



Mary Taylor, CPA
Auditor of State

**LAWRENCE TOWNSHIP
WASHINGTON COUNTY**

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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, 2006 and 2005, 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 an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. 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 opinion.

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, 2006 and 2005, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Motor Vehicle License Tax, Gasoline Tax, Permissive Sales Tax and FEMA #2 Funds thereof for the years then ended in conformity with the basis of accounting Note 1 describes.

For the years ended December 31, 2006 and 2005, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2007, 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 black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

April 24, 2007

Lawrence Township
Washington County
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

This discussion and analysis of the Lawrence Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2006 and 2005, 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 2006 are as follows:

Net assets of governmental activities decreased \$33,671, or 26 percent, a significant change from the prior year. The fund realizing the decrease the most was the FEMA #2 Fund. In the FEMA #2 Fund the Township had Cash and Cash Equivalents of \$66,703 in 2005 and of \$19,053 in 2006.

The Township's receipts are primarily property tax and intergovernmental revenues. These receipts represent respectively \$53,648 and 24 percent of the total cash received for governmental activities during the year.

Key highlights for 2005 are as follows:

Net assets of governmental activities increased \$75,531, or 135 percent. The fund realizing the increase the most was the FEMA #2 Fund. The Township received \$92,991 in FEMA money in 2005.

The Township's receipts are primarily property tax and intergovernmental revenues. These receipts represent respectively \$53,971 and 14 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

Lawrence Township
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Management's Discussion and Analysis
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Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

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 Government as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2006 and 2005, 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 Government'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, Permissive Sales Tax Fund, and the FEMA #2 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, 2006 and 2005
Unaudited

The Government as a Whole

Table 1 provides a summary of the Township's net assets for 2006 compared to 2005 and 2004 on a cash basis:

(Table 1)

Net Assets

| | Governmental Activities | | |
|---------------------------|-------------------------|-----------|----------|
| | 2006 | 2005 | 2004 |
| Assets | | | |
| Cash and Cash Equivalents | \$97,842 | \$131,513 | \$55,982 |
| Total Assets | \$97,842 | \$131,513 | \$55,982 |
| Net Assets | | | |
| Restricted for: | | | |
| Other Purposes | 65,543 | 101,866 | 28,306 |
| Unrestricted | 32,299 | 29,647 | 27,676 |
| Total Net Assets | \$97,842 | \$131,513 | \$55,982 |

As mentioned previously, net assets of governmental activities decreased \$33,671 or 26 percent for 2006. The primary reason contributing to the decrease was the receipt of FEMA funds in 2005.

Net assets of governmental activities increased \$75,531, or 135 percent for 2005. The primary reason contributing to the increase was the receipt of FEMA funds in 2005.

Table 2 reflects the changes in net assets on a cash basis in 2006 and 2005 for governmental activities.

Lawrence Township
Washington County
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

(Table 2)
Changes in Net Assets

| | Governmental Activities | |
|--|----------------------------|------------------|
| | <u>2006</u> | <u>2005</u> |
| Receipts: | | |
| Program Receipts: | | |
| Operating Grants and Contributions | \$ 157,562 | \$ 288,700 |
| Total Program Receipts | <u>157,562</u> | <u>288,700</u> |
| General Receipts: | | |
| Property Taxes | 18,657 | 18,986 |
| Grants and Entitlements Not Restricted to Specific Programs | 34,991 | 34,985 |
| Sale of Fixed Assets | | 2,160 |
| Interest | 102 | 113 |
| Miscellaneous | <u>13,402</u> | <u>29,646</u> |
| Total General Receipts | <u>67,152</u> | <u>85,890</u> |
| Total Receipts | <u>224,714</u> | <u>374,590</u> |
| | | |
| Disbursements: | | |
| General Government | 41,594 | 50,577 |
| Public Safety | 2,000 | 2,000 |
| Public Works | 181,998 | 207,165 |
| Health | 4,627 | 4,316 |
| Other | 10,305 | 15,187 |
| Capital Outlay | | 2,025 |
| Debt Service: | | |
| Principal Retirement | 15,632 | 14,813 |
| Interest and Fiscal Charges | <u>2,229</u> | <u>2,976</u> |
| Total Disbursements | <u>258,385</u> | <u>299,059</u> |
| | | |
| Increase (Decrease) in Net Assets | (33,671) | 75,531 |
| | | |
| Net Assets, January 1 | <u>131,513</u> | <u>55,982</u> |
| Net Assets, December 31 | <u>\$97,842</u> | <u>\$131,513</u> |

In 2006, program receipts represent 70 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license, gas tax money, permissive sales tax from the County, and FEMA money.

In 2005, program receipts represent only 77 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license, gas tax money, permissive sales tax from the County, and FEMA money.

In 2006, general receipts represent 30 percent of the Township's total receipts, and of this amount, over 52 percent are grants and entitlements. Property Taxes make up most of the balance of the Township's general receipts (28 percent). Miscellaneous receipts are very insignificant and somewhat unpredictable revenue sources.

In 2005, general receipts represent 23 percent of the Township's total receipts, and of this amount, over 41 percent are grants and entitlements. Property Taxes and miscellaneous receipts make up most of the balance of the Township's general receipts (22 percent and 35 percent, respectively). Interest receipts are very insignificant.

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Management's Discussion and Analysis
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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 aren't limited to, the costs of trustee and clerk salaries, medical costs, insurances, retirement, and utilities.

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

Since the Township did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data has not been presented for 2005-2004.

