



Mary Taylor, CPA
Auditor of State

**LAWRENCE TOWNSHIP
WASHINGTON COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Lawrence Township
Washington County
692 Bear Run Road
Reno, Ohio 45773

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lawrence Township, Washington County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lawrence Township, Washington County, Ohio, as of December 31, 2008 and 2007, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Motor Vehicle License Tax, Gasoline Tax, Road and Bridge, and Permissive Sales Tax Funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2009, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 the 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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 23, 2009

Lawrence Township
Washington County
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited

This discussion and analysis of Lawrence Township's (the Township) financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2008 and 2007, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2008 are as follows:

Net assets of governmental activities decreased \$7,354, or 11 percent, a significant change from the prior year. Cost increases affected all funds with the exception of the Gasoline Tax Fund.

The Township's general receipts are primarily property tax and intergovernmental revenues. These receipts represent respectively \$56,037 and 25 percent of the total cash received for governmental activities during the year.

Key highlights for 2007 are as follows:

Net assets of governmental activities decreased \$30,166, or 31 percent. The fund realizing the decrease the most was the FEMA Fund. The Township spent \$22,777 in FEMA monies received that were received in 2006.

The Township's receipts are primarily property tax, intergovernmental revenues and proceeds of notes. These receipts represent respectively \$190,885 and 52 percent of the total cash received for governmental activities during the year.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

Lawrence Township
Washington County
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2008 and 2007, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, the Township reports only one type of activity:

Governmental activities. Most of the Township's basic services are reported here. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are governmental.

Governmental Funds - All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund, Motor Vehicle License Tax Fund, Gasoline Tax Fund, Road and Bridge Fund, and Permissive Sales Tax Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Lawrence Township
Washington County
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2008 compared to 2007 and 2006 on a cash basis:

(Table 1)

Net Assets

	Governmental Activities		
	2008	2007	2006
Assets			
Cash and Cash Equivalents	\$60,322	\$67,676	\$97,842
Total Assets	\$60,322	\$67,676	\$97,842
Net Assets			
Restricted for:			
Other Purposes	\$39,314	\$43,570	\$65,543
Unrestricted	21,008	24,106	32,299
Total Net Assets	\$60,322	\$67,676	\$97,842

Net assets of governmental activities decreased \$7,354, or 11 percent during 2008. The primary reason contributing to the decrease was increasing costs.

Net assets of governmental activities decreased \$30,166, or 31 percent for 2007. The primary reason contributing to the decrease was the receipt of FEMA funds in 2006 that were spent in 2007.

Table 2 reflects the changes in net assets on a cash basis in 2008 and 2007 for governmental activities.

Lawrence Township
Washington County
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited

(Table 2)
Changes in Net Assets

	Governmental Activities		2006
	2008	2007	
Receipts:			
Program Receipts:			
Operating Grants and Contributions	\$159,221	\$160,641	\$157,562
Total Program Receipts	<u>159,221</u>	<u>160,641</u>	<u>157,562</u>
General Receipts:			
Property and Other Local Taxes	20,002	20,423	18,657
Grants and Entitlements Not Restricted to Specific Programs	36,035	35,462	34,991
Proceeds of Notes		135,000	
Interest	18	109	102
Sale of Fixed Asset		12,000	
Miscellaneous	11,833	883	13,402
Total General Receipts	<u>67,888</u>	<u>203,877</u>	<u>67,152</u>
Total Receipts	<u>227,109</u>	<u>364,518</u>	<u>224,714</u>
Disbursements:			
General Government	51,343	44,480	41,594
Public Safety	3,000	3,000	2,000
Public Works	147,709	173,085	181,998
Health	2,596	2,377	4,627
Other			10,305
Capital Outlay		151,848	
Principal Retirement	22,897	15,041	15,632
Interest and Fiscal Charges	6,918	4,853	2,229
Total Disbursements	<u>234,463</u>	<u>394,684</u>	<u>258,385</u>
Increase (Decrease) in Net Assets	(7,354)	(30,166)	(33,671)
Net Assets, January 1	<u>67,676</u>	<u>97,842</u>	<u>131,513</u>
Net Assets, December 31	<u><u>\$60,322</u></u>	<u><u>\$67,676</u></u>	<u><u>\$97,842</u></u>

In 2008, program receipts represent 70 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license, gas tax money and the permissive sales tax from the County.

In 2007, program receipts represent only 44 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license, gas tax money and the permissive sales tax from the County.

