

Lawrence County

Single Audit

January 1, 2005 through December 31, 2005

Fiscal Year Audited Under GAGAS: 2005

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**Auditor of State
Betty Montgomery**

Board of County Commissioners
Lawrence County
111 South 4th Street
Ironton, Ohio 45638

We have reviewed the *Independent Auditor's Report* of Lawrence County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2005 through December 31, 2005. 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 County is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

November 30, 2006

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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Independent Auditor's Report

Lawrence County
111 South 4th Street
Ironton, OH 45638

To the Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Lawrence County, Ohio, (the County) as of and for the year ended December 31, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Tri-State Industries or Choices Inc., which are included as discrete presentations in the County's basic financial statements. These financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion insofar as it relates to the amounts included for Tri-State Industries and Choices Inc., is based solely on the report of other auditors.

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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Ohio Administrative Code § 117-2-03 (B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash basis of accounting. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while we presume material, cannot be determine at this time.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of December 31, 2005, and the respective changes in cash basis financial position and the respective budgetary comparison for the General Fund, MRDD General Fund, Public Assistance Fund, and Motor Vehicle Gasoline Tax Fund, thereof for the year then ended in conformity with accounting basis Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2006, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 9 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The schedule of federal awards expenditures is required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The schedule of federal awards expenditures has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 3, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosure* and GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*.



Balestra, Harr & Scherer, CPAs, Inc.
September 29, 2006

Lawrence County
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2005
Unaudited

The discussion and analysis of Lawrence County's financial performance provides an overview of the County's financial activities for the fiscal year ended December 31, 2005, within the limitations of the County's cash basis of accounting. Please read this in conjunction with the County's financial statements that begin on page 9.

Financial Highlights

Key financial highlights for 2005 are as follows:

Overall (Primary Government):

Total net assets decreased \$332,524 with Governmental Activities increasing by \$192,887 and Business-Type Activities decreasing by \$525,411.

Total cash receipts were \$46,061,197 in 2005.

Total program cash disbursements were \$46,393,721 in 2005.

Governmental Activities:

Total program cash receipts were \$29,407,100 in 2005, while program cash disbursements were \$44,502,705.

Program cash disbursements were primarily composed of Human Services and Health related cash disbursements which were \$17,412,132 and \$6,633,995, respectively, in 2005.

Business-Type Activities:

Total program cash receipts were \$1,755,414 for Business-Type Activities, while corresponding cash disbursements were \$1,891,016. This is the primary reason for the decrease in Net Assets in the business-type activities.

Using this Basic Financial Report

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

The *Statement of Net Assets-Cash Basis* and *Statement of Activities-Cash Basis* provide information about the activities of the whole County, presenting both an aggregate view of the County's cash basis finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending. The fund financial statements also look at the County's most significant funds with all other non-major funds presented in total in one column. In the case of Lawrence County, the General Fund, the Motor Vehicle Gasoline Tax Fund, the Public Assistance Fund, and the MRDD General Fund are the most significant funds and have been presented as major funds.

Lawrence County
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2005
Unaudited

Reporting the County as a Whole

The County's Reporting Entity Presentation

This annual report includes all activities for which Lawrence County is fiscally responsible. These activities, defined as the County's reporting entity, are operated within separate legal entities that make up the primary government and two other separate legal entities that are presented as component units. The primary government consists of Lawrence County. The component unit presentation includes the following separate legal entities:

- Tri-State Industries, Inc.
- Choices, Inc.

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the County to provide programs and activities, the view of the County as a whole looks at all cash basis financial transactions and asks the question, "How did we do financially during 2005?" The Statement of Net Assets and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include *only net assets* using the *cash basis of accounting*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid. These two statements report the County's *net assets* and changes in those assets. This change in net assets is important because it tells the reader whether, for the County as a whole, the *cash basis financial position* of the County has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

As a result of the use of the 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 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. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the Statement of Net Assets and the Statement of Activities, the County is divided into two distinct kinds of activities:

Governmental Activities – Most of the County's programs and services are reported here including general government, public safety, public works, health, human services, conservation and recreation, transportation, capital outlay, and debt service.

Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the cash disbursements of the goods or services provided. The County's wastewater treatment program is reported as business-type activities.

Component unit activities – Although Tri-State Industries, Inc. and Choices, Inc. are separate legal entities, the County includes their activities since the County is financially accountable for these two entities.

Lawrence County
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2005
Unaudited

Reporting the County's Most Significant Funds

Fund Financial Statements

The analysis of the County's major funds begins on page 7. Fund financial reports provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's most significant funds that have been presented as major governmental funds are the General Fund, the MRDD General Fund, the Public Assistance Fund, and the Motor Vehicle Gasoline Tax Fund. The County's most significant fund that has been presented as a major proprietary fund is the Union-Rome Sewer Fund.

Governmental Funds Most of the County's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the County's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various County programs. Since the County is reporting on the cash basis of accounting, there are no differences in the Net Assets and fund cash balances or changes in Net Assets and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements. However, differences will be apparent when comparing gross revenues and expenses on the Fund Financial Statements to the Statement of Activities due to transfers netted on the Statement of Activities. See Note 2 to the basic financial statements entitled "Government-Wide Financial Statements".

Proprietary Funds The County's proprietary funds use the same basis of accounting (cash basis) as governmental fund activities; therefore, these statements will essentially match the information provided in statements for the County as a whole.

The County as a Whole

Recall that the Statement of Net Assets provides the perspective of the County as a whole. Table 1 provides a summary of the County's Net Assets for 2005 compared to the prior year:

Table 1
Net Cash Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<i>Assets</i>						
Cash & Cash Equivalents	\$8,722,108	\$8,529,221	\$1,097,450	\$1,622,861	\$9,819,558	\$10,152,082
<i>Total Assets</i>	8,722,108	8,529,221	1,097,450	1,622,861	9,819,558	10,152,082
<i>Net Cash Assets</i>						
Restricted	7,377,861	6,722,152	0	0	7,377,861	6,722,152
Unrestricted	1,344,247	1,807,069	1,097,450	1,622,861	2,441,697	3,429,930
<i>Total Net Assets</i>	<u>\$8,722,108</u>	<u>\$8,529,221</u>	<u>\$1,097,450</u>	<u>\$1,622,861</u>	<u>\$9,819,558</u>	<u>\$10,152,082</u>

Total assets and net assets decreased by \$382,462 from 2004 to 2005.

