



Mary Taylor, CPA  
Auditor of State



**UPPER TOWNSHIP  
LAWRENCE COUNTY**

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LAWRENCE COUNTY

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Upper Township  
Lawrence County  
1306 Navajo Trail  
Ironton, Ohio 45638

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 Upper Township, Lawrence 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 opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, 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 the prior audit, fund balances were not sufficient to post the necessary adjustments to eliminate advances that lacked statutory authority and to reallocate salaries that were posted to an improper fund. As a result, findings for adjustment were issued against the General Fund and the Road and Bridge Fund. The findings for adjustment have not been repaid as of the date of this report.

In our opinion, except for the effects of the unpaid findings for adjustment, 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 Upper Township, Lawrence County, Ohio, as of December 31, 2006 and 2005, and the respective changes in cash financial position and the respective budgetary comparison for the General, Motor Vehicle License Tax, Gasoline Tax, 2004 Fire Levy and Old Fire Levy funds thereof for the years then ended in conformity with the basis of accounting Note 2 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*.

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.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 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.

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

October 23, 2007

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

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This discussion and analysis of Upper Township's (the Township) financial performance provides an overall review of the Township's financial activities for the years 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 and 2005 are as follows:

- Net assets of governmental activities increased \$103,474, or 57.9 percent in 2006, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund.
- The Township's general receipts are primarily property taxes and grants and entitlements not restricted to specific program. These receipts represent 27.5 and 32.3 percent respectively of the total cash received for governmental activities during 2006. Property tax receipts for 2006 increased \$3,539 or 5.1% compared to 2005.
- A fire levy was approved by voters in 2006 to replace a 1984 fire levy which will bring in additional revenues for the Township.
- The General Fund received estate tax settlements totaling \$66,514 in 2006 which explains the increase in General Fund revenue in 2006 compared to 2005.

### **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 statements of net assets and the statements of activities provide information about the cash activities of the Township as a whole.

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

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

#### **Basis of Accounting**

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

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

### **Reporting the Township as a Whole**

The statements of net assets and the statements 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 of the governmental-type activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. 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 condition of the Township's capital assets, the extent of the Township's debt obligations, 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 statements of net assets and the statements of activities, the Township has one type of activity:

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

### **Reporting the Township's Most Significant Funds**

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township consist of one category -- 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 for 2006 are the General Fund, The Gasoline Tax Fund and the 2004 Fire Levy Fund.



Upper Township  
Lawrence County  
Management's Discussion and Analysis  
For the Years Ended December 31, 2006 and 2005  
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The major governmental funds for 2005 are the General Fund, the Motor Vehicle License Tax Fund, the Gasoline Tax Fund, the 2004 Fire Levy Fund and the Old Fire Levy Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

**The Township as a Whole**

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

(Table 1)  
**Net Assets**

	Governmental Activities	
	2006	2005
<b>Assets</b>		
Cash and Cash Equivalents	\$282,196	\$178,722
<b>Total Assets</b>	<b>\$282,196</b>	<b>\$178,722</b>
<b>Net Assets</b>		
Restricted for:		
Other Purposes	\$199,863	\$164,802
Unrestricted	82,333	13,920
<b>Total Net Assets</b>	<b>\$282,196</b>	<b>\$178,722</b>

As mentioned previously, net assets of governmental activities increased \$103,474, or 57.9 percent during 2006. The primary reasons contributing to the increases in cash balances are as follows:

- Increased monitoring of expenditures;
- Large estate tax settlements totaling \$66,514.

Upper Township  
Lawrence County  
Management's Discussion and Analysis  
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Unaudited

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

(Table 2)  
**Changes in Net Assets**

	Governmental Activities	
	2006	2005
Receipts:		
Program Receipts:		
Operating Grants and Contributions	\$96,684	\$92,477
Total Program Receipts	96,684	92,477
General Receipts:		
Property and Other Local Taxes	72,874	69,335
Grants and Entitlements Not Restricted to Specific Programs	85,598	20,901
Interest	588	363
Miscellaneous	9,127	2,519
Total General Receipts	168,187	93,118
Total Receipts	264,871	185,595
Disbursements:		
General Government	51,430	39,426
Public Safety	34,176	38,293
Public Works	62,090	52,539
Principal Retirement	10,275	9,873
Interest and Fiscal Charges	3,426	3,828
Total Disbursements	161,397	143,959
Increase (Decrease) in Net Assets	103,474	41,636
Net Assets, January 1	178,722	137,086
Net Assets, December 31	\$282,196	\$178,722

Program receipts represent only 36.5 percent and 49.8 percent of total receipts for 2006 and 2005 respectively and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 63.5 percent and 50.1 percent of the Township's total receipts for 2006 and 2005 respectively, and of this amount, over 27 percent for 2006 and 37 percent for 2005 are local taxes. State and federal grants and entitlements make up the balance of the Township's general receipts (32.3 percent for 2006 and 11.3 percent for 2005). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Upper Township  
Lawrence County  
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 Township activities. These include the costs of the trustees, as well as internal services such as payroll, purchasing and road staff.