Lawrence Township
Washington County
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited

In 2008, general receipts represent 30 percent of the Township's total receipts, and of this amount, 53 percent are grants and entitlements. Property taxes and miscellaneous receipts make up most of the balance of the Township's general receipts (29 percent and 17 percent, respectively). Interest receipts are very insignificant.

In 2007, general receipts represent 56 percent of the Township's total receipts, and of this amount, 66 percent are from the proceeds of notes. Property taxes, grants and entitlements, and sale of fixed assets make up most of the balance of the Township's general receipts (10 percent, 17 percent and 6 percent, respectively). Miscellaneous receipts and interest receipts are very insignificant.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other government activities. These include, but are not limited to, the costs of trustee and fiscal officer salaries, medical costs, insurances, retirement, and utilities.

Public Safety is the cost of fire protection; Health is the health services; and Public Works is the general maintenance as well as repair of roads, Capital Outlay is the cost of equipment purchased by the Township and Debt Service is the payment of the debt of the Township.

Governmental Activities

If you look at the Statement of Activities on pages 10 and 20, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for General Government and Public Works, which account for 22 and 63 percent of all governmental disbursements, respectively for 2008. The major program disbursements for governmental activities are for General Government, Public Works and Capital Outlay, which account for 11, 44 and 38 percent of all governmental disbursements, respectively for 2007. The next column of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Governmental Activities					
	Total Cost	Net Cost	Total Cost	Net Cost	Total Cost	Net Cost
	of Services	of Services	of Services	of Services	of Services	of Services
	2008	2008	2007	2007	2006	2006
General Government	\$51,343	\$51,343	\$44,480	\$44,480	\$41,594	\$41,154
Public Safety	3,000	3,000	3,000	3,000	2,000	2,000
Public Works	147,709	(11,512)	173,085	12,444	181,998	24,876
Health	2,596	2,596	2,377	2,377	4,627	4,627
Other	0	0	0	0	10,305	10,305
Capital Outlay	0	0	151,848	151,848	0	0
Principal Retirement	22,897	22,897	15,041	15,041	15,632	15,632
Interest and Fiscal Charges	6,918	6,918	4,853	4,853	2,229	2,229
Total Expenses	\$234,463	\$75,242	\$394,684	\$234,043	\$258,385	\$100,823

The dependence upon property tax and grants and entitlement receipts is apparent as over 32 percent in 2008 and over 59 percent in 2007 of governmental activities are supported through general receipts.

Lawrence Township
Washington County
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
Unaudited

The Township's Funds

For 2008 total governmental funds had receipts of \$227,109 and disbursements of \$234,463. The greatest change within governmental funds occurred within the Road and Bridge Fund. The fund balance of the Road and Bridge Fund decreased \$4,208 because payments for a new lease were made partially from this fund.

For 2007 total governmental funds had receipts of \$364,518 and disbursements of \$394,684. The greatest change within governmental funds occurred within the Motor Vehicle License Tax Fund. The fund balance of the Motor Vehicle License Tax Fund decreased \$9,703 because payments for a new lease were made partially from this fund.

Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

During 2008, the Township amended its budget to reflect changing circumstances. Final budgeted receipts were below original budgeted receipts in the Motor Vehicle License Tax Fund and Gasoline Tax Fund due to unexpected slow growth in intergovernmental receipts. However, final budgeted receipts were above original budgeted receipts in the General Fund and the Permissive Sales Tax Fund.

During 2008, final disbursements were budgeted at \$254,368 while actual disbursements were \$234,463.

During 2007, the Township amended its budget to reflect changing circumstances. Final budgeted receipts were below original budgeted receipts in the Motor Vehicle License Tax Fund and Permissive Sales Tax Fund due to unexpected slow growth in intergovernmental receipts. However, final budgeted receipts were above original budgeted receipts in the General Fund, Gasoline Tax Fund, and Road and Bridge Fund.

During 2007, final disbursements were budgeted at \$270,523 while actual disbursements were \$394,684.

Debt Administration

At December 31, 2008, the Township's outstanding debt included \$12,400 in general obligation bonds issued for the purchase of a John Deere tractor and \$120,363 for lease-purchase of a Komatsu road grader. For further information regarding the Township's debt, refer to Note 9 to the basic financial statements.

Current Issues

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. We reviewed our sources of revenue and determined that increases were unlikely. We then reviewed the disbursement history of the Township. We have reduced spending on supplies.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Jerrilyn Kirkbride, Fiscal Officer, Lawrence Township, 692 Bear Run Road, Reno, OH 45773.