Lawrence County
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2005
Unaudited

Table 2 shows the changes in Net Assets for the fiscal years 2005 and 2004.

Table 2
Changes In Net Cash Assets

	Governmental		Business-Type		Totals	
	Activities		Activities			
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Cash Receipts						
<i>Program Cash Receipts</i>						
Charges For Services and Sales	\$2,773,794	\$3,074,742	\$1,755,414	\$1,875,227	\$4,529,208	\$4,949,969
Operating Grants and Contributions	26,054,489	21,292,617	-	-	26,054,489	21,292,617
Capital Grants and Contributions	578,817	18,000	-	-	578,817	18,000
Total Program Cash Receipts	29,407,100	24,385,359	1,755,414	1,875,227	31,162,514	26,260,586
<i>General Cash Receipts and Transfers</i>						
Property Taxes	3,310,250	3,074,703	-	-	3,310,250	3,074,703
Sales Taxes	6,314,621	6,193,441	-	-	6,314,621	6,193,441
Payments in Lieu of Taxes	49,938	-	-	-	49,938	-
Grants and Entitlements	2,105,743	2,061,636	-	-	2,105,743	2,061,636
Interest Receipts	417,009	132,791	-	-	417,009	132,791
Miscellaneous	2,100,746	1,857,158	223,257	2,410	2,324,003	1,859,568
Proceeds from Sale of Bonds	360,000	160,000	-	255,000	360,000	415,000
Rent	-	195,324	-	-	-	195,324
Proceeds from Sale of Capital Assets	17,119	-	-	-	17,119	-
Transfers In (Out)	613,066	283,252	(613,066)	(283,252)	-	-
Total General Cash Receipts and Transfers	15,288,492	13,958,305	(389,809)	(25,842)	14,898,683	13,932,463
Total Cash Receipts and Transfers	44,695,592	38,343,664	1,365,605	1,849,385	46,061,197	40,193,049
Cash Disbursements						
<i>Program Cash Disbursements</i>						
<i>General Government</i>						
Legislative and Executive	4,924,997	4,105,910	-	-	4,924,997	4,105,910
Judicial	2,078,084	2,072,185	-	-	2,078,084	2,072,185
Public Safety	4,811,980	4,021,497	-	-	4,811,980	4,021,497
Public Works	5,122,467	4,065,226	-	-	5,122,467	4,065,226
Health	6,633,995	8,827,695	-	-	6,633,995	8,827,695
Human Services	17,412,132	14,752,129	-	-	17,412,132	14,752,129
Conservation and Recreation	691,522	282,944	-	-	691,522	282,944
Transportation	37,763	5,430	-	-	37,763	5,430
Miscellaneous	607,585	170,572	-	-	607,585	170,572
Capital Outlay	694,728	588,912	-	-	694,728	588,912
<i>Debt Service:</i>						
Principal Retirement	1,106,869	647,445	-	-	1,106,869	647,445
Interest and Fiscal Charges	380,583	212,196	-	-	380,583	212,196
Wastewater Treatment	-	-	1,891,016	1,088,647	1,891,016	1,088,647
Total Cash Disbursements	44,502,705	39,752,141	1,891,016	1,088,647	46,393,721	40,840,788
Increase (Decrease) In Net Assets	192,887	(1,408,477)	(525,411)	760,738	(332,524)	(647,739)
Net Assets at Beginning of Year	8,529,221	9,937,698	1,622,861	862,123	10,152,082	10,799,821
Net Assets at End of Year	\$8,722,108	\$8,529,221	\$1,097,450	\$1,622,861	\$9,819,558	\$10,152,082

Lawrence County
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2005
Unaudited

Property taxes and sales taxes made up 7 percent and 14 percent, respectively, of cash receipts for governmental activities for Lawrence County in fiscal year 2005. Operating grants and contributions made up 58.2 percent of cash receipts for governmental activities for the County.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental and business-type activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax receipts and unrestricted State entitlements. The dependence upon tax receipts and intergovernmental monies for governmental and business-type activities is apparent. Most of the human services activities are supported through charges for services and operating grants and contributions; for all governmental activities general cash receipts and transfers support is 34 percent as shown in Table 2. The taxpayers and the State of Ohio, as a whole, provide the vast majority of resources for Lawrence County. Table 3 below shows the total and net cost of services (on a cash basis) for the County.

Table 3
 Total Cost of Program Services
 Governmental Activities and Business-Type Activities

	2005		2004	
	<u>Total Cost of Service</u>	<u>Net Cost of Service</u>	<u>Total Cost of Service</u>	<u>Net Cost of Service</u>
Governmental Activities				
General Government				
Legislative and Executive	\$4,924,997	\$4,094,254	\$4,105,910	\$3,095,860
Judicial	2,078,084	1,361,617	2,072,185	1,108,845
Public Safety	4,811,980	2,643,613	4,021,497	2,960,255
Public Works	5,122,467	1,268,771	4,065,226	283,393
Health	6,633,995	935,478	8,827,695	5,075,818
Human Services	17,412,132	2,740,038	14,752,129	1,520,540
Conservation and Recreation	691,522	89,386	282,944	175,244
Transportation	37,763	4,882	5,430	5,430
Miscellaneous	607,585	(23,884)	170,572	170,572
Capital Outlay	694,728	640,630	588,912	111,184
Debt Service:				
Principal Retirement	1,106,869	1,106,869	647,445	647,445
Interest and Fiscal Charges	380,583	233,951	212,196	212,196
Total Cash Disbursements - Governmental Activities	<u>\$44,502,705</u>	<u>\$15,095,605</u>	<u>\$39,752,141</u>	<u>\$15,366,782</u>
Business-Type Activities				
Wastewater Treatment	1,891,016	135,602	1,088,647	786,580
Total Cash Disbursements - Business-Type Activities	<u>\$1,891,016</u>	<u>\$135,602</u>	<u>\$1,088,647</u>	<u>\$786,580</u>

Lawrence County
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2005
Unaudited

Business-Type Activities

Business-type activities include wastewater treatment services. Overall Net Assets decreased \$525,411 from 2004 to 2005. Program disbursements exceeded program receipts for the Wastewater treatment fund in the amount of \$135,602, and transfers accounted for the remainder of the decrease.