Public safety represents the costs of fire protection. Public Works is the cost of maintaining Township roads.

**Governmental Activities**

If you look at the Statements of Activities on pages 10 and 18, 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 31.9 and 38.5 percent of all governmental disbursements for 2006 and 27.4 and 36.5 percent for 2005, respectively. Public Safety also represents a significant cost, about 21.2 percent for 2006 and 26.6 percent for 2005. The next column of the Statement entitled Program Receipts identify 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	Total Cost of Services 2005	Net Cost of Services 2006	Net Cost of Services 2005
General Government	\$51,430	\$39,426	\$51,430	\$39,426
Public Safety	34,176	38,293	26,724	29,914
Public Works	62,090	52,539	(27,142)	(31,559)
Principal Retirement	10,275	9,873	10,275	9,873
Interest and Fiscal Charges	3,426	3,828	3,426	3,828
Total Expenses	\$161,397	\$143,959	\$64,713	\$51,482

The dependence upon property tax receipts is apparent as over 45 percent in 2006 and over 48 percent in 2005 of governmental activities are supported through these general receipts.

**The Township's Funds**

Total governmental funds had receipts of \$264,871 and disbursements of \$161,397 in 2006 and receipts of \$185,595 and disbursements of \$143,959 in 2005. The greatest change within governmental funds in 2006 occurred within the General Fund. The fund balance of the General Fund increased \$68,413 as the result of increased estate tax receipts. The greatest change within governmental funds in 2005 occurred within the Gasoline Tax Fund. The fund balance of the Gasoline Tax Fund increased by \$24,720.

General Fund receipts were more than disbursements by \$68,413 in 2006 but only by \$5,576 in 2005. This was due to the fact that a large estate tax settlement was received in 2006. Additional funds (or additional cuts) will be necessary in the future if the growth in property taxes remains stagnant.

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

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**General Fund Budgeting Highlights**

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

During 2006, the Township did not amend its General Fund budget even though additional funds were received. The difference between final budgeted receipts and actual receipts was significant for Intergovernmental Revenue due to a large estate tax settlement. During 2005, the Township did not amend its General Fund budget. The difference between final budgeted receipts and actual receipts was significant for Other Revenue

Final disbursements for 2006 were budgeted at \$56,400 while actual disbursements were \$44,322. Final disbursements for 2005 were budgeted at \$95,302 while actual disbursements were \$35,208. The Township kept spending under budgeted amounts as demonstrated by the reported variances.

**Capital Assets and Debt Administration**

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2006, the Township's outstanding debt included \$80,063 in a general obligation note issued for the purchase of a fire truck. For further information regarding the Township's debt, refer to Note 12 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 planned for minimal but necessary road repairs as well as the potential purchase of a used truck for fire department and street use and a used mower.

**Contacting the Township's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, 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 Tyler Walters, Fiscal Officer, Upper Township, 1306 Navajo Trail, Ironton, Ohio 45638.

**Upper Township**  
**Lawrence County**  
*Statement of Net Assets - Cash Basis*  
*December 31, 2006*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$282,196</u>
<i>Total Assets</i>	<u><u>\$282,196</u></u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes	\$199,863
Unrestricted	<u>82,333</u>
<i>Total Net Assets</i>	<u><u>\$282,196</u></u>

See accompanying notes to the basic financial statements

**Upper Township**  
**Lawrence County**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2006*

	Cash Disbursements	Program Cash Receipts	Net (Disbursements) Receipts and Changes in Net Assets
		Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>			
General Government	\$51,430		(\$51,430)
Public Safety	34,176	\$7,452	(26,724)
Public Works	62,090	89,232	27,142
Debt Service:			
Principal Retirement	10,275		(10,275)
Interest and Fiscal Charges	3,426		(3,426)
<i>Total Governmental Activities</i>	<u>\$161,397</u>	<u>96,684</u>	<u>(64,713)</u>
<b>General Receipts</b>			
Property Taxes Levied for:			
General Purposes			72,874
Grants and Entitlements not Restricted to Specific Programs			85,598
Interest			588
Miscellaneous			9,127
<i>Total General Receipts</i>			<u>168,187</u>
Change in Net Assets			103,474
<i>Net Assets Beginning of Year</i>			<u>178,722</u>
<i>Net Assets End of Year</i>			<u>\$282,196</u>

See accompanying notes to the basic financial statements

**Upper Township  
Lawrence County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2006*

	General	Gasoline Tax	2004 Fire Levy	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$82,333	\$152,330	\$11,002	\$36,531	\$282,196
<i>Total Assets</i>	<u>\$82,333</u>	<u>\$152,330</u>	<u>\$11,002</u>	<u>\$36,531</u>	<u>\$282,196</u>
<b>Fund Balances</b>					
Reserved:					
Reserved for Encumbrances	\$980	\$643			\$1,623
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	81,353				81,353
Special Revenue Funds		151,687	\$11,002	\$36,531	199,220
<i>Total Fund Balances</i>	<u>\$82,333</u>	<u>\$152,330</u>	<u>\$11,002</u>	<u>\$36,531</u>	<u>\$282,196</u>