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 16 and 70 percent of all governmental disbursements, respectively for 2006. The major program disbursements for governmental activities are for General Government and Public Works, which account for 17 and 69 percent of all governmental disbursements, respectively for 2005. 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 of Services 2006 | Net Cost of Services 2006 | Total Cost of Services 2005 | Net Cost of Services 2005 |
|-----------------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| General Government | \$41,594 | \$41,154 | \$50,577 | \$50,577 |
| Public Safety | \$2,000 | \$2,000 | \$2,000 | \$2,000 |
| Public Works | 181,998 | 24,876 | 207,165 | (81,535) |
| Health | 4,627 | 4,627 | 4,316 | 4,316 |
| Other | 10,305 | 10,305 | 15,187 | 15,187 |
| Capital Outlay | 0 | 0 | 2,025 | 2,025 |
| Principal Retirement | 15,632 | 15,632 | 14,813 | 14,813 |
| Interest and Fiscal Charges | 2,229 | 2,229 | 2,976 | 2,976 |
| Total Expenses | \$258,385 | \$100,823 | \$299,059 | \$10,359 |

The dependence upon property tax and grants and entitlement receipts is apparent in 2006 as over 39 percent of governmental activities are supported through these general receipts.

The Government's Funds

For 2006 total governmental funds had receipts of \$224,714 and disbursements of \$258,385. The greatest change within governmental funds occurred within the FEMA #2 Fund. The fund balance of the FEMA #2 Fund decreased \$47,650 because most the FEMA money was received in 2005 and most of the money was disbursed in 2006.

Lawrence Township
Washington County
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

FEMA #2 Fund receipts were less than disbursements by \$47,650 because additional FEMA funds in the amount of only \$13,661 were received, but there was a \$66,703 in carryover FEMA funds to be used.

For 2005 total governmental funds had receipts of \$375,340 and disbursements of \$299,810. The greatest change within governmental funds occurred within the FEMA #2 Fund. This was a new fund in 2005 and had receipts of \$92,991.

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 2006, the Township amended its budget to reflect changing circumstances. Final budgeted receipts were below original budgeted receipts in the General Fund and Motor Vehicle License Tax Fund due to unexpected slow growth in intergovernmental receipts. However, receipts were above original budgeted receipts in the Gasoline Tax Fund. Also, an unexpected receipt from the State for FEMA funds increased the FEMA #2 fund.

During 2006 final disbursements were budgeted at \$300,558 while actual disbursements were \$247,845. Although some receipts failed to live up to expectations, appropriations were not reduced.

During 2005, 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, receipts were above original budgeted receipts in the General Fund and FEMA #2 Fund.

During 2005 final disbursements were budgeted at \$303,920 while actual disbursements were \$275,804.

Debt Administration

At December 31, 2006, the Township's outstanding debt included \$35,700 in general obligation bonds issued for the purchase of a John Deere tractor. For further information regarding the Township's debt, refer to Note 11 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 Government'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, Township Clerk, Lawrence Township, 692 Bear Run Road, Reno, Ohio 45773.

LAWRENCE TOWNSHIP
WASHINGTON COUNTY

STATEMENT OF NET ASSETS - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2006

| | Governmental Activities |
|--|----------------------------|
| Assets: | |
| Equity in Pooled Cash and Cash Equivalents | \$ 97,842 |
| <i>Total Assets</i> | <u>\$ 97,842</u> |
| | |
| Net Assets: | |
| Restricted for: | |
| Other Purposes | \$ 65,543 |
| Unrestricted | 32,299 |
| <i>Total Net Assets</i> | <u>\$ 97,842</u> |

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

**LAWRENCE TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2006**

| | | <u>Program Cash Receipts</u> | <u>Net (Disbursements) Receipts and Changes in Net Assets</u> |
|---|---|------------------------------------|---|
| <u>Cash Disbursements</u> | <u>Operating Grants and Contributions</u> | <u>Governmental Activities</u> | |
| Governmental Activities: | | | |
| General Government | \$ 41,594 | \$ 440 | \$ (41,154) |
| Public Safety | 2,000 | | (2,000) |
| Public Works | 181,998 | 157,122 | (24,876) |
| Health | 4,627 | | (4,627) |
| Other | 10,305 | | (10,305) |
| Debt Service: | | | |
| Principal Retirement | 15,632 | | (15,632) |
| Interest and Fiscal Charges | 2,229 | | (2,229) |
| | | | |
| <i>Total Governmental Activities</i> | <u>\$ 258,385</u> | <u>\$ 157,562</u> | <u>(100,823)</u> |
| | | | |
| General Receipts: | | | |
| Property Taxes Levied for: | | | |
| General Purposes | | | 18,657 |
| Grants and Entitlements not Restricted to Specific Programs | | | 34,991 |
| Interest | | | 102 |
| Miscellaneous | | | 13,402 |
| <i>Total General Receipts</i> | | | <u>67,152</u> |
| | | | |
| <i>Change in Net Assets</i> | | | (33,671) |
| | | | |
| Net Assets Beginning of Year | | | <u>131,513</u> |
| | | | |
| Net Assets End of Year | | | <u>\$ 97,842</u> |

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

LAWRENCE TOWNSHIP
WASHINGTON COUNTY

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006

| | General | Motor Vehicle License Tax | Gasoline Tax | Permissive Sales Tax | FEMA #2 | Other Governmental Funds | Total Governmental Funds |
|--------------------------------------|------------------|---------------------------------|------------------|-------------------------|------------------|--------------------------------|--------------------------------|
| Assets: | | | | | | | |
| Cash | \$ 32,299 | \$ 18,255 | \$ 15,924 | \$ - | \$ 19,053 | \$ 12,311 | \$ 97,842 |
| <i>Total Assets</i> | <u>\$ 32,299</u> | <u>\$ 18,255</u> | <u>\$ 15,924</u> | <u>\$ -</u> | <u>\$ 19,053</u> | <u>\$ 12,311</u> | <u>\$ 97,842</u> |
| Fund Balances: | | | | | | | |
| Unreserved: | | | | | | | |
| Undesignated (Deficit), Reported in: | | | | | | | |
| General Fund | \$ 32,299 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 32,299 |
| Special Revenue Funds | | 18,255 | 15,924 | | 19,053 | 12,311 | 65,543 |
| <i>Total Fund Balances</i> | <u>\$ 32,299</u> | <u>\$ 18,255</u> | <u>\$ 15,924</u> | <u>\$ 0</u> | <u>\$ 19,053</u> | <u>\$ 12,311</u> | <u>\$ 97,842</u> |