The County's Funds

Information about the County's major funds starts on page 12. These funds are accounted for using the cash basis of accounting. All governmental funds had total cash receipts and other financing sources of \$48,032,049 and cash disbursements and other financing uses of \$47,839,162. The net change in fund balance for the year was most significant in the General Fund and the Public Assistance Fund, where the General Fund cash balance went from \$1,807,069 in 2004 to \$1,461,919 for 2005, and the Public Assistance Fund cash balance went from \$580,062 in 2004 to \$1,003,347 for 2005. For the General Fund, cash disbursements exceeded cash receipts in the amount of \$345,150 and, in the Public Assistance Fund, cash receipts exceeded cash disbursements in the amount of \$423,285. For the MRDD General Fund and the Motor Vehicle and Gas Tax Fund, cash disbursements exceeded cash receipts in the amount of \$44,352 and \$259,459 respectively.

General Fund Budgeting Highlights

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. For the general fund, total actual receipts and other financing sources were \$13,802,681, above original budget estimates of \$12,253,370. Of this \$1,549,311 difference, property tax receipts were \$66,132 below original estimates, sales tax receipts were \$171,438 above original estimates, intergovernmental was \$83,067 above original estimates and various other receipt categories made up the remaining difference. Total actual disbursements and other financing uses on the budget basis (cash outlays plus encumbrances) were \$14,356,183, \$553,502 above cash receipts.

Capital Assets and Debt Administration

Capital Assets

The County does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The County had capital outlay disbursements of \$694,728 during fiscal year 2005.

Debt

Under the cash basis of accounting the County does not report bonds, long-term notes or short-term notes in the accompanying cash basis financial statements. However, in order to provide information to the readers of this report, we are providing the following detailed information about bonds, long-term notes and short-term notes. At December 31, 2005 the County had \$2,232,349 in bonds and related long-term debt for Governmental Activities and \$3,893,511 in bonds and related long-term debt for Business Type Activities. As of December 31, 2005 the County had \$120,000 in short-term Equipment Acquisition Notes outstanding. For additional information regarding debt, please see Notes 11 and 12 to the basic financial statements.

Table 4 summarizes bonds and long-term notes outstanding for Governmental Activities for 2005 and 2004:

Table 4		
Outstanding Debt at December 31		
Governmental Activities		
	<u>2005</u>	<u>2004</u>
General Obligation Bonds	\$2,127,383	\$2,276,870
OPWC Promissory Note	<u>104,966</u>	<u>114,963</u>
Totals	<u>\$2,232,349</u>	<u>\$2,391,833</u>

Lawrence County
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2005
Unaudited

Table 5 summarizes bonds and long-term notes outstanding for Business-Type Activities for 2005 and 2004:

Table 5		
Outstanding Debt at December 31		
Business-Type Activities		
	<u>2005</u>	<u>2004</u>
OWDA Loans	\$2,872,236	\$3,365,504
OPWC Promissory Note	686,306	740,423
Sewer System Improvement Note	<u>334,969</u>	<u>462,636</u>
 Total	 <u>\$3,893,511</u>	 <u>\$4,568,563</u>

Current Financial Related Activities

As the preceding information shows, the County heavily depends on its property and sales taxpayers as well as intergovernmental monies. Since the property tax receipts do not grow at the same level as inflation, and sales tax receipts are dependent upon the economy, the County will be faced with significant challenges over the next several years to contain costs and ultimately determine what options are available to the County to increase financial resources.

All of the County's financial abilities will be needed to meet the challenges of the future.

Contacting the County's Financial Management

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the County's cash basis finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ray T. Dutey, County Auditor at Lawrence County, 111 South Fourth Street, Ironton, Ohio 45638. Or e-mail at lawcoaud@cloh.com.

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

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Tri-State Industries	Choices, Inc.
ASSETS					
Equity in Pooled Cash and Cash Equivalents	\$ 8,722,108	\$ 1,097,450	\$ 9,819,558	\$ 228,567	\$ 35,744
<i>Total Assets</i>	<u>8,722,108</u>	<u>1,097,450</u>	<u>9,819,558</u>	<u>228,567</u>	<u>35,744</u>
NET ASSETS					
Restricted for:					
Mental Retardation	934,356	-	934,356	-	-
Public Assistance	1,003,347	-	1,003,347	-	-
Motor Vehicle and Gas Tax	873,226	-	873,226	-	-
Capital Projects	1,361,580	-	1,361,580	-	-
Other Purposes	3,205,352	-	3,205,352	228,567	35,744
Unrestricted	<u>1,344,247</u>	<u>1,097,450</u>	<u>2,441,697</u>	<u>-</u>	<u>-</u>
<i>Total Net Assets</i>	<u>\$ 8,722,108</u>	<u>\$ 1,097,450</u>	<u>\$ 9,819,558</u>	<u>\$ 228,567</u>	<u>\$ 35,744</u>