See accompanying notes to the basic financial statements

**Upper Township  
Lawrence County**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2006*

	General	Gasoline Tax	2004 Fire Levy	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Property and Other Local Taxes	\$17,954		\$36,807	\$18,113	\$72,874
Intergovernmental	84,508	\$81,565	6,209	10,000	182,282
Interest	166	357		65	588
Other	9,127				9,127
<i>Total Receipts</i>	<u>111,755</u>	<u>81,922</u>	<u>43,016</u>	<u>28,178</u>	<u>264,871</u>
<b>Disbursements</b>					
Current:					
General Government	43,342	3,000	4,460	628	51,430
Public Safety			20,353	13,823	34,176
Public Works		49,921		12,169	62,090
Debt Service:					
Principal Retirement			10,275		10,275
Interest and Fiscal Charges			3,426		3,426
<i>Total Disbursements</i>	<u>43,342</u>	<u>52,921</u>	<u>38,514</u>	<u>26,620</u>	<u>161,397</u>
<i>Net Change in Fund Balances</i>	68,413	29,001	4,502	1,558	103,474
<i>Fund Balances Beginning of Year</i>	<u>13,920</u>	<u>123,329</u>	<u>6,500</u>	<u>34,973</u>	<u>178,722</u>
<i>Fund Balances End of Year</i>	<u><u>\$82,333</u></u>	<u><u>\$152,330</u></u>	<u><u>\$11,002</u></u>	<u><u>\$36,531</u></u>	<u><u>\$282,196</u></u>

See accompanying notes to the basic financial statements



**Upper Township  
Lawrence County**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
General Fund  
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$18,267	\$18,267	\$17,954	(\$313)
Intergovernmental	22,209	22,209	84,508	62,299
Interest			166	166
Other	2,000	2,000	9,127	7,127
<i>Total Receipts</i>	<u>42,476</u>	<u>42,476</u>	<u>111,755</u>	<u>69,279</u>
<b>Disbursements</b>				
Current:				
General Government	48,300	48,300	44,322	3,978
Public Works	8,100	8,100		8,100
<i>Total Disbursements</i>	<u>56,400</u>	<u>56,400</u>	<u>44,322</u>	<u>12,078</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(13,924)</u>	<u>(13,924)</u>	<u>67,433</u>	<u>81,357</u>
<i>Net Change in Fund Balance</i>	(13,924)	(13,924)	67,433	81,357
<i>Fund Balance Beginning of Year</i>	11,655	11,655	11,655	0
Prior Year Encumbrances Appropriated	2,265	2,265	2,265	0
<i>Fund Balance End of Year</i>	<u>(\$4)</u>	<u>(\$4)</u>	<u>\$81,353</u>	<u>\$81,357</u>

See accompanying notes to the basic financial statements

**Upper Township  
Lawrence 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>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Intergovernmental	\$61,800	\$61,800	\$81,565	\$19,765
Interest			357	357
<i>Total Receipts</i>	<u>\$61,800</u>	<u>\$61,800</u>	<u>\$81,922</u>	<u>\$20,122</u>
<b>Disbursements</b>				
Current:				
General Government	10,000	10,000	3,000	7,000
Public Works	<u>140,000</u>	<u>140,000</u>	<u>50,564</u>	<u>89,436</u>
<i>Total Disbursements</i>	<u>150,000</u>	<u>150,000</u>	<u>53,564</u>	<u>96,436</u>
<i>Net Change in Fund Balance</i>	(88,200)	(88,200)	28,358	116,558
<i>Fund Balance Beginning of Year</i>	<u>123,329</u>	<u>123,329</u>	<u>123,329</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$35,129</u></u>	<u><u>\$35,129</u></u>	<u><u>\$151,687</u></u>	<u><u>\$116,558</u></u>

See accompanying notes to the basic financial statements

**Upper Township  
Lawrence County**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
2004 Fire Levy  
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$36,425	\$36,425	\$36,807	\$382
Intergovernmental	10,815	10,815	6,209	(4,606)
<i>Total Receipts</i>	<u>47,240</u>	<u>47,240</u>	<u>43,016</u>	<u>(4,224)</u>
<b>Disbursements</b>				
Current:				
General Government	\$8,000	\$8,000	\$4,460	\$3,540
Public Safety	45,812	45,812	20,353	25,459
Debt Service:				
Principal Retirement			10,275	(10,275)
Interest and Fiscal Charges			3,426	(3,426)
<i>Total Disbursements</i>	<u>\$53,812</u>	<u>\$53,812</u>	<u>\$38,514</u>	<u>\$15,298</u>
<i>Net Change in Fund Balance</i>	(6,572)	(6,572)	4,502	11,074
<i>Fund Balance Beginning of Year</i>	<u>6,500</u>	<u>6,500</u>	<u>6,500</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>(\$72)</u>	<u>(\$72)</u>	<u>\$11,002</u>	<u>\$11,074</u>

