

Lawrence Township

Financial Condition

As of

December 31, 2008

Together with Auditor's Report



Mary Taylor, CPA
Auditor of State

Board of Trustees
Lawrence Township
5828 Manchester Avenue NW
North Lawrence, Ohio 44666

We have reviewed the *Report of Independent Accountants* of Lawrence Township, Stark County, prepared by Kevin L. Penn, Inc., for the audit period January 1, 2008 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Lawrence Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 1, 2010

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Lawrence Township
Stark County

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Trustee
Lawrence Township
Stark County

I have audited the accompanying financial statements of the governmental activities and each major fund, and the aggregate remaining fund information of Lawrence Township, Stark County, Ohio (the Township), as of and for the year ended December 31, 2008 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. My responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 2, the Township has prepared these financial statements using a cash basis of accounting. These practices differ from accounting principles generally accepted in the United States of America.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities and each major fund and the aggregate remaining fund information of the Township as of December 31, 2008 and the respective changes in cash financial position and the respective budgetary comparison for the General Fund, Police Funds, Fire Funds and the Road Fund thereof for the year then ended in conformity with the basis of the accounting Note 2 describes.

In accordance with Government Auditing Standards, I have also issued my report dated May 24, 2010, on my consideration of the Township's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our testing of internal controls over financial reporting and compliance and the results of testing. It does not opine on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards. You should read it in conjunction with this report in assessing the results of my audit.

The Management's Discussion and Analysis, is not a required part of the financial statements but is supplemental information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, I did not audit the information and express no opinion on it.

Kevin L. Penn, Inc.

May 24, 2010

Lawrence Township
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

This discussion and analysis of the Ohio Local Government's financial performance provides an overall review of the Government's financial activities for the year ended December 31, 2008, within the limitations of the Government's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Government's financial performance.

Highlights

Key highlights for 2008 are as follows:

Net assets of governmental activities decreased \$125,276 or 6 percent, a change from the prior year. The fund most affected by the decrease in cash and cash equivalents were the Fire District Fund, the General Fund. Increases in the staffing hours in the Fire Fund, and a decrease in interest, inheritance tax and property tax collected in the General Fund would account for the decrease in both funds.

The Government's general receipts are primarily property taxes. These receipts represent respectively \$2,700,623 and 99 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 Government'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 Government as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Government 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.

Lawrence Township
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Government 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 Government'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 Government did financially during 2008, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Government at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type 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 activity draws from the Government's general receipts.

These statements report the Government'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 Government's financial health. Over time, increases or decreases in the Government's cash position is one indicator of whether the Government's financial health is improving or deteriorating. When evaluating the Government's financial condition, you should also consider other nonfinancial factors as well such as the Government's property tax base, the condition of the Government's capital assets and infrastructure, the extent of the Government'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 and income taxes.

In the statement of net assets and the statement of activities, the Government's activities are described as follows:

Governmental activities. Most of the Government's basic services are reported here, including police, fire, road, and zoning. State grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Lawrence Township
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

Reporting the Government's Most Significant Funds

Fund financial statements provide detailed information about the Government's major funds – not the Government as a whole. The Government 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 Government are split into three categories: governmental, proprietary and fiduciary.

Governmental Funds - Most of the Government's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Government'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 Government's programs. The Government'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 Government's major governmental funds are the General Fund, Police Fund, Fire Fund, Road 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.

Proprietary Funds – When the Government charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. When the services are provided to other department of the Government, the service is reported as an internal service fund.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Government. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Government's programs.

The Government as a Whole

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

	2007	2008
Assets		
Cash and Cash Equivalents	\$ 1,656,887	\$ 1,531,611
Total Assets	<u>\$ 1,656,887</u>	<u>\$ 1,531,611</u>
Net Assets		
Restricted for:		
Capital Projects	\$ 690,000	\$ 747,300
Debt Service	900	900
Other Purposes	739,628	612,281
Unrestricted	<u>226,359</u>	<u>171,130</u>
Total Net Assets	<u>\$ 1,656,887</u>	<u>\$ 1,531,611</u>

Lawrence Township
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

As mentioned previously, net assets of governmental activities decreased \$125,276 or 6 percent during 2008. The primary reasons contributing to the increases in cash balances are as follows:

- Construction of the Police Addition.
- Decrease in interest rate.
- Decrease in Inheritance Tax received.

