. There is only one debt service fund.

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 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 balances as of January 1. The County Budget Commission must also approve estimated resources.

LAWRENCE TOWNSHIP  
TUSCARAWAS COUNTY, OHIO

Notes To The Financial Statements  
For The Years Ended December 31, 2005 and 2004

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 commitments are made. Encumbrances outstanding at year-end are carried over and need not be re-appropriated.

A summary of 2005 and 2004 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. ACCUMULATED LEAVE

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investments 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>2005</u>	<u>2004</u>
Demand Deposits	\$ 10,105	\$ (14,987)
Repurchase Agreements	487,159	461,355
Total	<u>\$ 497,264</u>	<u>\$ 446,368</u>

*Deposits:* Deposits are either (1) insured by the Federal Depository Insurance Corporation; (2) collateralized by securities specifically pledged by the financial institution to the Township or (3) collateralized by the financial institution's public entity deposit pool.

The negative cash balance in the 2004 Demand Deposits is due to the Township investing in overnight repurchase agreements.

**LAWRENCE TOWNSHIP  
TUSCARAWAS COUNTY, OHIO**

**Notes To The Financial Statements  
For The Years Ended December 31, 2005 and 2004**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2005 and 2004 is as follows:

<b>2005 Budgeted vs. Actual Receipts</b>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 298,527	\$ 224,692	\$ (73,835)
Special Revenue	1,327,560	1,088,710	(238,850)
Debt Service	1,955	0	(1,955)
<b>Total</b>	<b>\$ 1,628,042</b>	<b>\$ 1,313,402</b>	<b>\$(314,640)</b>

<b>2005 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 298,527	\$ 183,712	\$ 114,815
Special Revenue	1,260,952	1,080,294	180,658
Debt Service	1,955	0	1,955
<b>Total</b>	<b>\$ 1,561,434</b>	<b>\$ 1,264,006</b>	<b>\$ 297,428</b>

<b>2004 Budgeted vs. Actual Receipts</b>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 300,542	\$ 192,117	\$ (108,425)
Special Revenue	1,199,620	984,752	(214,868)
Debt Service	2,371	0	(2,371)
<b>Total</b>	<b>\$ 1,502,533</b>	<b>\$ 1,176,869</b>	<b>\$(325,664)</b>

<b>2004 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 300,542	\$ 215,462	\$ 85,080
Special Revenue	1,199,621	968,028	231,593
Debt Service	2,371	416	1,955
<b>Total</b>	<b>\$ 1,502,534</b>	<b>\$ 1,183,906</b>	<b>\$ 318,628</b>

Advances in/(out) are not included in the amounts above, since they are not required to be budgeted.

**LAWRENCE TOWNSHIP  
TUSCARAWAS COUNTY, OHIO**

**Notes To The Financial Statements  
For The Years Ended December 31, 2005 and 2004**

**4. PROPERTY TAXES**

Real property becomes a lien on January 1 preceding the October 1 date for which rates are adopted by the Township 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 on the property owners, who must file a list of such property to the County by each April 30.

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

**5. RETIREMENT SYSTEM**

Full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost sharing, multiple-employer plans. 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. For 2005, OPERS members contributed 8.5% of their wages. The Township contributed an amount equal to 13.55% of participants gross salaries during both years. The Township has paid all contributions required through December 31, 2005.

**6. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles and equipment
- Public Officials Liability

**7. LAWRENCE TOWNSHIP COMMUNITY IMPROVEMENT CORPORATION**

The Corporation is a non-profit Ohio Corporation organized under Chapter 1702 and Chapter 1724 of the Ohio Revised Code. It is controlled by a five member governing board, of which not less than two-fifths have been selected from appointed or elected officials of Lawrence Township. The Board exercises total control fro industrial, commercial, distribution and research development in the Township.

**8. CONTINGENT LIABILITIES/SUBSEQUENT EVENTS**

Management believes there are no pending claims or lawsuits.

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

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS REQUIRED BY GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees  
Lawrence Township  
Bolivar, Ohio

We have audited the financial statements of Lawrence Township, Tuscarawas County, Ohio (Township) as of and for the years ended December 31, 2005 & 2004, and have issued our report thereon dated July 27, 2006, wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit 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.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the 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 an opinion on the internal control over financial reporting. Our consideration of internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud 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. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated July 27, 2006.

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, grant agreements and other matters, 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*.



However, we noted certain immaterial instances of noncompliance that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated July 27, 2006.

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

***Charles E. Harris and Associates, Inc.***

July 27, 2006

**STATUS OF PRIOR YEARS' CITATIONS AND RECOMMENDATIONS**

The prior audit report, for the years ending December 31, 2003 and 2002, reported no material citations or recommendations.



**Auditor of State  
Betty Montgomery**

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**LAWRENCE TOWNSHIP**

**TUSCARAWAS 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  
SEPTEMBER 21, 2006**