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

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

	Program Cash Receipts				Net (Cash Disbursements) Cash Receipts and Changes in Net Cash Assets			Component Units	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Tri-State Industries	Choices Inc.
					Governmental Activities	Business-Type Activities	Total		
Governmental Activities									
General Government:									
Legislative and Executive	\$ 4,924,997	\$ 558,861	\$ 271,882	\$ -	\$ (4,094,254)	\$ -	\$ (4,094,254)	\$ -	\$ -
Judicial	2,078,084	183,679	532,788	-	(1,361,617)	-	(1,361,617)	-	-
Public Safety	4,811,980	1,205,495	962,872	-	(2,643,613)	-	(2,643,613)	-	-
Public Works	5,122,467	169,493	3,154,284	529,919	(1,268,771)	-	(1,268,771)	-	-
Health	6,633,995	100,412	5,598,105	-	(935,478)	-	(935,478)	-	-
Human Services	17,412,132	304,107	14,367,987	-	(2,740,038)	-	(2,740,038)	-	-
Conservation and Recreation	691,522	9,309	592,827	-	(89,386)	-	(89,386)	-	-
Transportation	37,763	508	32,373	-	(4,882)	-	(4,882)	-	-
Other	607,585	83,472	541,371	6,626	23,884	-	23,884	-	-
Capital Outlay	694,728	11,826	-	42,272	(640,630)	-	(640,630)	-	-
Debt Service:									
Principal Retirements	1,106,869	-	-	-	(1,106,869)	-	(1,106,869)	-	-
Interest and Fiscal Charges	380,583	146,632	-	-	(233,951)	-	(233,951)	-	-
Total Governmental Activities	44,502,705	2,773,794	26,054,489	578,817	(15,095,605)	-	(15,095,605)	-	-
Business-Type Activities:									
Wastewater Treatment	1,891,016	1,755,414	-	-	-	(135,602)	(135,602)	-	-
Total Business-Type Activities	1,891,016	1,755,414	-	-	-	(135,602)	(135,602)	-	-
Total Primary Government	\$ 46,393,721	\$ 4,529,208	\$ 26,054,489	\$ 578,817	\$ (15,095,605)	\$ (135,602)	\$ (15,231,207)	\$ -	\$ -
Component Units:									
Tri-State Industries, Inc.	966,415	915,799	-	-	-	-	-	(50,616)	-
Choices, Inc.	114,768	131,379	-	-	-	-	-	-	16,611
Total Component Units	\$ 1,081,183	\$ 1,047,178	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (50,616)	\$ 16,611
General Cash Receipts and Transfers:									
Property and Other Taxes Levied for:									
General Purposes					1,980,269	-	1,980,269	-	-
MRDD General Fund					1,329,981	-	1,329,981	-	-
Capital Projects					-	-	-	-	-
Sales Taxes					6,314,621	-	6,314,621	-	-
Payments in Lieu of Taxes					49,938	-	49,938	-	-
Grants and Entitlements, Not Restricted to Specific Programs					2,105,743	-	2,105,743	-	-
Transfers In (Out)					613,066	(613,066)	-	-	-
Proceeds from Sale of Notes and Bonds					360,000	-	360,000	-	-
Proceeds from Sale of Capital Assets					17,119	-	17,119	-	-
Interest Receipts					417,009	-	417,009	3,021	115
Miscellaneous					2,100,746	223,257	2,324,003	-	-
Total General Cash Receipts and Transfers					15,288,492	(389,809)	14,898,683	3,021	115
Changes in Net Assets					192,887	(525,411)	(332,524)	(47,595)	16,726
Net Assets Beginning of Year					8,529,221	1,622,861	10,152,082	276,162	19,018
Net Assets End of Year					\$ 8,722,108	\$ 1,097,450	\$ 9,819,558	\$ 228,567	\$ 35,744

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

Lawrence County
Statement of Cash Basis Assets and Fund Balances and
Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balances - Governmental Funds - Cash Basis
For the Year Ended December 31, 2005

	<u>General</u>	<u>MRDD General</u>	<u>Public Assistance</u>	<u>Motor Vehicle Gasoline Tax</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash Receipts						
Property Taxes	\$ 1,980,269	\$ 977,131	\$ -	\$ -	\$ 352,850	\$ 3,310,250
Sales Taxes	6,314,621	-	-	-	-	6,314,621
Payments in Lieu of Taxes	48,599	1,339	-	-	-	49,938
Charges for Services	1,405,837	48,765	-	-	544,657	1,999,259
Licenses and Permits	4,255	-	-	-	23,883	28,138
Fines and Forfeitures	339,072	-	-	27,342	379,983	746,397
Intergovernmental	2,105,743	3,399,716	13,948,386	3,927,184	5,358,020	28,739,049
Interest	359,528	17,294	-	30,322	9,865	417,009
Other	1,027,638	137,454	429,147	27,267	479,240	2,100,746
Total Cash Receipts	<u>13,585,562</u>	<u>4,581,699</u>	<u>14,377,533</u>	<u>4,012,115</u>	<u>7,148,498</u>	<u>43,705,407</u>
Cash Disbursements						
Current Operating						
General Government:						
Legislative and Executive	4,607,852	-	-	-	317,145	4,924,997
Judicial	1,456,597	-	-	-	621,487	2,078,084
Public Safety	3,688,808	-	-	-	1,123,172	4,811,980
Public Works	650,415	-	-	3,679,414	792,638	5,122,467
Health	103,908	4,626,051	-	-	1,904,036	6,633,995
Human Services	652,138	-	13,845,383	-	2,914,611	17,412,132
Conservation and Recreation	-	-	-	-	691,522	691,522
Transportation	-	-	-	-	37,763	37,763
Other	556,092	-	-	-	51,493	607,585
Capital Outlay	-	-	-	-	694,728	694,728
Debt Service:						
Principal Retirements	-	-	-	-	1,106,869	1,106,869
Interest and Fiscal Charges	-	-	-	-	380,583	380,583
Total Cash Disbursements	<u>11,715,810</u>	<u>4,626,051</u>	<u>13,845,383</u>	<u>3,679,414</u>	<u>10,636,047</u>	<u>44,502,705</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	<u>1,869,752</u>	<u>(44,352)</u>	<u>532,150</u>	<u>332,701</u>	<u>(3,487,549)</u>	<u>(797,298)</u>
Other Financing Sources and (Uses):						
Transfers In	-	-	-	-	3,949,523	3,949,523
Proceeds from Sale of Capital Assets	17,119	-	-	-	-	17,119
Proceeds from Sale of Notes	-	-	-	-	120,000	120,000
Proceeds from Sale of Bonds	200,000	-	-	-	40,000	240,000
Transfers Out	(2,432,021)	-	(108,865)	(592,160)	(203,411)	(3,336,457)
Total Other Financing Sources and (Uses)	<u>(2,214,902)</u>	<u>-</u>	<u>(108,865)</u>	<u>(592,160)</u>	<u>3,906,112</u>	<u>990,185</u>
Net Change in Fund Cash Balances	<u>(345,150)</u>	<u>(44,352)</u>	<u>423,285</u>	<u>(259,459)</u>	<u>418,563</u>	<u>192,887</u>
Cash Basis Fund Balances at Beginning of Year - Restated - Note 3	<u>\$ 1,807,069</u>	<u>\$ 978,708</u>	<u>\$ 580,062</u>	<u>\$ 1,132,685</u>	<u>\$ 4,030,697</u>	<u>\$ 8,529,221</u>
Cash Basis Fund Balances at End of Year	<u>\$ 1,461,919</u>	<u>\$ 934,356</u>	<u>\$ 1,003,347</u>	<u>\$ 873,226</u>	<u>\$ 4,449,260</u>	<u>\$ 8,722,108</u>
CASH BASIS ASSETS AT END OF YEAR:						
Cash and Cash Equivalents	<u>\$ 1,461,919</u>	<u>\$ 934,356</u>	<u>\$ 1,003,347</u>	<u>\$ 873,226</u>	<u>\$ 4,449,260</u>	<u>\$ 8,722,108</u>
Total Assets	<u>\$ 1,461,919</u>	<u>\$ 934,356</u>	<u>\$ 1,003,347</u>	<u>\$ 873,226</u>	<u>\$ 4,449,260</u>	<u>\$ 8,722,108</u>
CASH FUND BALANCES AT YEAR END:						
Reserved for Encumbrances	\$ 208,352	\$ 15,982	\$ 262,656	\$ 143,615	\$ 1,429,598	\$ 2,060,203
Unreserved, Undesignated Report In:						
General Fund	1,253,567	-	-	-	-	1,253,567
Special Revenue Funds	-	918,374	740,691	729,611	1,775,754	4,164,430
Debt Service Funds	-	-	-	-	(117,672)	(117,672)
Capital Project Funds	-	-	-	-	1,361,580	1,361,580
Total Cash Basis Fund Balances	<u>\$ 1,461,919</u>	<u>\$ 934,356</u>	<u>\$ 1,003,347</u>	<u>\$ 873,226</u>	<u>\$ 4,449,260</u>	<u>\$ 8,722,108</u>