Table 2 reflects the changes in net assets in 2008 in comparative analysis with 2007.

(Table 2)
Changes in Net Assets

	<u>2008</u>	<u>2007</u>
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$ 24,382	\$ 14,414
Operating Grants and Contributions	4,480	325
Total Program Receipts	<u>28,862</u>	<u>14,739</u>
General Receipts:		
Property and other local taxes	1,883,109	1,825,229
Fines, Forfeitures, and Penalties	20,700	17,810
Licenses, Permits and Fees	3,566	7,701
Intergovernmental Receipts	653,700	698,491
Interest	32,108	64,789
Miscellaneous	107,440	157,887
Total General Receipts	<u>2,700,623</u>	<u>2,771,907</u>
Total Receipts	<u>2,729,485</u>	<u>2,786,646</u>
Disbursements:		
General Government	372,799	385,948
Security of Persons and Property	1,353,046	1,212,476
Public Works	666,408	676,926
Conservation – Recreation	-	15,871
Health	33,323	32,000
Capital Outlay	425,585	216,960
Principal Retirement	3,600	3,600
Total Disbursements	<u>2,854,761</u>	<u>2,543,781</u>
Increase (Decrease) in Net Assets	(125,276)	242,865
Net Assets, January 1,	<u>1,656,887</u>	<u>1,414,022</u>
Net Assets, December 31,	<u>\$ 1,531,611</u>	<u>\$ 1,656,887</u>

Program receipts represent 1 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits.

Lawrence Township
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

General receipts represent 99 percent of the Government's total receipts, and of this amount, over 36 percent are local taxes. Miscellaneous receipts, which include inheritance tax and interest, make up the balance of the Government's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Government and the support services provided for the other Government activities. These include the costs of trustees, the fiscal office, and zoning departments. Since these costs do not represent direct services to residents, we try to limit these costs to 15% of General Fund unrestricted receipts.

Security of Persons and Property are the costs of police and fire protection; and Transportation is the cost of maintaining the roads.

Governmental Activities

If you look at the Statement of Activities on page 9, you will see that the first column lists the major services provided by the Government. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for security of persons and property, and capital outlay which account for 15 percent of all governmental disbursements. General government also represents a significant cost, about 13 percent. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Government 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.

	Total Cost of Services 2008	Net Cost of Services 2008
	<u>2008</u>	<u>2008</u>
General Government	\$ 372,799	\$ (361,284)
Security of Persons and Property	2,019,454	(2,002,107)
Capital Outlay	425,585	(425,585)
Principal Retirement	33,323	(33,323)
Health	3,600	(3,600)
	<u>2008</u>	<u>2008</u>
Total Expenses	<u>\$ 2,854,761</u>	<u>\$ (2,825,899)</u>

Lawrence Township
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

The Government's Funds

Total governmental funds had receipts of \$2,729,485 and disbursements of \$2,854,761.

General Fund Budgeting Highlights

The Government'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 2008, the Government amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were higher than Final budgeted receipts due to receiving inheritance tax. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements were budgeted at \$570,195 while actual disbursements were \$519,613. The Government kept spending very close to budgeted amounts as demonstrated by the minor reported variances. Monies were disbursed from the Capital Reserve Account. The result is the decrease in fund balance of \$69,982 for 2008.

Capital Assets and Debt Administration

Capital Assets

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

Debt

At December 31, 2008, the Government's outstanding debt included \$11,400 in general obligation bonds issued for land. For further information regarding the Government's debt, refer to Note 9 to the basic financial statements.

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base.

Lawrence Township
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Government's finances and to reflect the Government'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 Cynthia Meisner, Fiscal Officer, Lawrence Township, 5828 Manchester Ave.N.W.,North Lawrence, Ohio 44666.

