



**Auditor of State
Betty Montgomery**

LAWRENCE TOWNSHIP
STARK COUNTY

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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, 2003 and 2002. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 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, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As discussed in Note 4, the Township restated beginning balances in 2002, to reclassify the Lighting Assessment Fund from a Debt Service Fund to a Capital Projects Fund.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 2, 2004 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 audit.

Lawrence Township
Stark County
Independent Accountants' Report
Page 2

This report is intended solely for the information and use of the audit committee, 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

July 2, 2004

**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, 2003**

	Governmental Fund Types				Fiduciary FundType	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Local Taxes	\$110,683	\$1,296,032	\$18,758			\$1,425,473
Intergovernmental	887,939	282,867				1,170,806
Special Assessments				\$6,767		6,767
Charges for Services		9,800				9,800
Licenses, Permits, and Fees		10,423				10,423
Fines and Forfeitures	14,295	2,248				16,543
Earnings on Investments	10,469	1,835				12,304
Other Revenue	33,943	40,031		103		74,077
Total Cash Receipts	1,057,329	1,643,236	18,758	6,870		2,726,193
Cash Disbursements:						
Current:						
General Government	285,183	23,382				308,565
Public Safety	2,483	888,007				890,490
Public Works		565,542				565,542
Conservation - Recreation	5,800					5,800
Miscellaneous		590				590
Debt Service:						
Redemption of Principal			17,750			17,750
Interest and Fiscal Charges			1,008			1,008
Capital Outlay	40,000	87,128		390,235		517,363
Total Cash Disbursements	333,466	1,564,649	18,758	390,235		2,307,108
Total Receipts Over/(Under) Disbursements	723,863	78,587	0	(383,365)		419,085
Other Financing Receipts and (Disbursements):						
Transfers-In		20,596	1,500	960,030		982,126
Advances-In	142,916	156,333		2,813		302,062
Transfers-Out	(782,126)	(200,000)				(982,126)
Advances-Out	(159,146)	(137,468)		(5,448)		(302,062)
Other Sources	6,900	36,565				43,465
Total Other Financing Receipts/(Disbursements)	(791,456)	(123,974)	1,500	957,395		43,465
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(67,593)	(45,387)	1,500	574,030		462,550
Fund Cash Balances, January 1	312,524	494,920		506,147	65	1,313,656
Fund Cash Balances, December 31	\$244,931	\$449,533	\$1,500	\$1,080,177	\$65	\$1,776,206
Reserve for Encumbrances, December 31	\$20,474	\$157,370	\$0	\$10,425	\$0	\$188,269

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, 2002**

	Governmental Fund Types				Fiduciary FundType	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash Receipts:						
Local Taxes	\$110,103	\$1,045,069	\$40,591			\$1,195,763
Intergovernmental	287,825	242,706		\$11,285		541,816
Special Assessments				\$9,984		9,984
Licenses, Permits, and Fees		10,954				10,954
Fines and Forfeitures	9,901	1,882				11,783
Earnings on Investments	14,381	2,343				16,724
Other Revenue	45,394	36,930				82,324
Total Cash Receipts	467,604	1,339,884	40,591	21,269		1,869,348
Cash Disbursements:						
Current:						
General Government	294,495	17,124				311,619
Public Safety	2,165	766,629				768,794
Public Works		432,607				432,607
Debt Service:						
Redemption of Principal			37,739			37,739
Interest and Fiscal Charges			2,852			2,852
Capital Outlay	309	42,424		9,681		52,414
Total Cash Disbursements	296,969	1,258,784	40,591	9,681		1,606,025
Total Receipts Over/(Under) Disbursements	170,635	81,100	0	11,588		263,323
Other Financing Receipts and (Disbursements):						
Transfers-In		73,682		150,000		223,682
Advances-In	179,050	141,266		2,622		322,938
Transfers-Out	(223,682)					(223,682)
Advances-Out	(143,888)	(167,766)		(11,284)		(322,938)
Other Sources	1,575					1,575
Total Other Financing Receipts/(Disbursements)	(186,945)	47,182	0	141,338		1,575
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(16,310)	128,282	0	152,926		264,898
Fund Cash Balances, January 1, restated	328,834	366,638		353,221	65	1,048,758
Fund Cash Balances, December 31	\$312,524	\$494,920	\$0	\$506,147	\$65	\$1,313,656
Reserve for Encumbrances, December 31	\$60,673	\$212,250	\$0	\$350,698		\$623,621

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

**LAWRENCE TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

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

Investments are included in the fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The Township invests in an overnight repurchase agreement. Repurchase agreements (overnight sweep) 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 for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Road District Fund – This fund is used to account for a portion of property tax revenue received and used for the purpose of maintaining Township roads.

**LAWRENCE TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Police District Fund – This fund is used to account for a portion of property tax revenue received and used for the purpose of maintaining the Township police department.