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

LAWRENCE TOWNSHIP
WASHINGTON COUNTY

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES
IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

| | General | Motor Vehicle License Tax | Gasoline Tax | Permissive Sales Tax | FEMA #2 | Other Governmental Funds | Total Governmental Funds |
|--|------------------|---------------------------------|------------------|-------------------------|------------------|--------------------------------|--------------------------------|
| Cash Receipts: | | | | | | | |
| Property and Other Local Taxes | \$ 10,883 | | | | | \$ 7,774 | \$ 18,657 |
| Intergovernmental | 33,877 | 19,156 | 81,542 | 39,554 | 13,661 | 4,323 | 192,113 |
| Special Assessments | 256 | | | | | 184 | 440 |
| Interest | 72 | 20 | 10 | | | | 102 |
| Other | 3,077 | | | | | | 3,077 |
| <i>Total Cash Receipts</i> | <u>48,165</u> | <u>19,176</u> | <u>81,552</u> | <u>39,554</u> | <u>13,661</u> | <u>12,281</u> | <u>214,389</u> |
| Cash Disbursements: | | | | | | | |
| Current: | | | | | | | |
| General Government | 41,406 | | | | | 188 | 41,594 |
| Public Safety | 2,000 | | | | | | 2,000 |
| Public Works | | 15,582 | 60,178 | 39,554 | 61,311 | 5,373 | 181,998 |
| Health | 2,127 | | 2,500 | | | | 4,627 |
| Debt Service: | | | | | | | |
| Principal Retirement | | | 11,000 | | | 4,632 | 15,632 |
| Interest and Fiscal Charges | | | 1,882 | | | 347 | 2,229 |
| <i>Total Cash Disbursements</i> | <u>45,533</u> | <u>15,582</u> | <u>75,560</u> | <u>39,554</u> | <u>61,311</u> | <u>10,540</u> | <u>248,080</u> |
| <i>Excess of Cash Receipts Over (Under) Cash Disbursements</i> | <u>2,632</u> | <u>3,594</u> | <u>5,992</u> | <u>0</u> | <u>(47,650)</u> | <u>1,741</u> | <u>(33,691)</u> |
| Other Financing Sources (Uses): | | | | | | | |
| Other Financing Sources | 10,325 | | | | | | 10,325 |
| Other Financing Uses | (10,305) | | | | | | (10,305) |
| <i>Total Other Financing Sources (Uses)</i> | <u>20</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>20</u> |
| <i>Net Change in Fund Balances</i> | 2,652 | 3,594 | 5,992 | 0 | (47,650) | 1,741 | (33,671) |
| Fund Balances Beginning of Year | 29,647 | 14,661 | 9,932 | 0 | 66,703 | 10,570 | 131,513 |
| Fund Balances End of Year | \$ 32,299 | \$ 18,255 | \$ 15,924 | \$ 0 | \$ 19,053 | \$ 12,311 | \$ 97,842 |

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

**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, 2006**

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--|-------------------------|------------------------|-------------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Receipts: | | | | |
| Property and Other Local Taxes | \$ 10,815 | \$ 10,883 | \$ 10,883 | \$ 0 |
| Intergovernmental | 34,742 | 33,877 | 33,877 | 0 |
| Special Assessments | | 256 | 256 | 0 |
| Interest | 25 | 67 | 72 | 5 |
| Other | 8,075 | 3,077 | 3,077 | 0 |
| <i>Total receipts</i> | <u>53,657</u> | <u>48,160</u> | <u>48,165</u> | <u>5</u> |
| Disbursements: | | | | |
| Current: | | | | |
| General Government | 60,680 | 63,180 | 41,406 | 21,774 |
| Public Safety | 2,000 | 2,000 | 2,000 | 0 |
| Public Works | 150 | 150 | | 150 |
| Health | 2,128 | 2,128 | 2,127 | 1 |
| <i>Total Disbursements</i> | <u>64,958</u> | <u>67,458</u> | <u>45,533</u> | <u>21,925</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(11,301)</u> | <u>(19,298)</u> | <u>2,632</u> | <u>21,930</u> |
| Other Financing Sources (Uses): | | | | |
| Other Financing Sources | 11,000 | 10,325 | 10,325 | 0 |
| Other Financing Uses | (10,800) | (10,800) | (10,305) | 495 |
| <i>Total Other Financing Sources (Uses)</i> | <u>200</u> | <u>(475)</u> | <u>20</u> | <u>495</u> |
| <i>Net Change in Fund Balance</i> | (11,101) | (19,773) | 2,652 | 22,425 |
| Fund Balance Beginning of Year | <u>29,647</u> | <u>29,647</u> | <u>29,647</u> | <u>0</u> |
| Fund Balance End of Year | <u>\$ 18,546</u> | <u>\$ 9,874</u> | <u>\$ 32,299</u> | <u>\$ 22,425</u> |

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

**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, 2006**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|-------------------------|------------------------|-------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Receipts: | | | | |
| Intergovernmental | \$ 20,575 | \$ 19,156 | \$ 19,156 | \$ 0 |
| Interest | 25 | 18 | 20 | 2 |
| <i>Total Receipts</i> | <u>20,600</u> | <u>19,174</u> | <u>19,176</u> | <u>2</u> |
| Disbursements: | | | | |
| Current: | | | | |
| Public Works | 27,400 | 27,400 | 15,582 | 11,818 |
| <i>Total Disbursements</i> | <u>27,400</u> | <u>27,400</u> | <u>15,582</u> | <u>11,818</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | (6,800) | (8,226) | 3,594 | 11,820 |
| Fund Balance Beginning of Year | <u>14,661</u> | <u>14,661</u> | <u>14,661</u> | <u>0</u> |
| Fund Balance End of Year | <u>\$ 7,861</u> | <u>\$ 6,435</u> | <u>\$ 18,255</u> | <u>\$ 11,820</u> |