Lawrence Township
 Stark County
 Statement of Net Assets - Cash Basis
 December 31, 2008

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 1,531,611</u>
 Total Assets	 <u>\$ 1,531,611</u>
Net Assets	
Restricted for:	
Capital Projects	\$ 747,300
Debt Service	900
Other Purposes	612,282
Unrestricted	<u>171,129</u>
 Total Net Assets	 <u>\$ 1,531,611</u>

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

Lawrence Township
 Stark County
 Statement of Activities - Cash Basis
 For the Year Ended December 31, 2008

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$ 372,799	\$ 11,515	\$ -	\$ (361,284)
Public Safety	1,353,046	12,867	4,480	(1,335,699)
Public Works	666,408			(666,408)
Health	33,323			(33,323)
Capital Outlay	425,585			(425,585)
Debt Service - Principal	3,600			(3,600)
Total Governmental Activities	\$ 2,854,761	\$ 24,382	\$ 4,480	\$ (2,825,899)
General Receipts				
Property and other local taxes				\$ 1,883,109
Fines, Forfeitures, and Penalties				20,700
Licenses, Permits and Fees				3,566
Intergovernmental Receipts				653,700
Interest				32,108
Miscellaneous				107,440
				2,700,623
				Change in Net Assets (125,276)
				Net Assets Beginning of Year 1,656,887
				Net Assets End of Year \$ 1,531,611

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

Lawrence Township
 Stark County
 Statement of Cash Basis Assets and Fund Balances
 Governmental Funds
 December 31, 2008

	<u>General</u>	<u>Police Funds</u>	<u>Fire Funds</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 171,129	\$ 157,780	\$ 74,244
Total Assets	<u>\$ 171,129</u>	<u>\$ 157,780</u>	<u>\$ 74,244</u>
Fund Balances			
Reserved:			
Reserved for Encumbrances	\$ 14,752	\$ 49,385	\$ 8,135
Unreserved:			
Undesignated (Deficit), Reported in:			
General Fund	156,377		
Special Revenue Funds		108,395	66,109
Capital Projects Funds			
Debt Service Fund			
Total Net Assets	<u>\$ 171,129</u>	<u>\$ 157,780</u>	<u>\$ 74,244</u>

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

(continued)

Lawrence Township
 Stark County
 Statement of Cash Basis Assets and Fund Balances
 Governmental Funds
 December 31, 2008

	<u>Road Funds</u>	<u>Capital Reserve Funds - Road</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 105,243	\$ 747,300	\$ 275,915	\$ 1,531,611
Total Assets	<u>\$ 105,243</u>	<u>\$ 747,300</u>	<u>\$ 275,915</u>	<u>\$ 1,531,611</u>
Fund Balances				
Reserved:				
Reserved for Encumbrances	\$ 9,674	\$ -	\$ 47,574	\$ 129,520
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund				156,377
Special Revenue Funds	\$ 95,569		\$ 198,141	372,645
Capital Projects Funds		747,300	\$ 29,300	872,169
Debt Service Fund			\$ 900	900
Total Net Assets	<u>\$ 105,243</u>	<u>\$ 747,300</u>	<u>\$ 275,915</u>	<u>\$ 1,531,611</u>

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

Lawrence Township
 Stark County
 Statement of Cash Receipts, Disbursements and
 Changes in Cash Basis Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2008

	General	Police Fund	Fire Funds	Roads Funds
Cash Receipts:				
Taxes	\$ 140,288	\$ 747,989	\$ 465,940	\$ 315,771
Charges for Services		12,867		
Fines, Forfeitures, and Penalties	13,886			
Licenses, Permits and Fees				
Intergovernmental Receipts	174,709	124,204	77,868	52,742
Gifts and Contributions		230	4,250	
Interest	27,586			
Other Revenue	93,163	4,634	6,310	251
Total Cash Receipts	449,632	889,924	554,368	368,764
Cash Disbursements:				
General Government	342,442			
Public Safety		832,483	504,752	
Public Works				295,976
Health	33,323			
Capital Outlay		66,060	97,668	28,252
Debt Service - Note Principal Payment				
Total Cash Disbursements	375,765	898,543	602,420	324,228
Total Receipts Over/(Under) Disbursements	73,867	(8,619)	(48,052)	44,536
Other Financing Receipts/(Disbursements)				
Transfers-In		14,550		
Transfers-Out	(122,350)			
Advances - In				
Advances - Out	(6,747)			
Total Other Financing Receipts/(Disbursements)	(129,097)	14,550	-	-
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(55,230)	5,931	(48,052)	44,536
Fund Cash Balance - January 1, 2008	226,359	151,849	122,296	60,707
Fund Cash Balance - December 31, 2008	\$ 171,129	\$ 157,780	\$ 74,244	\$ 105,243

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

(continued)

Lawrence Township
 Stark County
 Statement of Cash Receipts, Disbursements and
 Changes in Cash Basis Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2008