LAWRENCE TOWNSHIP
WASHINGTON COUNTY

STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2008

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$60,322</u>
<i>Total Assets</i>	<u><u>\$60,322</u></u>
Net Assets	
Restricted for:	
Other Purposes	\$39,314
Unrestricted	<u>21,008</u>
<i>Total Net Assets</i>	<u><u>\$60,322</u></u>

See accompanying notes to the basic financial statements

**LAWRENCE TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Cash Disbursements	Program Cash Receipts Operating Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Assets Governmental Activities
Governmental Activities			
General Government	\$51,343		(\$51,343)
Public Safety	3,000		(3,000)
Public Works	147,709	\$159,221	11,512
Health	2,596		(2,596)
Debt Service:			
Principal Retirement	22,897		(22,897)
Interest and Fiscal Charges	6,918		(6,918)
<i>Total Governmental Activities</i>	<u>\$234,463</u>	<u>\$159,221</u>	(75,242)
General Receipts			
Property Taxes Levied for:			
General Purposes			20,002
Grants and Entitlements not Restricted to Specific Programs			36,035
Interest			18
Miscellaneous			11,833
<i>Total General Receipts</i>			<u>67,888</u>
Change in Net Assets			(7,354)
Net Assets Beginning of Year			<u>67,676</u>
Net Assets End of Year			<u><u>\$60,322</u></u>

See accompanying notes to the basic financial statements

**LAWRENCE TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2008**

	<u>General</u>	<u>Motor Vehicle License Tax Fund</u>	<u>Gasoline Tax Fund</u>	<u>Road & Bridge Fund</u>	<u>Total Governmental Funds</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$21,008	\$5,614	\$25,758	\$7,942	\$60,322
<i>Total Assets</i>	<u>\$21,008</u>	<u>\$5,614</u>	<u>\$25,758</u>	<u>\$7,942</u>	<u>\$60,322</u>
Fund Balances					
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	\$21,008				\$21,008
Special Revenue Funds		\$5,614	\$25,758	\$7,942	39,314
<i>Total Fund Balances</i>	<u>\$21,008</u>	<u>\$5,614</u>	<u>\$25,758</u>	<u>\$7,942</u>	<u>\$60,322</u>

See accompanying notes to the basic financial statements

**LAWRENCE TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES
IN CASH BASIS FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	General	Motor Vehicle License Tax	Gasoline Tax	Road & Bridge	Permissive Sales Tax	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$11,675			\$8,327		\$20,002
Intergovernmental	34,425	\$21,007	\$84,613	1,610	\$53,601	195,256
Interest	9	3	6			18
Miscellaneous	11,833					11,833
<i>Total Receipts</i>	<u>57,942</u>	<u>21,010</u>	<u>84,619</u>	<u>9,937</u>	<u>53,601</u>	<u>227,109</u>
Disbursements						
Current:						
General Government	51,118			225		51,343
Public Safety	3,000					3,000
Public Works	92	19,714	64,616	9,686	53,601	147,709
Health	2,596					2,596
Debt Service:						
Principal Retirement	2,701	2,733	14,665	2,798		22,897
Interest and Fiscal Charges	1,533	1,501	2,448	1,436		6,918
<i>Total Disbursements</i>	<u>61,040</u>	<u>23,948</u>	<u>81,729</u>	<u>14,145</u>	<u>53,601</u>	<u>234,463</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(3,098)	(2,938)	2,890	(4,208)	0	(7,354)
<i>Fund Balances Beginning of Year</i>	<u>24,106</u>	<u>8,552</u>	<u>22,868</u>	<u>12,150</u>		<u>67,676</u>
<i>Fund Balances End of Year</i>	<u>\$21,008</u>	<u>\$5,614</u>	<u>\$25,758</u>	<u>\$7,942</u>	<u>\$0</u>	<u>\$60,322</u>

See accompanying notes to the basic financial statements

**LAWRENCE TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts:				
Property and Other Local Taxes	\$12,150	\$11,675	\$11,675	\$0
Intergovernmental	33,500	34,425	34,425	0
Interest	75	9	9	0
Miscellaneous	2,000	11,556	11,833	277
<i>Total Receipts</i>	47,725	57,665	57,942	277
Disbursements:				
Current:				
General Government	49,525	59,903	51,118	8,785
Public Safety	3,000	3,000	3,000	0
Public Works	50	100	92	8
Health	2,600	2,600	2,596	4
Debt Service:				
Principal Retirement	2,701	2,701	2,701	0
Interest and Fiscal Charges	1,533	1,533	1,533	0
<i>Total Disbursements</i>	59,409	69,837	61,040	8,797
<i>Net Change in Fund Balance</i>	(11,684)	(12,172)	(3,098)	9,074
Fund Balance Beginning of Year	24,106	24,106	24,106	0
<i>Fund Balance End of Year</i>	\$12,422	\$11,934	\$21,008	\$9,074