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

**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, 2006**

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--|-------------------------|------------------------|-------------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Receipts: | | | | |
| Intergovernmental | \$ 72,075 | \$ 81,542 | \$ 81,542 | \$ 0 |
| Interest | 25 | 9 | 10 | 1 |
| <i>Total Receipts</i> | <u>72,100</u> | <u>81,551</u> | <u>81,552</u> | <u>1</u> |
| Disbursements: | | | | |
| Current: | | | | |
| Public Works | 67,717 | 70,217 | 60,178 | 10,039 |
| Health | | 2,500 | 2,500 | 0 |
| Debt Service: | | | | |
| Principal Retirement | 11,000 | 11,000 | 11,000 | 0 |
| Interest and Fiscal Charges | 1,883 | 1,883 | 1,882 | 1 |
| <i>Total Disbursements</i> | <u>80,600</u> | <u>85,600</u> | <u>75,560</u> | <u>10,040</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | (8,500) | (4,049) | 5,992 | 10,041 |
| Fund Balance Beginning of Year | <u>9,932</u> | <u>9,932</u> | <u>9,932</u> | <u>0</u> |
| Fund Balance End of Year | <u>\$ 1,432</u> | <u>\$ 5,883</u> | <u>\$ 15,924</u> | <u>\$ 10,041</u> |

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

**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, 2006**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|----------------------|--------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Receipts: | | | | |
| Intergovernmental | \$ 43,155 | \$ 43,155 | \$ 39,554 | \$ (3,601) |
| <i>Total Receipts</i> | <u>43,155</u> | <u>43,155</u> | <u>39,554</u> | <u>(3,601)</u> |
| Disbursements: | | | | |
| Current: | | | | |
| Public Works | 43,000 | 43,000 | 39,554 | 3,446 |
| <i>Total Disbursements</i> | <u>43,000</u> | <u>43,000</u> | <u>39,554</u> | <u>3,446</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>155</u> | <u>155</u> | <u>0</u> | <u>(155)</u> |
| Fund Balance Beginning of Year | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Fund Balance End of Year | <u>\$ 155</u> | <u>\$ 155</u> | <u>\$ 0</u> | <u>\$ (155)</u> |

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

**LAWRENCE TOWNSHIP
WASHINGTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FEMA #2 FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|-------------------------|-------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Receipts: | | | | |
| Intergovernmental | \$ | \$ 13,661 | \$ 13,661 | \$ 0 |
| <i>Total Receipts</i> | <u>0</u> | <u>13,661</u> | <u>13,661</u> | <u>0</u> |
| Disbursements | | | | |
| Current: | | | | |
| Public Works | 66,300 | 66,300 | 61,311 | 4,989 |
| <i>Total Disbursements</i> | <u>66,300</u> | <u>66,300</u> | <u>61,311</u> | <u>4,989</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | (66,300) | (52,639) | (47,650) | 4,989 |
| Fund Balance Beginning of Year | <u>66,703</u> | <u>66,703</u> | <u>66,703</u> | <u>0</u> |
| Fund Balance End of Year | <u><u>\$ 403</u></u> | <u><u>\$ 14,064</u></u> | <u><u>\$ 19,053</u></u> | <u><u>\$ 4,989</u></u> |

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

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LAWRENCE TOWNSHIP
WASHINGTON COUNTY

STATEMENT OF NET ASSETS - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| Assets: | |
| Equity in Pooled Cash and Cash Equivalents | \$ 131,513 |
| <i>Total Assets</i> | <u>\$ 131,513</u> |
| | |
| Net Assets: | |
| Restricted for: | |
| Other Purposes | \$ 101,866 |
| Unrestricted | 29,647 |
| <i>Total Net Assets</i> | <u>\$ 131,513</u> |

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

LAWRENCE TOWNSHIP
WASHINGTON COUNTY

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005

| | | <u>Program Cash Receipts</u> | <u>Net (Disbursements) Receipts and Changes in Net Assets</u> |
|--------------------------------------|---|--|---|
| <u>Cash Disbursements</u> | <u>Operating Grants and Contributions</u> | <u>Governmental Activities</u> | |
| Governmental Activities: | | | |
| General Government | \$ 50,577 | \$ | \$ (50,577) |
| Public Safety | 2,000 | | (2,000) |
| Public Works | 207,165 | 288,700 | 81,535 |
| Health | 4,316 | | (4,316) |
| Other | 15,187 | | (15,187) |
| Capital Outlay | 2,025 | | (2,025) |
| Debt Service: | | | |
| Principal Retirement | 14,813 | | (14,813) |
| Interest and Fiscal Charges | 2,976 | | (2,976) |
| <i>Total Governmental Activities</i> | <u>\$ 299,059</u> | <u>\$ 288,700</u> | <u>(10,359)</u> |
| | | General Receipts: | |
| | | Property Taxes Levied for: | |
| | | General Purposes | 18,986 |
| | | Grants and Entitlements not Restricted to Specific Programs | 34,985 |
| | | Interest | 113 |
| | | Sale of Fixed Assets | 2,160 |
| | | Miscellaneous | 29,646 |
| | | <i>Total General Receipts</i> | <u>85,890</u> |
| | | <i>Change in Net Assets</i> | 75,531 |
| | | Net Assets Beginning of Year | <u>55,982</u> |
| | | Net Assets End of Year | <u>\$ 131,513</u> |