	Capital Reserve Funds - Road	Other Governmental Funds	Total Governmental Funds
Cash Receipts:			
Taxes	\$ -	\$ 213,121	\$ 1,883,109
Charges for Services		11,515	24,382
Fines, Forfeitures, and Penalties		6,814	20,700
Licenses, Permits and Fees		3,566	3,566
Intergovernmental Receipts		224,177	653,700
Gifts and Contributions			4,480
Interest		4,522	32,108
Other Revenue		3,082	107,440
Total Cash Receipts	<u>-</u>	<u>466,797</u>	<u>2,729,485</u>
Cash Disbursements:			
General Government		30,357	372,799
Public Safety		15,811	1,353,046
Public Works		370,432	666,408
Health			33,323
Capital Outlay	20,400	213,205	425,585
Debt Service - Note Principal Payment		3,600	3,600
Total Cash Disbursements	<u>20,400</u>	<u>633,405</u>	<u>2,854,761</u>
Total Receipts Over/(Under) Disbursements	<u>(20,400)</u>	<u>(166,608)</u>	<u>(125,276)</u>
Other Financing Receipts/(Disbursements)			
Transfers-In	77,700	30,100	122,350
Transfers-Out			(122,350)
Advances - In		6,747	6,747
Advances - Out			(6,747)
Total Other Financing Receipts/(Disbursements)	<u>77,700</u>	<u>36,847</u>	<u>-</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	57,300	(129,761)	(125,276)
Fund Cash Balance - January 1, 2008	690,000	405,676	1,656,887
Fund Cash Balance - December 31, 2008	<u>\$ 747,300</u>	<u>\$ 275,915</u>	<u>\$ 1,531,611</u>

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

Lawrence Township
 Stark County
 Statement of Receipts, Disbursements and Changes in Fund
 Balance - Budget and Actual - Budget Basis
 General Fund
 For the Year Ended December 31, 2008

	Budget Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Receipts:				
Property and Other Local Taxes	\$ 146,944	\$ 146,944	\$ 140,288	\$ (6,656)
Fines and Forfeitures	10,000	10,000	13,886	3,886
Intergovernmental	263,591	362,506	174,709	(187,797)
Interest	25,000	25,000	27,586	2,586
Other	90,000	90,000	93,163	3,163
Total Receipts	535,535	634,450	449,632	(184,818)
Disbursements:				
Current:				
General Government	399,226	404,226	357,194	47,032
Health	34,000	34,000	33,323	677
Total Disbursements	433,226	438,226	390,517	47,709
Excess of Receipts Over (Under) Disbursements	102,309	196,224	59,115	(137,109)
Other Financing Sources (Uses)				
Transfers In				-
Transfers Out	(24,550)	(126,022)	(122,350)	3,672
Advances In				-
Advances Out	(978)	(5,947)	(6,747)	(800)
Total Other Financing Sources (Uses)	(25,528)	(131,969)	(129,097)	2,872
Net Change in Fund Balances	76,781	64,255	(69,982)	(134,237)
Fund Balances Beginning of Year	199,098	199,098	199,098	-
Prior Year Encumbrances Appropriated	27,261	27,261	27,261	-
Fund Balances End of Year	\$ 303,140	\$ 290,614	\$ 156,377	\$ (134,237)

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

Lawrence Township
 Stark County
 Statement of Receipts, Disbursements and Changes in Fund
 Balance - Budget and Actual - Budget Basis
 Road District
 For the Year Ended December 31, 2008

	Budget Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Receipts:				
Property and Other Local Taxes	\$ 362,707	\$ 362,707	\$ 315,771	\$ (46,936)
Intergovernmental	28,402	28,402	52,742	24,340
Other			251	251
Total Receipts	391,109	391,109	368,764	(22,345)
Disbursements:				
Current:				
Public Works	320,915	320,915	305,650	15,265
Capital Outlay	27,682	27,682	28,252	(570)
Total Disbursements	348,597	348,597	333,902	14,695
Excess of Receipts Over (Under) Disbursements	42,512	42,512	34,862	(7,650)
Other Financing Sources (Uses)				
Transfers In				-
Transfers Out				-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	42,512	42,512	34,862	(7,650)
Fund Balances Beginning of Year	60,707	60,707	60,707	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balances End of Year	\$ 103,219	\$ 103,219	\$ 95,569	\$ (7,650)