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

Lawrence County
Statement of Cash Receipts, Cash Disbursements and Changes
In Fund Cash Balance - Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
For the Year Ended December 31, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
RECEIPTS:				
Property Taxes	\$ 2,095,000	\$ 2,028,867	\$ 1,980,269	\$ (48,598)
Sales Taxes	6,143,183	6,314,621	6,314,621	-
Payments in Lieu of Taxes	-	-	48,599	48,599
Charges for Services	1,387,171	1,405,837	1,405,837	-
Licenses and Permits	-	4,255	4,255	-
Fines and Forfeitures	297,250	343,969	339,072	(4,897)
Intergovernmental	2,080,756	2,163,823	2,105,743	(58,080)
Interest	200,010	359,528	359,528	-
Other	50,000	1,066,649	1,027,638	(39,011)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Receipts	12,253,370	13,687,549	13,585,562	(101,987)
DISBURSEMENTS:				
Current:				
General Government:				
Legislative and Executive	4,321,034	4,687,266	4,607,852	79,414
Judicial	2,058,583	1,492,971	1,456,597	36,374
Public Safety	2,216,756	3,751,818	3,688,808	63,010
Public Works	537,940	547,125	650,415	(103,290)
Health	107,563	114,261	103,908	10,353
Human Services	766,848	739,656	652,138	87,518
Other	415,000	473,248	556,092	(82,844)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Disbursements	10,423,724	11,806,345	11,715,810	90,535
Excess of Receipts Over (Under) Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	1,829,646	1,881,204	1,869,752	(11,452)
OTHER FINANCING SOURCES AND (USES):				
Proceeds from Sale of Capital Assets	-	17,119	17,119	-
Proceeds from Sale of Bonds	-	300,000	200,000	(100,000)
Transfers Out	(450,000)	(3,314,926)	(2,432,021)	882,905
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources and (Uses)	(450,000)	(2,997,807)	(2,214,902)	782,905
Net Change in Fund Balance	1,379,646	(1,116,603)	(345,150)	771,453
Fund Balance at Beginning of Year	1,577,042	1,577,042	1,577,042	-
Prior Year Encumbrances Appropriated	230,027	230,027	230,027	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance at End of Year	\$ 3,186,715	\$ 690,466	\$ 1,461,919	\$ 771,453

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

Lawrence County
Statement of Cash Receipts, Cash Disbursements and Changes
In Fund Cash Balance - Budget (Non-GAAP Budgetary Basis) and Actual
MRDD General Fund
For the Year Ended December 31, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
RECEIPTS:				
Property Taxes and Payments in Lieu of Taxes	\$ 1,000,000	\$ 978,471	\$ 977,131	\$ (1,340)
Payments in Lieu of Taxes	-	-	1,339	1,339
Charges for Services	-	48,765	48,765	-
Intergovernmental	3,400,000	3,399,716	3,399,716	-
Interest	-	17,294	17,294	-
Other	-	137,454	137,454	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Receipts	4,400,000	4,581,700	4,581,699	(1)
DISBURSEMENTS:				
Current:				
Health	4,481,837	4,645,724	4,642,033	3,691
	<hr/>	<hr/>	<hr/>	<hr/>
Total Disbursements	4,481,837	4,645,724	4,642,033	3,691
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Revenues Over (Under) Expenditures	(81,837)	(64,024)	(60,334)	(3,692)
	<hr/>	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	(81,837)	(64,024)	(60,334)	(3,692)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance at Beginning of Year	940,567	940,567	940,567	-
	<hr/>	<hr/>	<hr/>	<hr/>
Prior Year Encumbrances Appropriated	38,141	38,141	38,141	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance at End of Year	<u>\$ 896,871</u>	<u>\$ 914,684</u>	<u>\$ 918,374</u>	<u>\$ (3,692)</u>