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

LAWRENCE TOWNSHIP
WASHINGTON COUNTY

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005

| | General | Motor Vehicle License Tax | Gasoline Tax | Permissive Sales Tax | FEMA #2 | Other Governmental Funds | Total Governmental Funds |
|--------------------------------------|------------------|---------------------------------|-----------------|-------------------------|------------------|--------------------------------|--------------------------------|
| Assets: | | | | | | | |
| Cash | \$ 29,647 | \$ 14,661 | \$ 9,932 | \$ - | \$ 66,703 | \$ 10,570 | \$ 131,513 |
| <i>Total Assets</i> | <u>\$ 29,647</u> | <u>\$ 14,661</u> | <u>\$ 9,932</u> | <u>\$ -</u> | <u>\$ 66,703</u> | <u>\$ 10,570</u> | <u>\$ 131,513</u> |
| Fund Balances: | | | | | | | |
| Unreserved: | | | | | | | |
| Undesignated (Deficit), Reported in: | | | | | | | |
| General Fund | \$ 29,647 | | | | | | \$ 29,647 |
| Special Revenue Funds | | 14,661 | 9,932 | | 66,703 | 10,570 | 101,866 |
| <i>Total Fund Balances</i> | <u>\$ 29,647</u> | <u>\$ 14,661</u> | <u>\$ 9,932</u> | <u>\$ 0</u> | <u>\$ 66,703</u> | <u>\$ 10,570</u> | <u>\$ 131,513</u> |

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

LAWRENCE TOWNSHIP
WASHINGTON COUNTY

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES
IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

| | General | Motor Vehicle License Tax | Gasoline Tax | Permissive Sales Tax | FEMA #2 | Other Governmental Funds | Total Governmental Funds |
|--|-------------------------|---------------------------------|------------------------|-------------------------|-------------------------|--------------------------------|--------------------------------|
| Cash Receipts: | | | | | | | |
| Property and Other Local Taxes | \$ 11,075 | \$ | \$ | \$ | \$ | \$ 7,911 | \$ 18,986 |
| Intergovernmental | 33,812 | 18,642 | 77,233 | 79,288 | 92,991 | 21,718 | 323,684 |
| Special Assessments | 256 | | | | | 184 | 440 |
| Interest | 88 | 10 | 14 | | | | 112 |
| Other | 12,090 | 680 | 1,165 | | | 85 | 14,020 |
| <i>Total Cash Receipts</i> | <u>57,321</u> | <u>19,332</u> | <u>78,412</u> | <u>79,288</u> | <u>92,991</u> | <u>29,898</u> | <u>357,242</u> |
| Cash Disbursements: | | | | | | | |
| Current: | | | | | | | |
| General Government | 50,386 | | | | | 190 | 50,576 |
| Public Safety | 2,000 | | | | | | 2,000 |
| Public Works | 57 | 11,863 | 70,838 | 79,288 | 26,288 | 18,832 | 207,166 |
| Health | 2,156 | | 2,160 | | | | 4,316 |
| Capital Outlay | | 2,025 | | | | | 2,025 |
| Debt Service: | | | | | | | |
| Principal Retirement | | | 10,500 | | | 4,313 | 14,813 |
| Interest and Fiscal Charges | | | 2,305 | | | 671 | 2,976 |
| <i>Total Cash Disbursements</i> | <u>54,599</u> | <u>13,888</u> | <u>85,803</u> | <u>79,288</u> | <u>26,288</u> | <u>24,006</u> | <u>283,872</u> |
| <i>Excess of Cash Receipts Over (Under) Cash Disbursements</i> | <u>2,722</u> | <u>5,444</u> | <u>(7,391)</u> | <u>0</u> | <u>66,703</u> | <u>5,892</u> | <u>73,370</u> |
| Other Financing Sources (Uses): | | | | | | | |
| Sale of Fixed Assets | | | 2,160 | | | | 2,160 |
| Advances In | | | | | | 751 | 751 |
| Advances Out | (751) | | | | | | (751) |
| Other Financing Sources | 15,187 | | | | | | 15,187 |
| Other Financing Uses | (15,187) | | | | | | (15,187) |
| <i>Total Other Financing Sources (Uses)</i> | <u>(751)</u> | <u>0</u> | <u>2,160</u> | <u>0</u> | <u>0</u> | <u>751</u> | <u>2,160</u> |
| <i>Net Change in Fund Balances</i> | 1,971 | 5,444 | (5,231) | 0 | 66,703 | 6,643 | 75,530 |
| Fund Balances Beginning of Year | 27,676 | 9,217 | 15,163 | 0 | 0 | 3,927 | 55,983 |
| Fund Balances End of Year | <u>\$ 29,647</u> | <u>\$ 14,661</u> | <u>\$ 9,932</u> | <u>\$ 0</u> | <u>\$ 66,703</u> | <u>\$ 10,570</u> | <u>\$ 131,513</u> |

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

**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, 2005**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|-------------------------|-------------------------|-------------------------|---|
| | <u>Original</u> | <u>Final</u> | | <u>Actual</u> |
| Receipts: | | | | |
| Property and Other Local Taxes | \$ 10,500 | \$ 11,075 | \$ 11,075 | \$ 0 |
| Intergovernmental | 34,100 | 33,812 | 33,812 | 0 |
| Special Assessments | | 256 | 256 | 0 |
| Interest | 25 | 90 | 88 | (2) |
| Other | | 12,090 | 12,090 | 0 |
| <i>Total Receipts</i> | <u>44,625</u> | <u>57,323</u> | <u>57,321</u> | <u>(2)</u> |
| Disbursements: | | | | |
| Current: | | | | |
| General Government | 62,400 | 61,910 | 50,386 | 11,524 |
| Public Safety | 2,500 | 2,500 | 2,000 | 500 |
| Public Works | | 200 | 57 | 143 |
| Health | 2,066 | 2,156 | 2,156 | 0 |
| <i>Total Disbursements</i> | <u>66,966</u> | <u>66,766</u> | <u>54,599</u> | <u>12,167</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(22,341)</u> | <u>(9,443)</u> | <u>2,722</u> | <u>12,165</u> |
| Other Financing Sources (Uses): | | | | |
| Advances Out | | | (751) | (751) |
| Other Financing Sources | 14,225 | 15,187 | 15,187 | 0 |
| Other Financing Uses | | (15,200) | (15,187) | 13 |
| <i>Total Other Financing Sources (Uses)</i> | <u>14,225</u> | <u>(13)</u> | <u>(751)</u> | <u>(738)</u> |
| <i>Net Change in Fund Balance</i> | (8,116) | (9,456) | 1,971 | 11,427 |
| Fund Balance Beginning of Year | <u>27,676</u> | <u>27,676</u> | <u>27,676</u> | <u>0</u> |
| Fund Balance End of Year | <u>\$ 19,560</u> | <u>\$ 18,220</u> | <u>\$ 29,647</u> | <u>\$ 11,427</u> |