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

Lawrence Township
 Stark County
 Statement of Receipts, Disbursements and Changes in Fund
 Balance - Budget and Actual - Budget Basis
 Police Fund
 For the Year Ended December 31, 2008

	Budget Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Receipts:				
Property and Other Local Taxes	\$ 899,715	\$ 899,715	\$ 747,989	\$ (151,726)
Charges for Services			12,867	12,867
Intergovernmental	82,000	82,000	124,204	42,204
Gifts and Donations			230	230
Other			4,634	4,634
Total Receipts	981,715	981,715	889,924	(91,791)
Disbursements:				
Current:				
Public Safety	906,732	879,753	881,868	(2,115)
Capital Outlay	50,000	100,979	66,060	34,919
Total Disbursements	956,732	980,732	947,928	32,804
Excess of Receipts Over (Under) Disbursements	24,983	983	(58,004)	(58,987)
Other Financing Sources (Uses)				
Transfers In			14,550	14,550
Transfers Out				-
Total Other Financing Sources (Uses)	-	-	14,550	(14,550)
Net Change in Fund Balances	24,983	983	(43,454)	(44,437)
Fund Balances Beginning of Year	95,217	95,217	95,217	-
Prior Year Encumbrances Appropriated	56,632	56,632	56,632	-
Fund Balances End of Year	\$ 176,832	\$ 152,832	\$ 108,395	\$ (44,437)

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

Lawrence Township
 Stark County
 Statement of Receipts, Disbursements and Changes in Fund
 Balance - Budget and Actual - Budget Basis
 Fire Fund
 For the Year Ended December 31, 2008

	Budget Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Receipts:				
Property and Other Local Taxes	\$ 601,690	\$ 580,962	\$ 465,940	\$ (115,022)
Intergovernmental	41,804	41,804	77,868	36,064
Gifts and Contributions	4,000	4,000	4,250	250
Other			6,310	6,310
Total Receipts	647,494	626,766	554,368	(72,398)
Disbursements:				
Current:				
Public Safety	501,604	507,104	504,752	2,352
Capital Outlay	113,354	113,354	105,803	7,551
Total Disbursements	614,958	620,458	610,555	9,903
Excess of Receipts Over (Under) Disbursements	32,536	6,308	(56,187)	(62,495)
Other Financing Sources (Uses)				
Transfers In				-
Transfers Out				-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	32,536	6,308	(56,187)	(62,495)
Fund Balances Beginning of Year	72,788	72,788	72,788	-
Prior Year Encumbrances Appropriated	49,508	49,508	49,508	-
Fund Balances End of Year	\$ 154,832	\$ 128,604	\$ 66,109	\$ (62,495)

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

Lawrence Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2008

Note 1 – Reporting Entity

Lawrence Township, Stark County, Ohio, is a body politic and corporate established in 1815 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 solely of the primary government.

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 governmental services, including road and bridge, maintenance, zoning services, police and fire protection, and emergency medical services. The Township contracts with the North Lawrence Volunteer Fire Department to provide fire protection and emergency medical services to the southwestern portion of the township.

Note 2 – Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

Government-Wide Financial Statements

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

The statement of net assets presents the cash balance 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.

Lawrence Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2008

Note 2 – Summary of Significant Accounting Policies (continued)

Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program. 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 activity is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

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

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 funds.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Police Fund, Fire Fund, Road District and Capital Reserve Account 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 Police District Fund is used to account for the portion of property tax revenue received and used for the purpose of maintaining the Township police department.

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

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

The Capital Project Reserve Fund 26B was established in 2006 for the purpose of setting aside funds to construct a new building for Road Department Garage.

Lawrence Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2008

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 expenses and liabilities) are not recorded in these financial statements.

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 ordinance 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 by the Township at the fund level for all funds. Budgetary modification may only be made by resolution of the Board at the legal level of control. Budgetary statements are presented beyond that legal level of control for information purposes only.

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 and Investments

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

Lawrence Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2008

Note 2 – Summary of Significant Accounting Policies (continued)

E. Cash and Investments (continued)

During 2008, the Township invested in an overnight repurchase agreement. Repurchase agreements (overnight sweep) are valued at cost. The Township's repurchase agreement investment is \$1,560,000, the amount reported by First Merit on December 31, 2008.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts to the General Fund during 2008 was \$27,586.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

G. 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.

H. 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.

I. 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.

J. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's cash basis of accounting.