See accompanying notes to the basic financial statements

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**Upper Township**  
**Lawrence County**  
*Statement of Net Assets - Cash Basis*  
*December 31, 2005*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$178,722</u>
<i>Total Assets</i>	<u><u>\$178,722</u></u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes	\$164,802
Unrestricted	<u>13,920</u>
<i>Total Net Assets</i>	<u><u>\$178,722</u></u>

See accompanying notes to the basic financial statements

**Upper Township**  
**Lawrence County**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2005*

	Cash Disbursements	Program Cash Receipts	Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>			
General Government	\$39,426		(\$39,426)
Public Safety	38,293	\$8,379	(29,914)
Public Works	52,539	84,098	31,559
Debt Service:			
Principal Retirement	9,873		(9,873)
Interest and Fiscal Charges	3,828		(3,828)
<i>Total Governmental Activities</i>	<u>\$143,959</u>	<u>\$92,477</u>	<u>(51,482)</u>
<b>General Receipts</b>			
Property Taxes Levied for:			
General Purposes			69,335
Grants and Entitlements not Restricted to Specific Programs			20,901
Interest			363
Miscellaneous			2,519
<i>Total General Receipts</i>			<u>93,118</u>
Change in Net Assets			41,636
<i>Net Assets Beginning of Year</i>			<u>137,086</u>
<i>Net Assets End of Year</i>			<u>\$178,722</u>

See accompanying notes to the basic financial statements

**Upper Township  
Lawrence County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2005*

	General	Motor Vehicle License Tax	Gasoline Tax	2004 Fire Levy	Old Fire Levy	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Equity in Pooled Cash and Cash Equivalents	\$13,920	\$25,045	\$123,329	\$6,500	\$6,232	\$3,696	\$178,722
<i>Total Assets</i>	<u>\$13,920</u>	<u>\$25,045</u>	<u>\$123,329</u>	<u>\$6,500</u>	<u>\$6,232</u>	<u>\$3,696</u>	<u>\$178,722</u>
<b>Fund Balances</b>							
Reserved:							
Reserved for Encumbrances	\$2,265						\$2,265
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	11,655						11,655
Special Revenue Funds		\$25,045	\$123,329	\$6,500	\$6,232	\$3,696	164,802
<i>Total Fund Balances</i>	<u>\$13,920</u>	<u>\$25,045</u>	<u>\$123,329</u>	<u>\$6,500</u>	<u>\$6,232</u>	<u>\$3,696</u>	<u>\$178,722</u>

See accompanying notes to the basic financial statements

**Upper Township**  
**Lawrence 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	2004 Fire Levy	Old Fire Levy	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>							
Property and Other Local Taxes	\$17,712			\$34,611	\$10,727	\$6,285	\$69,335
Intergovernmental	19,810	\$5,561	\$77,427	7,148	2,152	1,280	113,378
Interest	110	37	216				363
Other	887		1,223			409	2,519
<i>Total Receipts</i>	<u>38,519</u>	<u>5,598</u>	<u>78,866</u>	<u>41,759</u>	<u>12,879</u>	<u>7,974</u>	<u>185,595</u>
<b>Disbursements</b>							
Current:							
General Government	32,943		2,730	3,237	329	187	39,426
Public Safety				22,189	16,104		38,293
Public Works		1,123	51,416				52,539
Debt Service:							
Principal Retirement				8,202	1,671		9,873
Interest and Fiscal Charges				3,216	612		3,828
<i>Total Disbursements</i>	<u>32,943</u>	<u>1,123</u>	<u>54,146</u>	<u>36,844</u>	<u>18,716</u>	<u>187</u>	<u>143,959</u>
<i>Net Change in Fund Balances</i>	5,576	4,475	24,720	4,915	(5,837)	7,787	41,636
<i>Fund Balances Beginning of Year (as Restated)</i>	<u>8,344</u>	<u>20,570</u>	<u>98,609</u>	<u>1,585</u>	<u>12,069</u>	<u>(4,091)</u>	<u>137,086</u>
<i>Fund Balances End of Year</i>	<u>\$13,920</u>	<u>\$25,045</u>	<u>\$123,329</u>	<u>\$6,500</u>	<u>\$6,232</u>	<u>\$3,696</u>	<u>\$178,722</u>

See accompanying notes to the basic financial statements



**Upper Township  
Lawrence County**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
General Fund  
For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$18,553	\$18,553	\$17,712	(\$841)
Intergovernmental	27,447	27,447	19,810	(7,637)
Interest			110	110
Other	10,107	10,107	887	(9,220)
<i>Total Receipts</i>	<u>\$56,107</u>	<u>\$56,107</u>	<u>\$38,519</u>	<u>(\$17,588)</u>
<b>Disbursements</b>				
Current:				
General Government	\$56,302	\$56,302	\$35,208	\$21,094
Public Safety	7,500	7,500		7,500
Public Works	6,500	6,500		6,500
Capital Outlay	25,000	25,000		25,000
<i>Total Disbursements</i>	<u>\$95,302</u>	<u>\$95,302</u>	<u>\$35,208</u>	<u>\$60,094</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(39,195)</u>	<u>(39,195)</u>	<u>3,311</u>	<u>42,506</u>
<i>Net Change in Fund Balance</i>	(39,195)	(39,195)	3,311	42,506
<i>Fund Balance Beginning of Year</i>	<u>8,344</u>	<u>8,344</u>	<u>8,344</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>(\$30,851)</u>	<u>(\$30,851)</u>	<u>\$11,655</u>	<u>\$42,506</u>