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

**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, 2005**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|------------------------|-------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Receipts: | | | | |
| Intergovernmental | \$ 27,396 | \$ 18,337 | \$ 18,642 | \$ 305 |
| Interest | 25 | 25 | 10 | (15) |
| Other | | 680 | 680 | 0 |
| <i>Total Receipts</i> | <u>27,421</u> | <u>19,042</u> | <u>19,332</u> | <u>290</u> |
| Disbursements: | | | | |
| Current: | | | | |
| Public Works | 26,200 | 17,500 | 11,863 | 5,637 |
| Capital Outlay | 0 | 2,500 | 2,025 | 475 |
| <i>Total Disbursements</i> | <u>26,200</u> | <u>20,000</u> | <u>13,888</u> | <u>6,112</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | 1,221 | (958) | 5,444 | 6,402 |
| Fund Balance Beginning of Year | <u>9,217</u> | <u>9,217</u> | <u>9,217</u> | <u>0</u> |
| Fund Balance End of Year | <u>\$ 10,438</u> | <u>\$ 8,259</u> | <u>\$ 14,661</u> | <u>\$ 6,402</u> |

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

**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, 2005**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|----------------------|------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Receipts: | | | | |
| Intergovernmental | \$ 75,000 | \$ 70,511 | \$ 77,233 | \$ 6,722 |
| Interest | 25 | 25 | 14 | (11) |
| Other | | 1,165 | 1,165 | 0 |
| <i>Total Receipts</i> | <u>75,025</u> | <u>71,701</u> | <u>78,412</u> | <u>6,711</u> |
| Disbursements: | | | | |
| Current: | | | | |
| Public Works | 76,500 | 73,000 | 70,838 | 2,162 |
| Health | | 2,500 | 2,160 | 340 |
| Capital Outlay | 12,805 | | | 0 |
| Debt Service: | | | | |
| Principal Retirement | | 10,500 | 10,500 | 0 |
| Interest and Fiscal Charges | | 2,305 | 2,305 | 0 |
| <i>Total Disbursements</i> | <u>89,305</u> | <u>88,305</u> | <u>85,803</u> | <u>2,502</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | (14,280) | (16,604) | (7,391) | 9,213 |
| Other Financing Sources (Uses) | | | | |
| Sale of Capital Assets | | 2,160 | 2,160 | |
| <i>Total Other Financing Sources (Uses)</i> | <u>0</u> | <u>2,160</u> | <u>2,160</u> | <u>0</u> |
| <i>Net Change in Fund Balance</i> | (14,280) | (14,444) | (5,231) | 9,213 |
| Fund Balance Beginning of Year | <u>15,163</u> | <u>15,163</u> | <u>15,163</u> | <u>0</u> |
| Fund Balance End of Year | <u>\$ 883</u> | <u>\$ 719</u> | <u>\$ 9,932</u> | <u>\$ 9,213</u> |

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

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, 2005

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with</u> |
|--|---------------------------|---------------------------|--------------------|-------------------------|
| | <u>Original</u> | <u>Final</u> | | <u>Final Budget</u> |
| | | | | <u>Positive</u> |
| | | | | <u>(Negative)</u> |
| Receipts: | | | | |
| Intergovernmental | \$ 43,155 | \$ 43,155 | \$ 79,288 | \$ 36,133 |
| <i>Total Receipts</i> | <u>43,155</u> | <u>43,155</u> | <u>79,288</u> | <u>36,133</u> |
| Disbursements: | | | | |
| Current: | | | | |
| Public Works | 83,899 | 83,899 | 79,288 | 4,611 |
| <i>Total Disbursements</i> | <u>83,899</u> | <u>83,899</u> | <u>79,288</u> | <u>4,611</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | (40,744) | (40,744) | 0 | 40,744 |
| Fund Balance Beginning of Year | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Fund Balance End of Year | <u>\$ (40,744)</u> | <u>\$ (40,744)</u> | <u>\$ 0</u> | <u>\$ 40,744</u> |

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

LAWRENCE TOWNSHIP
WASHINGTON COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FEMA #2 FUND
FOR THE YEAR ENDED DECEMBER 31, 2005

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|-------------------------|-------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Receipts: | | | | |
| Intergovernmental | \$ | \$ 92,991 | \$ 92,991 | \$ 0 |
| <i>Total Receipts</i> | <u>0</u> | <u>92,991</u> | <u>92,991</u> | <u>0</u> |
| Disbursements: | | | | |
| Current: | | | | |
| Public Works | | 29,750 | 26,288 | 3,462 |
| <i>Total Disbursements</i> | <u>0</u> | <u>29,750</u> | <u>26,288</u> | <u>3,462</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>0</u> | <u>63,241</u> | <u>66,703</u> | <u>3,462</u> |
| Fund Balance Beginning of Year | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u>\$ 0</u> | <u>\$ 63,241</u> | <u>\$ 66,703</u> | <u>\$ 3,462</u> |

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

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Lawrence Township
Washington County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

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 Clerk.

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

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 the Washington County Sheriff 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, 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.

Note 2 – Summary of Significant Accounting Policies (Continued)

The statement of net assets presents the cash balances of the governmental 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. 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 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 required major governmental funds are the General, Motor Vehicle License Tax, Gasoline Tax, Permissive Sales Tax, and FEMA #2 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.

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.

FEMA #2 Fund – This fund received money from the Federal Emergency Management Agency. Funds are restricted for the purpose of repairing flood damaged areas in the Township.

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 ordinance is the Township's authorization to spend resources and sets limits on disbursements 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 Clerk. 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 ordinance 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 2006 was \$72 which includes \$36 assigned from other Township funds. Interest receipts credited to the General Fund during 2005 was \$88 which includes \$57 assigned from other Township funds.