See accompanying notes to the basic financial statements

**LAWRENCE TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
MOTOR VEHICLE LICENSE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$25,000	\$19,659	\$21,007	\$1,348
Interest	25	3	3	0
<i>Total Receipts</i>	25,025	19,662	21,010	1,348
Disbursements				
Current:				
Public Works	18,550	23,050	19,714	3,336
Debt Service:				
Principal Retirement	2,733	2,733	2,733	0
Interest and Fiscal Charges	1,501	1,501	1,501	0
<i>Total Disbursements</i>	22,784	27,284	23,948	3,336
<i>Net Change in Fund Balance</i>	2,241	(7,622)	(2,938)	4,684
<i>Fund Balance Beginning of Year</i>	8,552	8,552	8,552	0
<i>Fund Balance End of Year</i>	\$10,793	\$930	\$5,614	\$4,684

See accompanying notes to the basic financial statements

**LAWRENCE TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$90,000	\$84,613	\$84,613	\$0
Interest	25	6	6	0
<i>Total Receipts</i>	90,025	84,619	84,619	0
Disbursements				
Current:				
Public Works	68,450	71,450	64,616	6,834
Debt Service:				
Principal Retirement	14,665	14,665	14,665	0
Interest and Fiscal Charges	2,448	2,448	2,448	0
<i>Total Disbursements</i>	85,563	88,563	81,729	6,834
<i>Net Change in Fund Balance</i>	4,462	(3,944)	2,890	6,834
<i>Fund Balance Beginning of Year</i>	22,868	22,868	22,868	0
<i>Fund Balance End of Year</i>	\$27,330	\$18,924	\$25,758	\$6,834

See accompanying notes to the basic financial statements

**LAWRENCE TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$8,600	\$8,327	\$8,327	\$0
Intergovernmental	1,300	1,610	1,610	0
Interest	75	0	0	0
<i>Total Receipts</i>	<u>9,975</u>	<u>9,937</u>	<u>9,937</u>	<u>0</u>
Disbursements				
Current:				
General Government	300	300	225	75
Public Works	5,150	10,150	9,686	464
Debt Service:				
Principal Retirement	2,798	2,798	2,798	0
Interest and Fiscal Charges	1,436	1,436	1,436	0
<i>Total Disbursements</i>	<u>9,684</u>	<u>14,684</u>	<u>14,145</u>	<u>539</u>
<i>Net Change in Fund Balance</i>	291	(4,747)	(4,208)	539
<i>Fund Balance Beginning of Year</i>	<u>12,150</u>	<u>12,150</u>	<u>12,150</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$12,441</u></u>	<u><u>\$7,403</u></u>	<u><u>\$7,942</u></u>	<u><u>\$539</u></u>

See accompanying notes to the basic financial statements

**LAWRENCE TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
PERMISSIVE SALES TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$50,000	\$54,000	\$53,601	(\$399)
<i>Total Receipts</i>	<u>50,000</u>	<u>54,000</u>	<u>53,601</u>	<u>(399)</u>
Disbursements				
Current:				
Public Works	50,000	54,000	53,601	399
<i>Total Disbursements</i>	<u>50,000</u>	<u>54,000</u>	<u>53,601</u>	<u>399</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

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LAWRENCE TOWNSHIP
WASHINGTON COUNTY

STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2007

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$67,676</u>
<i>Total Assets</i>	<u><u>\$67,676</u></u>
Net Assets	
Restricted for:	
Other Purposes	\$43,570
Unrestricted	<u>24,106</u>
<i>Total Net Assets</i>	<u><u>\$67,676</u></u>

See accompanying notes to the basic financial statements

**LAWRENCE TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Cash Disbursements	Program Cash Receipts Operating Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Assets Governmental Activities
Governmental Activities			
General Government	\$44,480		(\$44,480)
Public Safety	3,000		(3,000)
Public Works	173,085	\$160,641	(12,444)
Health	2,377		(2,377)
Capital Outlay	151,848		(151,848)
Debt Service:			
Principal Retirement	15,041		(15,041)
Interest and Fiscal Charges	4,853		(4,853)
<i>Total Governmental Activities</i>	<u>\$394,684</u>	<u>\$160,641</u>	<u>(234,043)</u>
General Receipts			
Property Taxes Levied for:			
General Purposes			20,423
Grants and Entitlements not Restricted to Specific Programs			35,462
Proceeds of Notes			135,000
Sale of Fixed Assets			12,000
Interest			109
Miscellaneous			883
<i>Total General Receipts</i>			<u>203,877</u>
Change in Net Assets			(30,166)
Net Assets Beginning of Year			<u>97,842</u>
Net Assets End of Year			<u><u>\$67,676</u></u>