K. Employer Contributions to Cost-Sharing Pension Plans

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

Lawrence Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2008

Note 2 – Summary of Significant Accounting Policies (continued)

L. Long-Term Obligations

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

M. 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 special revenue funds.

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.

Restricted net assets total \$1,360,482.

N. 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 – 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 – Budgetary Basis presented for the General Fund, Police Fund, Fire Fund and Road Fund, are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is 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 (budgetary basis) amounted to \$14,752 for the General Fund; \$49,385 for the Police Funds; \$8,135 for the Fire Funds; \$9,674 for the Road Funds and \$47,574 for Other Governmental Funds.

Lawrence Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2008

Note 4 – Deposits and Investments

In 2005, the Township adopted the provisions of GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. This new standard revised the existing requirements regarding disclosure of custodial credit risk and establishes requirements for disclosures regarding credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. Adoption of GASB Statement No. 40 had no effect on net assets and change in net assets in the prior or current year.

A. Deposits

State statutes classify monies held by the Township into three categories.

Active deposits are public deposits necessary to meet demands on the treasury. Such monies must be maintained either as cash in the Township's 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 Township has identified as not required for use within the current two 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.

At year-end, the carrying amount of the Township's deposits was (\$28,389) and the bank balance was \$366.

Custodial Credit Risk

Custodial Credit Risk is the risk that, in the event of a bank failure, the Township's deposits may not be returned. The Township's policy is to place deposits with major local banks approved by the Board. Multiple financial institution collateral pools that insure public deposits must maintain collateral in excess of 105 percent of deposits, as permitted by Chapter 135 of the Ohio Revised Code. As of year-end, deposits totaling \$366 were covered by Federal Depository Insurance.

Lawrence Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2008

Note 4 – Deposits and Investments (continued)

B. Investments

State Statute, and Board resolutions authorize the Township to invest in obligations of the U. S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository funds, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds and other obligations of this State, and the State Treasurer's investment pool. 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. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The Township has a formal investment policy. The objective of this policy shall be to maintain liquidity and protection of principal while earning investment interest. Safety of principal is the primary objective of the investment program. The Township follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and records all its investments at fair value.

Interest Rate Risk

As a means of limiting its exposure to fair value of losses caused by rising interest rates, the Township's investment policy requires those funds which are not operating reserve funds to be invested in investments with a maximum term of one year or the Township's operating cycle. For investments of the Township's operating reserve funds, the maximum term can be up to three years. The intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Township has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

Generally, the Township places no limit on the amount it may invest in any one insurer. However, the investment policy limits the investment of the Township - approved mutual funds to no more than 20 percent of the Township's available investment funds. The Township's deposits in financial institutions represents 100 percent of its deposits.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee.

Lawrence Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2008

Note 4 – Deposits and Investments (continued)

Reconciliation of cash and cash equivalents and investments is as follows:

	Cash and Cash Equivalents	Investments
Per Statement of Net Assets	\$ 1,531,611	\$ 1,560,000
Repurchase Agreement	0	(28,389)
Per GASB Statement No. 3	\$ 1,531,611	\$ 1,531,611

Note 5 – 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 2008 represent the collection of 2007 taxes. Real property taxes received in 2008 were levied after October 1, 2007, on the assessed values as of January 1, 2007, 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 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 2008 represent the collection of 2007 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2005, were levied after October 1, 2007, 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 2008 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the true value as of December 31, 2007. 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 County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

The full tax rate for all Township operations for the year ended December 31, 2008, was \$13.8 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2008 property tax receipts were based are as follows:

Real Property	
Residential and Agriculture	\$156,155,010
Other	5,272,430
Public Utility Property	
Personal	3,463,014
General Property	1,071,185
Total Assessed Value	\$166,261,639

Lawrence Township
 Stark County
 Notes to the Financial Statements
 For the Year Ended December 31, 2008

Note 6 – 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 2008 the Township contracted with the Ohio Government Risk Management Plan (The “Plan”), an unincorporated non-profit association with approximately 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

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

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

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

Coverage provided by The Ohio Plan is as follows:

Legal Liability	\$5,000,000	Per Occurrence
Automobile Liability	\$5,000,000	Per Occurrence
Law Enforcement Operations	\$5,000,000	Per Occurrence
Wrongful Acts	\$5,000,000	Per Occurrence
Property	\$2,615,180	Total Coverage
Boiler and Machinery	\$2,615,180	Limit

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years. The Township pays the State Workers’ Compensation System a premium based on a rate of .033086 of employee salaries with the exception of fire and police whose rate is .260823. This rate is based on accident history and administrative costs.