See accompanying notes to the basic financial statements

**Upper Township  
Lawrence 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*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$8,000	\$8,000	\$5,561	(\$2,439)
Interest			37	37
<i>Total Receipts</i>	<u>8,000</u>	<u>8,000</u>	<u>5,598</u>	<u>(2,402)</u>
<b>Disbursements</b>				
Current:				
Public Works	17,593	17,593	1,123	16,470
<i>Total Disbursements</i>	<u>17,593</u>	<u>17,593</u>	<u>1,123</u>	<u>16,470</u>
<i>Net Change in Fund Balance</i>	(9,593)	(9,593)	4,475	14,068
<i>Fund Balance Beginning of Year</i>	<u>20,570</u>	<u>20,570</u>	<u>20,570</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$10,977</u>	<u>\$10,977</u>	<u>\$25,045</u>	<u>\$14,068</u>

See accompanying notes to the basic financial statements

**Upper Township  
Lawrence 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*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$60,000	\$60,000	\$77,427	\$17,427
Interest			216	216
Other			1,223	1,223
<i>Total Receipts</i>	60,000	60,000	78,866	18,866
<b>Disbursements</b>				
Current:				
General Government			2,730	(2,730)
Public Works	117,274	117,274	51,416	65,858
<i>Total Disbursements</i>	117,274	117,274	54,146	63,128
<i>Net Change in Fund Balance</i>	(57,274)	(57,274)	24,720	81,994
<i>Fund Balance Beginning of Year</i>	98,609	98,609	98,609	0
<i>Fund Balance End of Year</i>	\$41,335	\$41,335	\$123,329	\$81,994

See accompanying notes to the basic financial statements

**Upper Township  
Lawrence County**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
2004 Fire Levy  
For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$35,885	\$35,885	\$34,611	(\$1,274)
Intergovernmental	10,500	10,500	7,148	(3,352)
<i>Total Receipts</i>	<u>46,385</u>	<u>46,385</u>	<u>41,759</u>	<u>(4,626)</u>
<b>Disbursements</b>				
Current:				
General Government	6,000	6,000	3,237	2,763
Public Safety	51,500	51,500	22,189	29,311
Debt Service:				
Principal Retirement			8,202	(8,202)
Interest and Fiscal Charges			3,216	(3,216)
<i>Total Disbursements</i>	<u>57,500</u>	<u>57,500</u>	<u>36,844</u>	<u>20,656</u>
<i>Net Change in Fund Balance</i>	(11,115)	(11,115)	4,915	16,030
<i>Fund Balance Beginning of Year</i>	<u>1,585</u>	<u>1,585</u>	<u>1,585</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>(\$9,530)</u>	<u>(\$9,530)</u>	<u>\$6,500</u>	<u>\$16,030</u>

See accompanying notes to the basic financial statements

**Upper Township  
Lawrence County**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual - Budget Basis  
Old Fire Levy  
For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$10,735	\$10,735	\$10,727	(\$8)
Intergovernmental	2,138	2,138	2,152	14
<i>Total Receipts</i>	12,873	12,873	12,879	6
<b>Disbursements</b>				
Current:				
General Government	750	750	329	421
Public Safety	18,670	18,670	16,104	2,566
Debt Service:				
Principal Retirement			1,671	(1,671)
Interest and Fiscal Charges			612	(612)
<i>Total Disbursements</i>	19,420	19,420	18,716	704
<i>Net Change in Fund Balance</i>	(6,547)	(6,547)	(5,837)	710
<i>Fund Balance Beginning of Year</i>	12,069	12,069	12,069	0
<i>Fund Balance End of Year</i>	\$5,522	\$5,522	\$6,232	\$710

See accompanying notes to the basic financial statements

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Upper Township  
Lawrence County

Notes to the Financial Statements  
For the Years Ended December 31, 2006 and 2005

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**Note 1 – Reporting Entity**

Upper Township, Lawrence 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 Fiscal Officer.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and fire protection.

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.

The statement of net assets presents the cash balances of the governmental-type activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental-type 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.

Upper Township  
Lawrence County

Notes to the Financial Statements  
For the Years Ended December 31, 2006 and 2005

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**Note 2 – Summary of Significant Accounting Policies** (Continued)

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.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g., grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds for 2006 were the General Fund, the Gasoline Tax Fund, and the 2004 Fire Levy Fund. For 2005 the Township's major governmental funds were the General Fund, the Motor Vehicle License Tax Fund, the Gasoline Tax Fund, the 2004 Fire Levy Fund, and the Old Fire Levy Fund. 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 Gasoline Tax Fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads. The Motor Vehicle License Tax Fund receives motor vehicle license tax to pay for constructing, maintaining, and repairing Township roads. The 2004 Fire Levy Fund and the Old Fire Levy Fund receive revenues from tax levies that were approved by the voters. The monies are used to provide fire protection for the Township.

