



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



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STATE OF OHIO  
OFFICE OF THE AUDITOR  

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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](http://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, 1999 and 1998. 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 generally accepted auditing standards 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, 1999 and 1998, 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 March 28, 2000 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.

Lawrence Township  
Stark County  
Report of Independent Accountants  
Page 2

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

March 28, 2000

**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, 1999**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Expendable Trust</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$88,857	\$660,429	\$35,799	\$0	\$785,085
Intergovernmental	401,178	169,920			571,098
Special Assessments			6,384		6,384
Licenses, Permits, and Fees		11,900			11,900
Fines, Forfeitures, and Penalties	11,720	1,616			13,336
Earnings on Investments	34,134	3,293			37,427
Other	22,574	10,808			33,382
<b>Total Cash Receipts</b>	<u>558,463</u>	<u>857,966</u>	<u>42,183</u>	<u>0</u>	<u>1,458,612</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	197,326	10,877			208,203
Public Safety	2,213	671,796			674,009
Public Works		365,480			365,480
Conservation - Recreation	4,647				4,647
Miscellaneous		583			583
Debt Service:					
Redemption of Principal			32,831		32,831
Interest and Fiscal Charges			2,968		2,968
Capital Outlay		57,447	6,610		64,057
<b>Total Cash Disbursements</b>	<u>204,186</u>	<u>1,106,183</u>	<u>42,409</u>	<u>0</u>	<u>1,352,778</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>354,277</u>	<u>(248,217)</u>	<u>(226)</u>	<u>0</u>	<u>105,834</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Proceeds of Notes		59,967			59,967
Transfers-In		210,508	226		210,734
Advances-In	140,769	136,882	3,887		281,538
Transfers-Out	(210,734)				(210,734)
Advances-Out	(140,769)	(136,882)	(3,887)		(281,538)
Other Sources	46				46
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(210,688)</u>	<u>270,475</u>	<u>226</u>	<u>0</u>	<u>60,013</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>143,589</u>	<u>22,258</u>			<u>165,847</u>
<b>Fund Cash Balances, January 1,</b>	<u>382,045</u>	<u>247,719</u>		<u>104</u>	<u>629,868</u>
<b>Fund Cash Balances, December 31,</b>	<u><b>\$525,634</b></u>	<u><b>\$269,977</b></u>	<u><b>\$0</b></u>	<u><b>\$104</b></u>	<u><b>\$795,715</b></u>
<b>Reserves for Encumbrances, December 31,</b>	<u><b>\$10,174</b></u>	<u><b>\$73,090</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$83,264</b></u>

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

**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, 1998**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Expendable Trust	
<b>Cash Receipts:</b>					
Local Taxes	\$87,063	\$609,008	\$78,634	\$0	\$774,705
Intergovernmental	202,338	170,755			373,093
Special Assessments			6,218		6,218
Licenses, Permits, and Fees		15,097			15,097
Fines, Forfeitures, and Penalties	15,376	2,214			17,590
Earnings on Investments	27,140	3,767			30,907
Other	21,505	59,149			80,654
<b>Total Cash Receipts</b>	<b>353,422</b>	<b>859,990</b>	<b>84,852</b>	<b>0</b>	<b>1,298,264</b>
<b>Cash Disbursements:</b>					
Current:					
General Government	193,474	9,335			202,809
Public Safety	2,026	549,935			551,961
Public Works		402,211			402,211
Conservation - Recreation	4,846				4,846
Miscellaneous		8,277			8,277
Debt Service:					
Redemption of Principal			73,652		73,652
Interest and Fiscal Charges			4,982		4,982
Capital Outlay			6,610		6,610
<b>Total Cash Disbursements</b>	<b>200,346</b>	<b>969,758</b>	<b>85,244</b>	<b>0</b>	<b>1,255,348</b>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<b>153,076</b>	<b>(109,768)</b>	<b>(392)</b>	<b>0</b>	<b>42,916</b>
<b>Other Financing Receipts/(Disbursements):</b>					
Proceeds of Notes		33,536			33,536
Transfers-In		109,538	212		109,750
Advances-In	115,017	107,958	6,060		229,035
Transfers-Out	(109,750)				(109,750)
Advances-Out	(114,017)	(108,958)	(6,060)		(229,035)
Other Sources	8,890				8,890
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(99,860)</b>	<b>142,074</b>	<b>212</b>	<b>0</b>	<b>42,426</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>53,216</b>	<b>32,306</b>	<b>(180)</b>		<b>85,342</b>
<b>Fund Cash Balances, January 1,</b>	<b>328,829</b>	<b>215,413</b>	<b>180</b>	<b>104</b>	<b>544,526</b>
<b>Fund Cash Balances, December 31,</b>	<b>\$382,045</b>	<b>\$247,719</b>	<b>\$0</b>	<b>\$104</b>	<b>\$629,868</b>
<b>Reserves for Encumbrances, December 31</b>	<b>\$1,250</b>	<b>\$12,582</b>	<b>\$0</b>	<b>\$0</b>	<b>\$13,832</b>