Note 7 – Defined Benefit Pension Plan

A. 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.

Lawrence Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2008

Note 7 – Defined Benefit Pension Plan (continued)

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. Township 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, 2008, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 10 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The Township's contribution rate for pension benefits for 2008 was 14.00 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 17.40 percent of covered payroll. The Ohio Revised Code provides statutory Township 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, 2008, 2007, and 2006 were \$179,787; \$179,920, and \$179,787 respectively. The full amount has been contributed for 2008, 2007 and 2006. Contributions to the member-directed plan for 2008 were \$109,142 made by the Township and \$64,955 made by Township for the plan members, and \$5,690 made by employees. 100 percent has been contributed for 2008, 2007 and 2006.

Note 8 - 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 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 Township granted by State statute. The 2008 local government employer contribution rate was 14.00 percent of covered payroll (17.40 percent for public safety and law enforcement). The portion allocated to health care was 7 percent in 2008 for all employers.

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, 2008, 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 premiums were assumed to increase between .05 and 6.00 percent annually for the next eight years and 4.00 percent annually after nine years.

Lawrence Township
Stark County
Notes to the Financial Statements
For the Year Ended December 31, 2008

Note 8 - Postemployment Benefits (continued)

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 364,076. Actual employer contributions for 2008 which were used to fund postemployment benefits can be approximated by multiplying actual employer contributions for January 1 through December 31, 2008 by .5000 and for state and local employers and .4023 for law enforcement. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2007, (the latest information available) were \$12.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.8 billion and \$17.0 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2008. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

Note 9 – Debt

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

	Interest Rate	Balance December 31, 2007	Additions	Reductions	Balance December 31, 2008	Due Within One Year
2003 Real Estate Purchase (\$30,000)	-	\$ 15,000		\$ 3,600	\$ 11,400	\$ 3,600
		<u>\$ 15,000</u>	<u>\$ 0</u>	<u>\$ 3,600</u>	<u>\$ 11,400</u>	<u>\$ 3,600</u>

The Township purchased real estate from the Stark County to expand and house its road maintenance operation for a purchase price of \$30,000. The Township has agreed to provide for payments of not less than three hundred dollars per month for a term of one hundred months.

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

Year	Principal	Interest
2009	\$ 3,600	\$ -
2010	3,600	-
2011	3,600	-
2012	600	-
Totals	<u>\$ 11,400</u>	<u>\$ -</u>

Lawrence Township
 Stark County
 Notes to the Financial Statements
 For the Year Ended December 31, 2008

Note 10 – Jointly Governed Organizations

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

Note 11 – Transfers

Following is a summary of transfers in and out for all funds for 2008:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ -	\$ 122,350
Police Fund	14,550	-
Other Governmental Funds	30,100	-
Special Reserve Fund – 26E	<u>77,700</u>	<u>-</u>
Total	<u>\$ 122,350</u>	<u>\$ 122,350</u>

Transfers are used to move revenues from funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; to return money to the fund from which it was originally provided once a project is completed; and to transfer capital assets. Money transferred out in 2008 was money from the General Fund.



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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards

To the Board of Trustee
Lawrence Township
Stark County

I have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lawrence Township as of and for the year ended December 31, 2008, and have issued my report thereon dated May 24, 2010. I conducted my audit in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My report on the financial statements disclosed that, as described in Note 2 to the financial statements, the Township prepares its financial statements on a cash basis of accounting that demonstrates compliance with the cash basis and budget laws of Ohio, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing my audit, we considered Lawrence Township's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Lawrence Township's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Lawrence Township's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lawrence Township's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

I noted certain matters that I reported to management of Lawrence Township in a separate letter dated May 24, 2010.

This report is intended solely for the information and use of management, the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Kevin L. Penn, Inc.

May 24, 2010



Mary Taylor, CPA
Auditor of State

LAWRENCE TOWNSHIP

STARK COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 16, 2010**