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

Lawrence County
Statement of Cash Receipts, Cash Disbursements and Changes
In Fund Cash Balance - Budget (Non-GAAP Budgetary Basis) and Actual
Public Assistance Fund
For the Year Ended December 31, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
RECEIPTS:				
Intergovernmental	\$ 12,739,000	\$ 13,948,386	\$ 13,948,386	\$ -
Other	-	429,147	429,147	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Receipts	12,739,000	14,377,533	14,377,533	-
	<hr/>	<hr/>	<hr/>	<hr/>
DISBURSEMENTS:				
Current:				
Human Services	12,704,000	14,408,667	14,108,040	300,627
	<hr/>	<hr/>	<hr/>	<hr/>
Total Disbursements	12,704,000	14,408,667	14,108,040	300,627
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Receipts Over (Under) Disbursements	35,000	(31,134)	269,493	300,627
	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES AND (USES):				
Transfers Out	-	-	(108,865)	(108,865)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources and (Uses)	-	-	(108,865)	(108,865)
	<hr/>	<hr/>	<hr/>	<hr/>
Net Change in Fund Balance	35,000	(31,134)	160,628	191,762
Fund Balance at Beginning of Year	441,412	441,412	441,412	-
Prior Year Encumbrances Appropriated	138,650	138,650	138,650	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance at End of Year	\$ 615,062	\$ 548,928	\$ 740,690	\$ 191,762
	<hr/>	<hr/>	<hr/>	<hr/>

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

Lawrence County
Statement of Cash Receipts, Cash Disbursements and Changes
In Fund Cash Balance - Budget (Non-GAAP Budgetary Basis) and Actual
Motor Vehicle Gasoline Tax Fund
For the Year Ended December 31, 2005

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
RECEIPTS:				
Fines and Forfeitures	\$ 27,342	\$ 27,342	\$ 27,342	\$ -
Intergovernmental	3,815,069	3,927,184	3,927,184	-
Interest	30,322	30,322	30,322	-
Other	<u>27,267</u>	<u>27,267</u>	<u>27,267</u>	<u>-</u>
Total Receipts	<u>3,900,000</u>	<u>4,012,115</u>	<u>4,012,115</u>	<u>-</u>
DISBURSEMENTS:				
Current:				
Public Works	<u>4,000,000</u>	<u>4,461,916</u>	<u>3,823,029</u>	<u>638,887</u>
Total Disbursements	<u>4,000,000</u>	<u>4,461,916</u>	<u>3,823,029</u>	<u>638,887</u>
Excess of Receipts Over (Under) Disbursements	<u>(100,000)</u>	<u>(449,801)</u>	<u>189,086</u>	<u>(638,887)</u>
OTHER FINANCING SOURCES AND (USES):				
Transfers Out	<u>-</u>	<u>-</u>	<u>(592,160)</u>	<u>(592,160)</u>
Total Other Financing Sources and (Uses)	<u>-</u>	<u>-</u>	<u>(592,160)</u>	<u>(592,160)</u>
Net Change in Fund Balance	(100,000)	(449,801)	(403,074)	(46,727)
Fund Balance at Beginning of Year	983,113	983,113	983,113	-
Prior Year Encumbrances Appropriated	<u>149,572</u>	<u>149,572</u>	<u>149,572</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 1,032,685</u>	<u>\$ 682,884</u>	<u>\$ 729,611</u>	<u>\$ (46,727)</u>

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

Lawrence County
Statement of Cash Basis Assets and Net Cash Assets and Cash Receipts,
Cash Disbursements and Changes in Net Cash Assets
Proprietary Funds - Cash Basis
For the Year Ended December 31, 2005

	Union-Rome Sewer Fund
Operating Cash Receipts:	
Charges for Services	\$ 1,755,414
Other	148,393
<i>Total Operating Cash Receipts</i>	<i>1,903,807</i>
Operating Cash Disbursements:	
Salaries and Wages	602,549
Contractual Services	413,248
Materials and Supplies	104,943
Capital Outlay	524,024
Other	26,749
<i>Total Operating Cash Disbursements</i>	<i>1,671,513</i>
Excess of Operating Cash Receipts Over (Under)	
Operating Cash Disbursements	232,294
Non-Operating Cash Receipts (Cash Disbursements):	
Other Non-Operating Receipts	74,864
Interest and Fiscal Charges	(16,972)
Principal Retirement	(127,667)
Other Non-Operating Disbursements	(74,864)
Cash Receipts Over (Under) Cash Disbursements Before Transfers	87,655
Transfers Out	(613,066)
<i>Change in Net Cash Assets</i>	<i>(525,411)</i>
<i>Net Cash Assets at Beginning of Year</i>	<i>1,622,861</i>
<i>Net Cash Assets at End of Year</i>	<i>\$ 1,097,450</i>
 CASH BASIS ASSETS AT END OF YEAR:	
Cash and Cash Equivalents	\$ 1,097,450
 NET CASH ASSETS AT END OF YEAR:	
Unreserved, Undesignated	\$ 1,097,450

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

Lawrence County
Statement of Fiduciary Net Assets
As of December 31, 2005

	<u>Agency Fund</u>
ASSETS	
Equity Pooled in Cash and Cash Equivalents	<u>\$ 3,076,391</u>
<i>Total Assets</i>	<u><u>\$ 3,076,391</u></u>
Net Cash Assets	<u><u>\$ 3,076,391</u></u>

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

LAWRENCE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 1 - DESCRIPTION OF THE COUNTY AND REPORTING ENTITY

Lawrence County, Ohio (the County), was settled in 1797, and it was formally established on December 20, 1816 as a County by taking portions of Gallia and Scioto Counties. The County is comprised of fourteen townships. The County is governed by a three-member Board of County Commissioners elected by the voters of the County. The County Auditor is responsible for the fiscal controls of the resources of the County that are maintained in the funds described below. The County Treasurer is the custodian of funds and the investment officer. Other officials that manage various segments of the County's operations are the Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, two Common Pleas Court Judges, and one Judge for the Probate and Juvenile Courts. All of these officials are elected. Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body and the chief administrator of public services for the County, including each of these departments.

Reporting Entity

The County utilizes the standards of Governmental Accounting Standards Board Statement 14 for determining the reporting entity.