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.

Note 2 – Summary of Significant Accounting Policies (Continued)

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. Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

I. 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 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for 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.

K. 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.

L. 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.

M. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Change in Basis of Accounting and Restatement of Fund Equity

In the prior audit the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. For this audit the Township has implemented the cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

Note 4 – Compliance

Compliance

For 2006 and 2005, the cash balances on deposit with the bank exceeded the \$100,000 federal deposit insurance limit and pledged securities in several months.

Note 5 – 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 License Tax Fund, Gasoline Tax Fund, Permissive Sales Tax Fund, and FEMA #2 Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

Note 6 – Deposits and Investments

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

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;

Lawrence Township
Washington County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 6 – Deposits and Investments (Continued)

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) 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.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2006, \$3,511 of the Township's bank balance of \$103,511, and at December 31, 2005, \$42,804 of the Township's bank balance of \$142,804, was exposed to custodial credit risk because those deposits were uninsured and collateralized.

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 7 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2006 and 2005 represent the collection of 2005 and 2004 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, the lien date. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, 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 property tax receipts received in 2006 and 2005 represent the collection of 2005 and 2004 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 2005, and are collected with real property taxes. Public utility real and tangible personal property taxes received in 2005 became a lien on December 31, 2004, were levied after October 1, 2004, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Lawrence Township
Washington County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 7 – Property Taxes (Continued)

Tangible personal property tax receipts received in 2006 and 2005 (other than public utility property) represent the collection of 2006 and 2005 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid 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, 2006, was \$2.40 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

| | |
|-------------------------------|-------------|
| Real Property | |
| Residential | \$3,317,570 |
| Agricultural | 4,093,730 |
| Commercial/Industrial/Mineral | 117,140 |
| Tangible Personal Property | |
| Business | 1,440 |
| Public Utility | 1,108,730 |
| Total Assessed Value | \$8,638,610 |

The full tax rate for all Township operations for the year ended December 31, 2005, was \$2.40 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based are as follows:

| | |
|-------------------------------|-------------|
| Real Property | |
| Residential | \$3,232,610 |
| Agricultural | 4,071,890 |
| Commercial/Industrial/Mineral | 114,650 |
| Tangible Personal Property | |
| Business | 6,430 |
| Public Utility | 1,117,960 |
| Total Assessed Value | \$8,543,540 |

Note 8 – Risk Management

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 townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Lawrence Township
Washington County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 8 – Risk Management (Continued)

Casualty Coverage

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. Townships can elect additional coverage, from \$2,000,000 to \$12,000,000 with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA'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.

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.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2005 was \$1,682,589.

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 township.

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, 2005 and 2004 (the latest information available):

| <u>Casualty Coverage</u> | <u>2005</u> | <u>2004</u> |
|--------------------------|---------------------|---------------------|
| Assets | \$30,485,638 | \$28,132,620 |
| Liabilities | <u>(12,344,576)</u> | <u>(11,086,379)</u> |
| Retained earnings | <u>\$18,141,062</u> | <u>\$17,046,241</u> |

| <u>Property Coverage</u> | <u>2005</u> | <u>2004</u> |
|--------------------------|--------------------|--------------------|
| Assets | \$9,177,796 | \$7,588,343 |
| Liabilities | <u>(1,406,031)</u> | <u>(543,176)</u> |
| Retained earnings | <u>\$7,771,765</u> | <u>\$7,045,167</u> |

Lawrence Township
Washington County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 8 – Risk Management (Continued)

At December 31, 2005 and 2004, respectively, casualty coverage assets and retained earnings noted above include approximately \$11.6 million and \$10.3 million of estimated incurred claims that will be paid subsequent to December 31, 2005 and 2004, respectively. These amounts will be billed and collected from members in the future when the related claims are due for payment. Because OTARMA is a public entity risk pool that shares risk management among its members, a specific liability related to the Township can not be reasonably estimated.

After completing one year of membership, members may withdraw on each anniversary date they joined OTARMA. They must 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 contribution. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to withdrawal. Withdrawing members have no other future obligation to the pool.

Based on discussions with OTARMA the expected rates charged by OTARMA 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 liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership. The Townships contributions to OTARMA for the past three years are as follows:

| <u>Township Contributions to OTARMA</u> | |
|--|---------|
| 2006 | \$4,783 |
| 2005 | \$4,423 |
| 2004 | \$3,948 |

Note 9 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

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.

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) 222-6705 or (800) 222-7377.

Note 9 – Defined Benefit Pension Plan (Continued)

For the year ended December 31, 2006, the members of all three plans, were required to contribute 9 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2006 was 13.7 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

For the year ended December 31, 2005, the members of all three plans, were required to contribute 8.5 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2005 was 13.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006 and 2005 were \$8,592, and \$8,209, respectively. The full amount has been contributed for 2006 and 2005.

Note 10 - Postemployment Benefits

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.7 percent of covered payroll; 4.5 percent of covered payroll was the portion that was used to fund health care. The 2005 local government employer contribution rate was 13.55 percent of covered payroll; 4 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 376,109. Actual employer contributions which were used to fund postemployment benefits were \$2,822 for 2006 and \$2,423 for 2005. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

Lawrence Township
Washington County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 11 – Debt

The Township's long-term debt activity for the year ended December 31, 2006, was as follows:

| <u>Governmental Activities</u> | Interest Rate | Balance December 31, 2005 | Additions | Reductions | Balance December 31, 2006 | Due Within One Year |
|--------------------------------|------------------|---------------------------------|-------------|------------------|---------------------------------|------------------------|
| General Obligation Bonds | | | | | | |
| 2001 Issue (\$20,163) | 7.50% | \$ 4,632 | \$ 0 | \$ 4,632 | \$ 0 | \$ 0 |
| 2004 Issue (\$57,200) | 4.03% | 46,700 | | 11,000 | 35,700 | 11,400 |
| | | <u>\$ 51,332</u> | <u>\$ 0</u> | <u>\$ 15,632</u> | <u>\$ 35,700</u> | <u>\$ 11,400</u> |

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.