Fire District Fund – This fund is used to account for a portion of property tax revenue received and used for the purpose of providing fire protection services for the Township.

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 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. Capital Project Fund

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 Project Fund:

Capital Projects 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 level of control for General Fund and fund level of control for all other funds, 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
DECEMBER 31, 2003 AND 2002
(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 2003 and 2002 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 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 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>2003</u>	<u>2002</u>
Demand deposits	(\$13,794)	(\$11,344)
Overnight repurchase agreement	<u>1,790,000</u>	<u>1,325,000</u>
Total deposits and investments	<u><u>\$1,776,206</u></u>	<u><u>\$1,313,656</u></u>

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

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

**LAWRENCE TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,135,793	\$1,207,145	\$71,352
Special Revenue	1,763,725	1,856,730	93,005
Debt Service	18,758	20,258	1,500
Capital Projects	772,155	969,713	197,558
Total	<u>\$3,690,431</u>	<u>\$4,053,846</u>	<u>\$363,415</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,343,576	\$1,295,212	\$48,364
Special Revenue	2,194,976	2,059,488	135,488
Debt Service	18,758	18,758	0
Capital Projects	827,105	406,108	420,997
Total	<u>\$4,384,415</u>	<u>\$3,779,566</u>	<u>\$604,848</u>

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$648,229	\$648,229	\$0
Special Revenue	1,554,832	1,554,832	0
Debt Service	40,591	40,591	0
Capital Projects	173,891	173,891	0
Total	<u>\$2,417,543</u>	<u>\$2,417,543</u>	<u>\$0</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$741,436	\$725,212	\$16,224
Special Revenue	1,781,689	1,638,800	142,889
Debt Service	40,591	40,591	0
Capital Projects	371,663	371,663	0
Total	<u>\$2,935,379</u>	<u>\$2,776,266</u>	<u>\$159,113</u>

**LAWRENCE TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

4. FUND BALANCE RESTATEMENT

The Debt Service Fund and the Capital Projects Fund balances have been restated from amounts previously reported to record the Lighting Assessment Fund activity within the Capital Projects Fund. The Fund is used for the collection of special assessments to be expended on lighting throughout the Township. As a result of the restatement, the Capital Projects beginning balance on January 1, 2002, increased \$3,221, eliminating the fund balance in the Debt Service Fund.

	Capital Projects Fund	Debt Service Fund
Ending Fund Balance, As Previously Reported December 31, 2001	\$350,000	\$3,221
Lighting Assessment Fund Balance	3,221	(3,221)
Restated Fund Balance January 1, 2002	\$353,221	\$0

5. 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 payment, 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.

**LAWRENCE TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

6. 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.

<u>Year</u>	<u>Beginning Balance</u>	<u>Less Payments</u>	<u>Ending Balance</u>
2002	\$55,489	\$37,739	\$17,750
2003	17,750	17,750	0

7. RETIREMENT SYSTEM

The employees of the Township belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. 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 2003 and 2002, members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Township has paid all contributions required through December 31, 2003.

8. RISK MANAGEMENT

Risk Pool Membership

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with approximately 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages. Effective September 1, 2002, the Plan retains 5% of the premium and losses on the first \$500,000 casualty treaty (up to \$25,000 of a loss) and 5% of the first \$1,000,000 property treaty (up to \$50,000 of a loss). The Plan also participates in a loss corridor in its first \$500,000 casualty reinsurance. The corridor includes losses paid between 55% and 65% of premiums earned under this treaty. (Reinsurance coverage would resume after a paid loss ratio of 65% is exceeded.) The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

**LAWRENCE TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

8. RISK MANAGEMENT (Continued)

The Township obtained insurance coverage for the following areas, comprehensive property and general liability; vehicles; and public officials' liability.

The Township also provides health insurance to full-time employees through a commercial insurance provider.

9. JOINTLY GOVERNED ORGANIZATION

The Stark Council of Governments (Council) is a statutorily created political subdivision of Ohio for purpose of providing a permanent forum for discussion and study of concerns of the county, cities, villages and townships for development of policies and programs for implementation by one or more of the local governing bodies. The Council is jointly governed among municipalities and townships located in Stark County. Each member's control over the operation of the Council is limited to its representation on the Board which consists of 27 members. The Board exercises total control over Council operations. Complete financial statements may be obtained from the Stark Council of Governments, Canton, Ohio.

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT 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, 2003 and 2002, and have issued our report thereon dated July 2, 2004 which disclosed a restatement of the Lighting Assessment Fund. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 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 that are required to be reported under *Government Auditing Standards*.

However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated July 2, 2004.

Internal Control 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 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 July 2, 2004.

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

This report is intended solely 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

July 2, 2004



**Auditor of State
Betty Montgomery**

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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
AUGUST 5, 2004**