See accompanying notes to the basic financial statements

**LAWRENCE TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2007**

	General	Motor Vehicle License Tax	Gasoline Tax	Road & Bridge	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$24,106	\$8,552	\$22,868	\$12,150	\$67,676
<i>Total Assets</i>	<u>\$24,106</u>	<u>\$8,552</u>	<u>\$22,868</u>	<u>\$12,150</u>	<u>\$67,676</u>
Fund Balances:					
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	\$24,106				\$24,106
Special Revenue Funds		\$8,552	\$22,868	\$12,150	43,570
<i>Total Fund Balances</i>	<u>\$24,106</u>	<u>\$8,552</u>	<u>\$22,868</u>	<u>\$12,150</u>	<u>\$67,676</u>

See accompanying notes to the basic financial statements

**LAWRENCE TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES
IN CASH BASIS FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	General	Motor Vehicle License Tax	Gasoline Tax	Road & Bridge	Permissive Sales Tax	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$11,914			\$8,509			\$20,423
Intergovernmental	34,219	\$21,042	\$93,639	1,243	\$45,960		196,103
Interest	69	17	23				109
Miscellaneous	883						883
<i>Total Receipts</i>	<u>47,085</u>	<u>21,059</u>	<u>93,662</u>	<u>9,752</u>	<u>45,960</u>	<u>\$0</u>	<u>217,518</u>
Disbursements							
Current:							
General Government	44,251			229			44,480
Public Safety	3,000						3,000
Public Works	30	27,301	72,468	4,549	45,960	22,777	173,085
Health	2,377						2,377
Capital Outlay	149,798	2,050					151,848
Debt Service:							
Principal Retirement	972	886	12,293	890			15,041
Interest and Fiscal Charges	1,850	525	1,957	521			4,853
<i>Total Disbursements</i>	<u>202,278</u>	<u>30,762</u>	<u>86,718</u>	<u>6,189</u>	<u>45,960</u>	<u>22,777</u>	<u>394,684</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(155,193)</u>	<u>(9,703)</u>	<u>6,944</u>	<u>3,563</u>	<u>0</u>	<u>(22,777)</u>	<u>(177,166)</u>
Other Financing Sources (Uses)							
Proceeds of Notes	135,000						135,000
Sale of Fixed Assets	12,000						12,000
<i>Total Other Financing Sources (Uses)</i>	<u>147,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>147,000</u>
<i>Net Change in Fund Balances</i>	<u>(8,193)</u>	<u>(9,703)</u>	<u>6,944</u>	<u>3,563</u>	<u>0</u>	<u>(22,777)</u>	<u>(30,166)</u>
<i>Fund Balances Beginning of Year</i>	<u>32,299</u>	<u>18,255</u>	<u>15,924</u>	<u>8,587</u>		<u>22,777</u>	<u>97,842</u>
<i>Fund Balances End of Year</i>	<u>\$24,106</u>	<u>\$8,552</u>	<u>\$22,868</u>	<u>\$12,150</u>	<u>\$0</u>	<u>\$0</u>	<u>\$67,676</u>

See accompanying notes to the basic financial statements

**LAWRENCE TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts:				
Property and Other Local Taxes	\$10,600	\$11,914	\$11,914	\$0
Intergovernmental	32,550	34,219	34,219	0
Interest	75	65	69	4
Miscellaneous	2,000	883	883	0
<i>Total Receipts</i>	<u>45,225</u>	<u>47,081</u>	<u>47,085</u>	<u>4</u>
Disbursements:				
Current:				
General Government	53,085	54,385	44,251	10,134
Public Safety	3,000	3,000	3,000	0
Public Works	0	100	30	70
Health	2,475	2,475	2,377	98
Capital Outlay	14,798	14,798	149,798	(135,000)
Debt Service:				
Principal Retirement	2,000	2,000	972	1,028
Interest and Fiscal Charges	3,000	3,000	1,850	1,150
<i>Total Disbursements</i>	<u>78,358</u>	<u>79,758</u>	<u>202,278</u>	<u>(122,520)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(33,133)</u>	<u>(32,677)</u>	<u>(155,193)</u>	<u>(122,516)</u>
Other Financing Sources (Uses):				
Proceeds of Notes	0	0	135,000	135,000
Sale of Fixed Assets	12,000	12,000	12,000	0
Other Financing Sources	3,000	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>15,000</u>	<u>12,000</u>	<u>147,000</u>	<u>135,000</u>
<i>Net Change in Fund Balance</i>	<u>(18,133)</u>	<u>(20,677)</u>	<u>(8,193)</u>	<u>12,484</u>
Fund Balance Beginning of Year	<u>32,299</u>	<u>32,299</u>	<u>32,299</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$14,166</u>	<u>\$11,622</u>	<u>\$24,106</u>	<u>\$12,484</u>