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

| Year | G.O. Bonds | |
|------|------------------|-----------------|
| | Principal | Interest |
| 2007 | \$ 11,400 | \$ 1,439 |
| 2008 | 11,900 | 979 |
| 2009 | 12,400 | 500 |
| | <u>\$ 35,700</u> | <u>\$ 2,918</u> |

Note 12 – Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 13 – Subsequent Events

The Township secured funding through the Ohio Township Association Master Lease Program for the purchase of a new Komatsu grader. The closing date on the financing was October 7, 2006; however, no funds were transferred in 2006. Funds were transferred when the grader was delivered. The approximate date for delivery was February 2007. The amount financed was \$135,000 at an interest rate of 4.70%. The Township will repay the debt by making monthly payments in the amount of \$1,431 for 10 years.

The purchase price of the grader was \$149,798. The Township was given a trade-in allowance of \$12,000 for the old grader. The Township made a down-payment of \$2,798; thus making the amount financed at \$135,000.

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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, 2006 and 2005, which collectively comprise the Township's basic financial statements and have issued our report thereon dated April 24, 2007, 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.

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We consider the following deficiency described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting: 2006-001.

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 believe the significant deficiency described above is not a material weakness.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated April 24, 2007.

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 an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2006-001.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated April 24, 2007.

The Township's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the Township's response and, accordingly, we express no opinion.

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

April 24, 2007

LAWRENCE TOWNSHIP
WASHINGTON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005

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

FINDING NUMBER 2006-001

Noncompliance Citation and Significant Deficiency

Ohio Rev. Code Section 135.18(A) provides, in part, that the treasurer shall require the institution designated as a public depository to pledge to and deposit with the treasurer, as security for the repayment of all public moneys to be deposited in the public depository during the period of designation pursuant to the award, eligible securities of aggregate market value equal to the excess of the amount of public moneys to be at the time so deposited, over and above the portion or amount of such moneys as is at that time insured by the federal deposit insurance corporation or by any other agency or instrumentality of the federal government.

During 2006, the cash balances on deposit with the bank exceeded the \$100,000 federal deposit insurance limit and pledged securities in the following months:

| Month | Amount Not Covered by FDIC |
|----------|-------------------------------|
| January | \$ 38,193 |
| February | 30,254 |
| March | 14,793 |
| July | 4,647 |
| October | 3,207 |
| December | 3,511 |

During 2005, the cash balances on deposit with the bank exceeded the \$100,000 federal deposit insurance limit and pledged securities in the following months:

| Month | Amount Not Covered by FDIC |
|-----------|-------------------------------|
| July | \$ 80,779 |
| August | 66,130 |
| September | 63,349 |
| October | 74,568 |
| November | 62,958 |
| December | 42,804 |

As a result, the monies of the Township were not adequately protected against loss in the event of a bank failure.

We recommend the Clerk and Trustees obtain additional specific pledged collateral for protection of the Township's monies, or alternatively, participate in the bank's public entity collateral pool, if used.

Officials' Response: The Township's cash balance on deposit exceeded the \$100,000 FDIC limit because of FEMA receipts. The Board of Trustees has subsequently obtained a depository agreement with the bank which protects the Township's funds up to \$200,000. The Clerk will monitor the specific pledged collateral by obtaining a list of securities pledged from the bank when the deposit amount exceeds \$100,000.

**LAWRENCE TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006 AND 2005**

| 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 |
| 2004-002 | Ohio Rev. Code Sections 505.24(A)(4) and (B)(5). During 2003, Township Trustee, Gale D. Depuy, received compensation at a higher rate than he was entitled to. A finding for recovery was issued for \$661.33. | Yes | Repaid Under Audit |
| 2004-003 | Ohio Rev. Code Sections 505.24(A)(3) and (B)(5). During 2003, Township Trustee, Larrey C. Martin, received compensation at a higher rate than he was entitled to. A finding for recovery was issued for \$661.33. | Yes | Repaid Under Audit |
| 2004-004 | Ohio Rev. Code Sections 505.24(A)(3) and (B)(5). During 2003, Township Trustee, George R. Rake, received compensation at a higher rate than he was entitled to. A finding for recovery was issued for \$653.58. | Yes | Repaid Under Audit |
| 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 |
| 2004-006 | Employee Patrick Garrett was paid for eleven days of vacation instead of ten. A finding for recovery was issued for \$80.00 | Yes | Repaid on November 30, 2005. |

**LAWRENCE TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006 AND 2005
(Continued)**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|----------------|---|------------------|--|
| 2004-007 | Ohio Rev. Code Section 505.24(C). During 2003, the salaries of the Trustees were paid from the General Fund, Gasoline Tax Fund, Motor Vehicle License Tax Fund, and Road and Bridge Fund, but did not have a resolution stating how salaries would be allocated. During 2004, the Trustees were paid from the Gasoline Tax Fund and Motor Vehicle License Tax Fund, but nothing from the General Fund for administrative duties. A finding for adjustment was issued. | Yes | Finding for Adjustment was made on October 15, 2005. |
| 2004-008 | Ohio Rev. Code Section 5705.41(B). Actual expenditures exceeded appropriations in two funds at December 31, 2003 and in one fund at December 31, 2004. | No | Partially Corrected; Reissued in the Management Letter. |
| 2004-009 | Ohio Rev. Code Section 5705.41(D)(1). Seventy-one percent of the expenditures tested were not properly encumbered. Forty percent of blanket certificates tested had more than one blanket certificate outstanding per line item. The Board of Trustees did not adopt a resolution establishing the threshold amount for blanket certificates written after September 30, 2003. | No | Partially Corrected; The Board of Trustees still did not adopt a resolution establishing the threshold amount for blanket certificates. Reissued in the Management Letter. |



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
MAY 31, 2007**