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

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the County. For Lawrence County, this includes the Board of Mental Retardation and Developmental Disabilities, the Union Rome Sewer District, and all departments and activities that are directly operated by the elected County officials.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) The County is able to significantly influence the programs or services performed or provided by the organization; or (2) The County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the County in that the County approves the budget, the issuance of debt or the levying of taxes.

The County has the following component units:

Choices, Inc., is a legally separate, not-for-profit corporation, served by a self-appointing board of trustees. The organization assists in providing housing for persons with mental retardation or developmental disabilities. The Lawrence County Board of Mental Retardation and Developmental Disabilities (MR/DD) obtains grants to subsidize the purchase of houses for Choices, Inc. Choices, Inc. then rents the houses to mentally retarded or developmentally disabled tenants. Based on the significant resources provided by the County to Choices, Inc. and Choices' sole purpose of providing housing to mentally retarded or developmentally disabled persons in Lawrence County, Choices, Inc. is a component unit of Lawrence County. Choices, Inc. operates on a fiscal year ending June 30. Separately issued financial statements can be obtained from Choices, Inc., Coal Grove, Ohio.

LAWRENCE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 1 - DESCRIPTION OF THE COUNTY AND REPORTING ENTITY (Continued)

Reporting Entity (Continued)

Tri-State Industries, Inc., is a legally separate, not-for-profit corporation, served by a self-appointing board of trustees. The workshop, under a contractual agreement with the Lawrence County Board of Mental Retardation and Developmental Disabilities (MR/DD) provides sheltered employment for mentally retarded or handicapped adults in Lawrence County. The Lawrence County Board of MR/DD provides the workshop with staff salaries, transportation, equipment (except that used directly in the production of goods or rendering services), staff to administer and supervise training programs, and other funds as necessary for the operation of the workshop. Based on the significant services and resources provided by the County to the workshop and the workshop's sole purpose of providing assistance to the retarded and handicapped adults of Lawrence County, the workshop is a component unit of Lawrence County. Tri-State Industries, Inc. operates on a fiscal year ending June 30. Separately issued financial statements can be obtained from Tri-State Industries, Inc., Coal Grove, Ohio.

The County has elected to include the above component units in the accompanying basic financial statements. See also Note 2 to the Basic Financial Statements entitled *Government-Wide Financial Statements*.

The following potential component units have been excluded because the County is not financially accountable for these organizations nor are these entities for which the County approves the budget, the issuance of debt, or the levying of taxes.

The Lawrence County Agricultural Society
The Lawrence County Educational Service Center
The Lawrence County Joint Vocational School
The Lawrence County Law Library
The Lawrence County Historical Society
The Lawrence County Extension Service
The Lawrence County Economic Development Corporation
The Lawrence County Domestic Violence Task Force, Inc.
The Lawrence County Council on Aging
The Lawrence County Airpark

As the custodian of public funds, the County Treasurer invests all public monies held on deposit in the County treasury. In the case of the separate agencies, boards and commissions listed below, the County serves as fiscal agent, but is not financially accountable for their operations. Accordingly, the activity of the following districts and agencies is presented as agency funds within the County's financial statements:

Lawrence County Soil and Water Conservation District is statutorily created as a separate and distinct political subdivision of the State. The five supervisors of the Soil and Water Conservation District are elected officials authorized to contract and sue on behalf of the District. The Supervisors adopt their own budget, authorize District expenditures, hire and fire staff, and do not rely on the County to finance deficits.

Lawrence County Health District is governed by a five member Board of Health which oversees the operation of the Health District. The Board is appointed by an advisory council comprised of the president of the township trustees, mayors of participating municipalities and one County Commissioner. The Board has sole budgetary authority, and controls surpluses and deficits. The County is not legally obligated for the Health District's debt. Funding is based on a rate per taxable valuation, along with state and federal grants applied for by the District.

The Local Emergency Planning Commission is established by the State Emergency Response Commission, which designates Emergency Planning Districts within the State. Commission members are recommended by the County Commissioners and appointed by the State Emergency Response Commission. The Commission receives operating resources in the form of grants from the State.

LAWRENCE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 1 - DESCRIPTION OF THE COUNTY AND REPORTING ENTITY (Continued)

Reporting Entity (Continued)

The County is involved with the following organizations that are defined as jointly governed organizations. Additional financial information concerning the jointly governed organizations is presented in Note 13.

Adams, Lawrence, Scioto Alcohol, Drug Addiction, and Mental Health Services Board
Private Industry Council
Southeast Ohio Emergency Medical Services
Ironton-Lawrence County Community Action Organization
The KYOVA Interstate Planning Commission
Ohio Valley Regional Development Commission
Ohio Valley Resource Conservation and Development Area, Inc.

The County is involved in the following organizations that are defined as public entity shared risk pools. Additional information concerning the public entity shared risk pools is presented in Note 14.

Buckeye Joint-County Self-Insurance Council
County Commissioners Association of Ohio Worker's Compensation Group Rating Plan

The County is involved in the following organization that is defined as a joint venture. Additional financial information concerning the joint venture is presented in Note 15.

Scioto-Lawrence Counties Joint Solid Waste District

The County is involved with the following organization that is defined as a related organization. Additional financial information concerning the related organization is presented in Note 16.

Briggs-Lawrence County Public Library

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Lawrence County have been prepared following the cash accounting basis. This is a comprehensive basis of accounting other than generally accepted accounting principals (GAAP). The accompanying financial statements omit assets, liabilities, fund equities, and disclosures. The more significant accounting policies are described below.

Fund Accounting

The County's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific County functions or activities. The operation of each fund is accounted for within a separate set of self-balancing set of accounts.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Cash disbursements are assigned to the fund from which they are paid. The difference between governmental fund assets and cash disbursements is reported as fund balance. The following are the County's major governmental funds:

LAWRENCE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds (Continued)

General Fund

The General Fund is the general operating fund of the County and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is available to the County for any purpose provided it is expended or transferred according to the general laws of Ohio.

MRDD General Special Revenue Fund

This fund accounts for various federal and state grants and a property tax levy used to provide assistance and training to mentally retarded and developmentally disabled individuals.