See accompanying notes to the basic financial statements

**LAWRENCE TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
MOTOR VEHICLE LICENSE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$25,000	\$19,571	\$21,042	\$1,471
Interest	50	17	17	0
<i>Total Receipts</i>	<u>25,050</u>	<u>19,588</u>	<u>21,059</u>	<u>1,471</u>
Disbursements				
Current:				
Public Works	26,465	30,965	27,301	3,664
Capital Outlay		2,500	2,050	450
Debt Service:				
Principal Retirement	2,740	2,740	886	1,854
Interest and Fiscal Charges	1,560	1,560	525	1,035
<i>Total Disbursements</i>	<u>30,765</u>	<u>37,765</u>	<u>30,762</u>	<u>7,003</u>
<i>Net Change in Fund Balance</i>	(5,715)	(18,177)	(9,703)	8,474
<i>Fund Balance Beginning of Year</i>	<u>18,255</u>	<u>18,255</u>	<u>18,255</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$12,540</u></u>	<u><u>\$78</u></u>	<u><u>\$8,552</u></u>	<u><u>\$8,474</u></u>

See accompanying notes to the financial statements

**LAWRENCE TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
GASOLINE TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$85,000	\$88,447	\$93,639	\$5,192
Interest	50	21	23	2
<i>Total Receipts</i>	85,050	88,468	93,662	5,194
Disbursements				
Current:				
Public Works	70,250	80,250	72,468	7,782
Debt Service:				
Principal Retirement	14,175	14,175	12,293	1,882
Interest and Fiscal Charges	2,975	2,975	1,957	1,018
<i>Total Disbursements</i>	87,400	97,400	86,718	10,682
<i>Net Change in Fund Balance</i>	(2,350)	(8,932)	6,944	15,876
<i>Fund Balance Beginning of Year</i>	15,924	15,924	15,924	0
<i>Fund Balance End of Year</i>	\$13,574	\$6,992	\$22,868	\$15,876

See accompanying notes to the basic financial statements

**LAWRENCE TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$7,777	\$8,509	\$8,509	\$0
Intergovernmental	1,084	1,243	1,243	0
Interest	100	0	0	0
<i>Total Receipts</i>	8,961	9,752	9,752	0
Disbursements				
Current:				
General Government	300	300	229	71
Public Works	5,000	5,000	4,549	451
Debt Service:				
Principal Retirement	2,810	2,810	890	1,920
Interest and Fiscal Charges	1,490	1,490	521	969
<i>Total Disbursements</i>	9,600	9,600	6,189	3,411
<i>Net Change in Fund Balance</i>	(639)	152	3,563	3,411
<i>Fund Balance Beginning of Year</i>	8,587	8,587	8,587	0
<i>Fund Balance End of Year</i>	\$7,948	\$8,739	\$12,150	\$3,411

See accompanying notes to the basic financial statements

**LAWRENCE TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
PERMISSIVE SALES TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$63,895	\$46,000	\$45,960	(\$40)
<i>Total Receipts</i>	<u>63,895</u>	<u>46,000</u>	<u>45,960</u>	<u>(40)</u>
Disbursements				
Current:				
Public Works	60,000	46,000	45,960	40
<i>Total Disbursements</i>	<u>60,000</u>	<u>46,000</u>	<u>45,960</u>	<u>40</u>
<i>Net Change in Fund Balance</i>	3,895	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$3,895</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

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Lawrence Township
Washington County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 1 – Reporting Entity

Lawrence Township, Washington County, Ohio (the Township), is a body politic and corporate 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 also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township contracts with the Little Muskingum Volunteer Fire Department for fire protection. Police protection is provided by Washington County Sheriff's Department.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash balances of the governmental-type activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible.

Note 2 – Summary of Significant Accounting Policies (Continued)

Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are all governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g., grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General, Motor Vehicle License Tax, Gasoline Tax, Road and Bridge, and the Permissive Sales Tax Funds. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

The Township had the following major funds in addition to the General Fund as mentioned above.