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

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.



Upper Township  
Lawrence County

Notes to the Financial Statements  
For the Years Ended December 31, 2006 and 2005

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**Note 2 – Summary of Significant Accounting Policies** (Continued)

D. Budgetary Process

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

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

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

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

E. Cash

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

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2006 and 2005 were \$166 and \$110, respectively.

F. Inventory and Prepaid Items

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

G. Capital Assets

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

H. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Upper Township  
Lawrence County

Notes to the Financial Statements  
For the Years Ended December 31, 2006 and 2005

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**Note 2 – Summary of Significant Accounting Policies** (Continued)

I. Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

J. Net Assets

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

K. Fund Balance Reserves

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

**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 2006 and 2005, 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**

The Township did not encumber all commitments required by Ohio law as noted in Finding 2006-001 in the Schedule of Findings.

**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, Gasoline Tax Fund, and 2004 Fire Levy Fund for 2006 and the General Fund, Motor Vehicle License Tax Fund, Gasoline Tax Fund, 2004 Fire Levy Fund, and the Old Fire Levy Fund for 2005 are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end for 2006 (budgetary basis) amounted to \$980 for the General Fund and \$643 for the Gasoline Tax Fund. The encumbrances outstanding at year end for 2005 (budgetary basis) amounted to \$2,265 for the General Fund.

Upper Township  
Lawrence County

Notes to the Financial Statements  
For the Years Ended December 31, 2006 and 2005

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**Note 6 – Deposits**

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;
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).

Authorized investments may include investments in commercial paper and bankers acceptances with appropriate limitations if ORC training requirements have been met.

Upper Township  
Lawrence County

Notes to the Financial Statements  
For the Years Ended December 31, 2006 and 2005

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**Note 6 – Deposits** (Continued)

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.

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 2005 and 2006 represent the collection of 2004 and 2005 taxes. Real property taxes received in 2005 and 2006 were levied after October 1, 2004 and 2005, on the assessed values as of January 1, 2004 and 2005, 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 2005 and 2006 represent the collection of 2004 and 2005 taxes. Public utility real and tangible personal property taxes received in 2005 and 2006 became a lien on December 31, 2004 and 2005, were levied after October 1, 2004 and 2005, 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.

Tangible personal property tax receipts received in 2005 and 2006 (other than public utility property) represent the collection of 2005 and 2006 taxes. Tangible personal property taxes received in 2005 and 2006 were levied after October 1, 2004 and 2005, on the true value as of December 31, 2004 and 2005. 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.

Upper Township  
Lawrence County

Notes to the Financial Statements  
For the Years Ended December 31, 2006 and 2005

**Note 7 – Property Taxes** (Continued)

The full tax rate for all Township operations for the year ended December 31, 2005 and 2006, was \$3.42 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 and 2005 property tax receipts were based are as follows:

	2006	2005
Real Property		
Residential	\$114,090,820	\$113,395,230
Agricultural	3,655,110	3,671,740
Commercial/Industrial/Mineral	32,758,470	33,229,690
Tangible Personal Property		
Business	5,030,970	7,546,430
Public Utility	9,749,160	10,303,300
Total Assessed Value	\$165,284,530	\$168,146,390

**Note 8 – Unresolved Findings For Adjustment**

In the prior audit, fund balances were not sufficient to post all of the necessary adjustments. As a result, a finding for adjustment was issued against the General Fund in the amount of \$30,000 and in favor of the Gasoline Tax Fund. A finding for adjustment was also issued against the Road and Bridge Fund and in favor of the General Fund in the amount of \$800, the Fire Fund 2111 in the amount of \$7,000, and the Gasoline Tax Fund in the amount of \$5,169. As of December 31, 2006, the findings for adjustment have not been repaid. The Township has petitioned the Tax Commission of Ohio to have the findings forgiven.

**Note 9 – Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2006, the Township contracted with Scherer Mountain Insurance for insurance coverage as follows:

Company	Type of Coverage	Amount of Coverage
Scherer Mountain Insurance	Contents	\$26,000
	General Liability	1,000,000
	Employers Liability	1,000,000
	Inland Marine	76,000
	Hired and Non-owned Auto	1,000,000
	Errors and Omissions	1,000,000
	Management Liability	1,000,000
	Miscellaneous Tools	3,000
	Leased Equipment	25,000

Upper Township  
Lawrence County

Notes to the Financial Statements  
For the Years Ended December 31, 2006 and 2005

**Note 9 – Risk Management** (Continued)

During 2006, the Township also contracted with Scherer Mountain Insurance for fire department insurance coverage as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Scherer Mountain Insurance	Building	\$246,737
	General Liability	1,000,000
	Management Liability	1,000,000
	Business Personal	8,653
	Property	
	Hired and Non- owned Auto	1,000,000
	Earthquake	246,737
	Flood	246,737
	Crime	50,000
	Business Auto	1,000,000
	Software	250,000
	Money & Securities	10,000