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



**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**3. Debt Service Fund**

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

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. Fiduciary Funds (Trust Funds)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus trust, the fund is classified as a Non-Expendable Trust Fund. Other trust funds are classified as Expendable.

**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.

**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 1999 and 1998 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
(Continued)

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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>1999</u>	<u>1998</u>
Demand deposits	\$840	\$3,994
Repurchase agreement	<u>794,875</u>	<u>625,874</u>
Total deposits and investments	<u><u>\$795,715</u></u>	<u><u>\$629,868</u></u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending 1999 and 1998 was as follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$669,122	\$699,278	\$30,156
Special Revenue	1,248,740	1,265,323	16,583
Debt Service	46,296	46,296	0
Fiduciary	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u><u>\$1,964,158</u></u>	<u><u>\$2,010,897</u></u>	<u><u>\$46,739</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$730,428	\$565,863	\$164,565
Special Revenue	1,371,952	1,316,155	55,797
Debt Service	46,296	46,296	0
Fiduciary	<u>104</u>	<u>0</u>	<u>104</u>
Total	<u><u>\$2,148,780</u></u>	<u><u>\$1,928,314</u></u>	<u><u>\$220,466</u></u>

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$433,764	\$477,329	\$43,565
Special Revenue	1,085,603	1,111,022	25,419
Debt Service	91,124	91,124	0
Fiduciary	0	0	0
Total	\$1,610,491	\$1,679,475	\$68,984

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$539,678	\$425,363	\$114,315
Special Revenue	1,206,106	1,091,298	114,808
Debt Service	91,304	91,304	0
Fiduciary	0	0	0
Total	\$1,837,088	\$1,607,965	\$229,123

**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.

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**5. DEBT**

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Tax Anticipation Notes - Road Department	\$20,450	4.6%
Tax Anticipation Notes - Fire Department	59,967	4.18%
Total	\$80,417	

The tax anticipation notes were issued to finance the purchase of a new Navistar International dump truck to be used by the Township Road Department for road maintenance and a new ambulance to be used by the Fire District. The notes are collateralized solely by the Township's taxing authority.

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

Year ending December 31:	Tax Anticipation Notes
2000	\$34,703
2001	33,353
2002	20,825
Total	\$88,881

**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. For 1999 and 1998, only elected officials contributed 8.5% of their gross salaries. The Township paid all other Township employees' required contributions. The Township also contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

**7. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Public officials' liability

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(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 Stark County, municipalities and townships. 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 and 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.

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. 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. The principal aim of the Commission is to provide comprehensive planning with the economic and physical environment of Stark County.



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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, 1999 and 1998, and have issued our report thereon dated March 28, 2000. We conducted our audits in accordance with generally accepted auditing standards 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.

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 March 28, 2000.

This report is intended for the information of 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

March 28, 2000





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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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  
MAY 4, 2000**