Motor Vehicle License Tax Fund – This fund receives motor vehicle license tax money. Funds are restricted for the purpose of road maintenance provided it is expended according to the general laws of Ohio.

Gasoline Tax Fund – This fund receives gasoline tax money. Funds are restricted for the purpose of road maintenance provided it is expended according to the general laws of Ohio.

Road and Bridge Fund – This fund receives money from property taxes and homestead and rollbacks. Funds are restricted for the purpose of road maintenance provided it is expended according to the general laws of Ohio.

Permissive Sales Tax Fund – This fund receives money from the Washington County Commissioners from the County's permissive sales tax levy. Funds are restricted for the purpose of road maintenance provided it is expended according to the general laws of Ohio.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

Note 2 – Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash

To improve cash management, cash received by the Township is pooled. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2008 were \$9 which included \$3 assigned from other Township funds. Interest receipts credited to the General Fund during 2007 were \$69 which included \$23 assigned from other Township funds.

Note 2 – Summary of Significant Accounting Policies (Continued)

F. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Capital Assets

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

H. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

I. Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

J. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for road maintenance, fire protection, and cemetery maintenance. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

K. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General Fund and the following major Special Revenue Funds, Motor Vehicle Tax, Gasoline Tax, Road and Bridge, and Permissive Sales Tax Funds, are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

Note 4 – Deposits and Investments

Monies held by the Township are classified by State statute into three categories.

Note 4 – Deposits and Investments (Continued)

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Lawrence Township
Washington County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 4 – Deposits and Investments (Continued)

Deposits

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Property tax receipts received in 2008 and 2007 for real and public utility property taxes represents the collection of 2007 and 2006 taxes. Property tax payments received during 2008 and 2007 for tangible personal property (other than public utility property) is for 2008 and 2007 taxes.

2008 and 2007 real property taxes are levied after October 1, 2007 and 2006, on the assessed values as of January 1, 2007 and 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value.

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2008 and 2007 public utility property taxes which became a lien on December 31, 2007 and 2006 are levied after October 1, 2008 and 2007 and are collected in 2009 and 2008 with real property taxes.

2008 and 2007 tangible personal property taxes are levied after October 1, 2007 and 2006, on the true value as of December 31, 2007 and 2006. Collections are made in 2008 and 2007. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2008, was \$ 2.40 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2008 property tax receipts were based are as follows:

Real Property	
Residential & Agricultural	\$8,319,940
Commercial/Industrial/Mineral	210,580
Tangible Personal Property	42,030
Public Utility	849,870
Total Assessed Value	<u>\$9,422,420</u>

Lawrence Township
Washington County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 5 – Property Taxes (Continued)

The full tax rate for all Township operations for the year ended December 31, 2007, was \$ 2.40 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property	
Residential & Agricultural	\$7,463,390
Commercial/Industrial/Mineral	172,170
Tangible Personal Property	6,210
Public Utility	1,118,170
Total Assessed Value	<u>\$8,759,940</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

Note 6 – Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust PEP's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Lawrence Township
Washington County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 6 – Risk Management (Continued)

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers' provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006 (the latest information available):

	<u>2007</u>	<u>2006</u>
Assets	\$43,210,703	\$42,042,275
Liabilities	<u>(13,357,837)</u>	<u>(12,120,661)</u>
Net Assets	<u>\$29,852,866</u>	<u>\$29,921,614</u>

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$4,000. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Year</u>	<u>Contribution</u>
2008	\$4,124
2007	\$4,378
2006	\$4,783

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution.

Note 6 – Risk Management (Continued)

Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 7 – Defined Benefit Pension Plan

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan. Members in the State and local divisions may participate in all three plans.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the years ended December 31, 2008 and December 31, 2007, members in state and local classifications contributed 10 percent and 9.5 percent, respectively, of covered payroll.

The Township's contribution rate for 2008 and 2007 was 14 percent and 13.85 percent, respectively. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Township of 14 percent for 2008 and 13.85 percent for 2007.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$9,277, \$8,972, and \$8,592, respectively. The full amount has been contributed for 2008, 2007 and 2006.

Note 8 - Postemployment Benefits

Plan Description - OPERS maintains a cost-sharing multiple-employer defined benefit postemployment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available.

Lawrence Township
Washington County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 8 - Postemployment Benefits (Continued)

The Ohio Revised Code permits, but does not require, OPERS to provide healthcare benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222 – 7377.