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

**Note 10 – 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.

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 employer contribution rate for pension benefits for 2005 was 9.55 percent. 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 9.2 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

Upper Township  
Lawrence County

Notes to the Financial Statements  
For the Years Ended December 31, 2006 and 2005

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**Note 10 – Defined Benefit Pension Plan** (Continued)

Ohio Public Employees Retirement System (Continued)

The Township's required contributions for pension obligations for the years ended December 31, 2006, 2005, and 2004 were \$3,914, \$3,914 and \$3,331 respectively; one hundred percent has been contributed for 2006, 2005 and 2004.

**Note 11 - Postemployment Benefits**

A. 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 qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. 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; 4.50 percent of covered payroll was the portion that was used to fund health care. The 2005 local government employer 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 individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 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 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase between .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

All investments are carried at market value. 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, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. Actual employer contributions for 2006 and 2005 which were used to fund postemployment benefits were \$1,914 and \$1,639, respectively. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 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. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

Upper Township  
Lawrence County

Notes to the Financial Statements  
For the Years Ended December 31, 2006 and 2005

**Note 12 – Debt**

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

	Interest Rate	Balance December 31, 2004	Additions	Reductions	Balance December 31, 2006	Due Within One Year
<u>Governmental Activities</u>						
General Obligation Note 2003 Issue (\$112,772)	4%	\$100,211	\$	\$ 20,148	\$80,063	\$10,694

The general obligation note was issued in 2003 to fund the purchase of a fire truck. The note is collateralized by the fire truck purchased.

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

Year	G.O. Note	
	Principal	Interest
2007	\$10,694	\$3,008
2008	11,129	2,573
2009	11,583	2,118
2010	12,055	1,647
2011	12,546	1,155
2012–2013	22,056	780
Totals	\$80,063	\$11,281

**Note 13 – 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 14 – Prior Period Restatement**

Adjusting and reclassification entries were required in all Township funds in 2003 and 2004 to properly classify revenues and expenditures. In addition, a fund balance increase in the amount of \$675 to remove a prior period voided check from the outstanding check list and a fund balance decrease in the amount of \$100 were necessary to reconcile the Township's books to the bank balance. A restatement of the January 1, 2005 fund balances was made as follows:

	General Fund	Special Revenue
Fund cash balance originally stated, December 31, 2004	\$8,101	\$128,410
Prior Period Adjustment	\$243	\$332
Restated fund cash balances, January 1, 2005	\$8,344	\$128,742





# 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*

Upper Township  
Lawrence County  
1306 Navajo Trail  
Ironton, Ohio 45638

To the Board of Township Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Upper Township, Lawrence 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 October 23, 2007 wherein we noted the financial statements do not reflect findings for adjustments issued in the previous audit against the General Fund and the Road and Bridge Fund. We also noted the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34. 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 because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

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

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

We consider 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 October 23, 2007.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's 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 instances of noncompliance or other matters that we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2006-001 and 2006-002.

We also noted a certain noncompliance or other matter not requiring inclusion in this report that we reported to the Township's management in a separate letter dated October 23, 2007.

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



**Mary Taylor, CPA**  
Auditor of State

October 23, 2007

**UPPER TOWNSHIP  
LAWRENCE COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2006-001**

**Noncompliance Citation/Significant Deficiency**

Ohio Rev. Code § 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Funds were not certified as available prior to purchase commitment being made for 61.5% of the transactions tested in 2005 and 19% of the transactions tested in 2006. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**UPPER TOWNSHIP  
LAWRENCE COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2006-001 (Continued)**

**Noncompliance Citation/Significant Deficiency - Ohio Rev. Code § 5705.41(D)(1) (Continued)**

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify that the funds are or will be available prior to obligation by the Township. When prior certification is not possible, "then and now" certification should be used.

We recommend the Township certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language Section 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of Section 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**FINDING NUMBER 2006-002**

**Finding For Adjustment**

Ohio Rev. Code § 5705.10 requires all revenue derived from a specific source to be credited to a special fund for the purpose for which the monies were received. Although inter-fund cash advances may be a desirable method of resolving cash flow problems without the necessity of incurring additional interest expense for short-term loans, the intent of this type of cash advance is to require repayment within the current or succeeding year and cash advances are subject to the following requirements, as outlined in Auditor of State Bulletin 97-003:

- Any advance must be clearly labeled as such, and must be distinguished from a transfer;
- In order to advance cash from one fund to another, there must be statutory authority to use the money in the fund advancing the cash (the "creditor" fund) for the same purpose for which the fund receiving the cash (the "debtor" fund) was established;
- The reimbursement from the debtor fund to the creditor fund must not violate any restrictions on use of the money to be used to make the reimbursement; and
- Advances must be approved by a formal resolution of the taxing authority of the subdivision (Township Trustees) which must include both a specific statement that the transaction is an advance of cash and an indication of the money (fund) from which it is expected that repayment will be made.