Funding Policy – The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund postemployment healthcare through contributions to OPERS. A portion of each employer’s contribution to the traditional or combined plans is set aside for the funding of postemployment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2008, local government employers contributed 14 percent of covered payroll. In 2007, local government employers contributed 13.85 percent of covered payroll. Each year, the OPERS retirement board determines the portion of the employer contribution that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions which was allocated to fund postemployment healthcare was 7 percent of covered payroll from January 1, 2008 to December 31, 2008, 5 percent from January 1 through June 30, 2007, and 6 percent from July 1, through December 31, 2007.

The Retirement Board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree’s surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage. Active members do not make contributions to the postemployment health care plan.

The Township’s contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2008, 2007, and 2006 were \$4,639, \$3,563 and \$2,822 respectively; 100 percent has been contributed for 2008, 2007 and 2006.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

Note 9 – Debt

The Township’s long-term debt activity for the year ended December 31, 2008, was as follows:

	Interest Rate	Balance December 31, 2007	Additions	Reductions	Balance December 31, 2008	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Bonds						
2004 Issue (\$57,200)	4.03%	\$ 24,300	\$ 0	\$ 11,900	\$ 12,400	\$ 12,400

The general obligation bonds are supported by the full faith and credit of the Township and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

Lawrence Township
Washington County
Notes to the Basic Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 9 – Debt (Continued)

The following is a summary of the Township's future annual debt service requirements:

Year	G.O. Bonds	
	Principal	Interest
2009	\$12,400	\$500
Totals	\$12,400	\$500

Note 10 – Leases

The Township leases a grader under a noncancelable lease. The Township disbursed \$16,935 and \$7,056 for lease payments for the years ended December 31, 2008 and 2007, respectively. The Township also paid a down payment of \$14,798 in 2007. Future lease payments, including interest, are as follows:

Year	Amount
2009	\$ 16,935
2010	16,935
2011	16,935
2012	16,935
2013	16,935
2014-2017	62,095
Total	\$ 146,770

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Mary Taylor, CPA

Auditor of State

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

Lawrence Township
Washington County
692 Bear Run Road
Reno, Ohio 45773

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lawrence Township, Washington County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007, which collectively comprise the Township's basic financial statements and have issued our report thereon dated July 23, 2009, wherein we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the basic financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider finding 2008-001 described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We do not believe the significant deficiency described above is a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Township's basic financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the Township's management in a separate letter dated July 23, 2009.

We intend this report solely for the information and use of management and the Board of Trustees. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

July 23, 2009

**LAWRENCE TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

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

FINDING NUMBER 2008-001

Significant Deficiency

All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Township recorded permissive sales tax receipts as Property and Other Local Tax receipts instead of Intergovernmental Receipts in the amount of \$45,960 in 2007 and \$53,601 in 2008 in the Permissive Sales Tax Fund.

In addition, the Board of Trustees entered into a lease purchase agreement in 2007 in the amount of \$135,000 for the purchase of a grader. The financial institution made the check payable directly to the vendor. The Fiscal Officer did not post the proceeds and the corresponding expenditure to the books. As a result, receipts and disbursements were understated on the Township's books and financial statements for 2007.

These misstatements were caused by management oversight. As a result, significant adjustments and reclassifications, with which the Township's management agrees, were made to the accompanying financial statements.

We recommend the Fiscal Officer refer to the Ohio Township Handbook for proper classification and take additional care in posting transactions to the Township's ledgers in order to ensure the Township's year-end financial statements reflect the appropriate sources of the Township's receipts and disbursements. In addition, we recommend the Fiscal Officer record all debt proceeds and corresponding expenditures in the Township's books. We also recommend the Township obtain an amended certificate of estimated resources and pass supplemental appropriations for these transactions.

Officials' Response: We did not receive a response from Officials to the finding reported above.

**LAWRENCE TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2004-001	Ohio Rev. Code Sections 507.09(A)(3) and (D)(5) - During 2003, Township Clerk, Edna K. Thomas, received compensation at a higher rate than she was entitled to. A finding for recovery was issued for \$1,599.69.	No	Not Corrected; Finding for Recovery Still Outstanding
2004-005	Ohio Rev. Code Section 505.602 - The Township paid for two life insurance policies after the Township Clerk's term ended. A finding for recovery was issued for \$815.88.	No	Not Corrected; Finding for Recovery Still Outstanding
2006-001	Noncompliance Citation and Significant Deficiency - The cash balances on deposit with the bank exceeded the \$100,000 federal deposit insurance limit and pledged securities issued by the bank.	Yes	



Mary Taylor, CPA
Auditor of State

LAWRENCE TOWNSHIP

WASHINGTON 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 1, 2009