**UPPER TOWNSHIP  
LAWRENCE COUNTY**

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

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2006-002 (Continued)**

**Finding For Adjustment - Ohio Rev. Code § 5705.10 (Continued)**

In fiscal year 2003, advances in the amount of \$148,455 were not properly approved by the Board of Trustees. As a result of the lack of statutory authority for making these advances, adjustments were necessary to eliminate these advances. The advances were as follows:

To	From	Amount
General Fund	Motor Vehicle License Tax Fund	\$8,000
	Gasoline Tax Fund	\$57,700
	Road and Bridge Fund	\$3,500
	Fire Fund 2111	\$22,000
	Fire Fund 2191	\$1,000
Gasoline Tax Fund	General Fund	\$2,100
	Motor Vehicle License Tax Fund	\$1,000
	Road and Bridge Fund	\$600
	Fire Fund 2111	\$2,000
	Fire Fund 2191	\$5,000
Road and Bridge Fund	General Fund	\$1,800
	Fire Fund 2111	\$7,000
Fire Fund 2191	General Fund	\$1,500
	Fire Fund 2111	\$19,000
Fire Fund 2111	General Fund	\$12,255
Debt Service Fund	General Fund	\$4,000

In addition, salaries for the Trustees were not allocated in accordance with the salary resolution adopted by the Board of Trustees on August 27, 2001. According to the resolution, trustees' salaries were to be paid twenty percent from the General Fund, twenty percent from the Road and Bridge Fund and sixty percent from the Gasoline Tax Fund. For 2003 and 2004, trustees' salaries were paid entirely from the Gasoline Tax Fund. As a result, adjustments were necessary to properly allocate salaries in the amount of \$5,169 to the General Fund and to the Road and Bridge Fund for 2003 and in the amount of \$4,589 to the General Fund and the Road and Bridge Fund for 2004.

In the prior audit, fund balances were not sufficient to post the necessary adjustments to eliminate all of the advances and to reallocate salaries. As a result, a finding for adjustment was issued against the General Fund in the amount of \$30,000 and in favor of the Gasoline Tax Fund. A finding for adjustment was also issued against the Road and Bridge Fund and in favor of the General Fund in the amount of \$800, the Fire Fund 2111 in the amount of \$7,000, and the Gasoline Tax Fund in the amount of \$5,169.

In 2006 the Board of Trustees petitioned the Tax Commissioner of Ohio to have the findings forgiven. A decision has not been received from the Tax Commissioner as of the date of this report.

At December 31, 2006, the General Fund balance was sufficient to repay the finding for adjustment in the amount of \$30,000. However, the repayment is being deferred until the decision of the Tax Commissioner is received. The Road and Bridge Fund balance was still not sufficient at December 31, 2006 to repay its findings.

**UPPER TOWNSHIP  
LAWRENCE COUNTY**

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

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2006-002 (Continued)**

**Finding For Adjustment - Ohio Rev. Code § 5705.10 (Continued)**

**Official's Response:**

We did not receive a response from Officials to the findings reported above.

**UPPER TOWNSHIP  
LAWRENCE 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; <b>Explain</b>
2004-001	Revised Code § 5705.10, Advances were not properly approved. Findings For Adjustment were issued because fund balances were not sufficient to post the necessary adjustments	No	Partially Corrected: There were no unauthorized advances posted to the system in the current audit period. However, the Findings For Adjustment from the prior audit have not been repaid. This was reissued as Finding 2006-002.
2004 – 002	Revised Code § 507.09(A)(3) and (D)(5), the former Township Clerk was overpaid. Finding issued in the amount of \$1,601.	Yes	
2004-003	Revised Code § 505.24(A)(3) and (B)(5), Trustee Robert Ackerman overpaid. Finding issued in the amount of \$683.	Yes	
2004-004	Revised Code § 505.24(A)(3) and (B)(5), Trustee Charles Rowe overpaid. Finding issued in the amount of \$683.	Yes	
2004-005	Revised Code § 505.24(A)(3) and (B)(5), Trustee Jerry Rowe overpaid. Finding issued in the amount of \$675.	Yes	
2004-006	Revised Code § 505.24(C), Salaries for the Trustees were not allocated in accordance with the salary resolution.	No	The Township Trustees did not keep records of the time spent on various tasks for services rendered for the Gasoline Tax Fund. Management Letter comment issued in the current audit.
2004-007	Revised Code § 5705.41(D), failure to properly encumber.	No	Not Corrected: Reissued as Finding 2006-001.

**UPPER TOWNSHIP  
LAWRENCE 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; <b><i>Explain</i></b>
2004-008	The Township Clerk did not accurately reconcile the book balance to the bank balance each month.	Yes	
2004-009	The Township Clerk did not accurately post revenues and expenditures to the books.	Yes	





**Mary Taylor, CPA**  
Auditor of State

**UPPER TOWNSHIP**

**LAWRENCE 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  
NOVEMBER 27, 2007**