Public Assistance Special Revenue Fund

This fund accounts for various federal and state grants as well as transfers from the General Fund used to provide public assistance to general relief recipients, pay their providers of medical assistance, and for certain public social services.

Motor Vehicle Gasoline Tax Special Revenue Fund

This fund accounts for monies received from state gasoline tax and motor vehicle registration fees designated for maintenance and repair of roads and bridges.

The other governmental funds of the County account for grants and other resources, debt service, and capital projects, whose use is restricted to a particular purpose.

Proprietary Funds

The proprietary funds are used to account for the County's ongoing activities which are similar to those found in the private sector. Enterprise funds are the County's only proprietary fund type. The following is the County's major proprietary fund:

Union-Rome Sewer Fund

The Union-Rome Sewer Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing services to the general public on a continuing basis be financed or recovered through user charges. The County's Union-Rome Sewer Fund accounts for wastewater treatment services for the County.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. The County's only fiduciary funds are agency funds.

Agency Funds

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements.

The County's agency funds account for assets held for political subdivisions in which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures that have been collected and which will be distributed to other political subdivisions.

LAWRENCE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The County's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements that 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 County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net assets-cash basis presents the cash basis financial condition of governmental activities of the County at year-end. The statement of activities-cash basis presents a comparison between direct cash disbursements and program cash receipts for each program or function of the County's governmental activities. Direct cash disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program cash receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Cash receipts which are not classified as program cash receipts are presented as general cash receipts of the County. The comparison of direct cash disbursements with program cash receipts identifies the extent to which each business segment or governmental function is self-financing or draws from the general cash receipts of the County.

The Government-wide Financial Statements also display information regarding two legally separate entities or component units, for which the County is fiscally responsible. These two component units are Tri-State Industries, Inc. and Choices, Inc. and are described further in Note 1 to the financial statements.

Fund Financial Statements

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Basis of Accounting

Although required by Ohio Administrative Code Section 117-2-03(B) to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP), the County chooses to prepare its financial statements and notes on the cash basis of accounting. This basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved). These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

As a result of the use of the 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 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. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

For comparability purposes, the component units' financial information has been presented on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP).

LAWRENCE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash Receipts – Exchange and Non-exchange Transactions

Cash receipts resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the cash basis when the exchange takes place. On a cash basis, receipts are recorded in the year in which the resources are received.

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On a cash basis, receipts from property taxes are recognized in the year in which the taxes are received. Receipts from grants, entitlements and donations are recognized in the year in which the monies have been received.

Cash Disbursements

On the cash basis of accounting, disbursements are recognized at the time payments are made.

Budgetary Process

Budget

In accordance with Section 5747.53 of the Ohio Revised Code, the County Budget Commission has provided for the apportionment of undivided local government funds under an alternative method that has been approved by governmental subdivisions within the County. Under this alternative method, the County Budget Commission has waived the requirement for the Taxing Authority of a subdivision to adopt a tax budget.

Estimated Resources

The County Budget Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources that states the projected receipts of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to December 31, the County must revise its budget so that the total contemplated disbursements from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include January 1 unencumbered fund balances. However, those fund balances are available for appropriations.

Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

The allocation of appropriations among departments and objects within a fund may be modified during the year only by a resolution of the County Commissioners. Several supplemental appropriation resolutions were legally enacted by the County Commissioners during the year. The budget figures that appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications. Prior to year- end, the County Commissioners passed appropriations that reflected actual expenditures/expenses for the year.

LAWRENCE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Process (Continued)

Encumbrances

The County is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the disbursement of funds are recorded in order to reserve the portion of the applicable appropriation. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be re-appropriated.

Fund Balance Reserves

The County reserves those portions of fund balances which are legally segregated for a specific future use or which do not represent available, spendable resources and therefore are not available for appropriation or expenditure. Fund balance reserves have been established for encumbrances.

Cash and Cash Equivalents and Investments

Cash and cash equivalents consist of the total of fund cash balances of all funds as of December 31, 2005. To improve cash management, cash received by the County is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. County funds are maintained in several checking accounts as well as invested in certificates of deposit with terms of one to twelve months and a repurchase agreement. Individual fund balance integrity is maintained through the County's records. Balances of all funds are maintained in these accounts or are temporarily used to purchase certificates of deposit or investments. All interest receipts are reported in the General Fund except those specifically related to those funds deemed appropriate according to Board of County Commissioners policy. For calendar year 2005, interest receipts amounted to \$417,009 in which \$359,528 was recorded in the General Fund; \$17,294 was recorded in the MRDD General Special Revenue Fund; \$30,322 was recorded in the Motor Vehicle Gasoline Tax Major Special Revenue Fund; and \$9,865 was recorded in All Other Governmental Funds.

The County records all its investments at cost. For presentation on the statement of net assets-cash basis, investments of the cash management pool are considered to be cash equivalents. The County invested in repurchase agreements during calendar year 2005.

Investments with original maturities of three months or less at the time they are purchased by the County are reported as cash equivalents.

Capital Assets and Depreciation

Capital assets (fixed assets) acquired or constructed for the County are recorded as disbursements at the time of acquisition. However, under the cash basis of accounting, capital assets and the related depreciation are not reported separately on the financial statements.

Compensated Absences

Vacation and sick leave benefits are not accrued under the cash basis of accounting as previously described. All leave will either be absorbed by time off from work, or within certain limitations, be paid to the employees.

Long-Term Obligations

In general, bonds, long-term loans, and capital leases are recorded as cash disbursements in the basic financial statements when paid.

**LAWRENCE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating Cash Receipts and Cash Disbursements

Operating cash receipts are those cash receipts that are generated directly from the primary activity of the proprietary funds. For the County, these receipts are charges for services for sewer services. Operating cash disbursements are necessary costs incurred to provide the good or service that is the primary activity of the fund. Cash receipts and disbursements not meeting these definitions are reported as nonoperating.

Net Cash Assets

Net cash assets represent the difference between assets and liabilities. Net cash assets consist of cash receipts reduced by cash disbursements for the current year. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Restricted for Other Purposes is comprised of net assets restricted for grants. The County applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Interfund Transactions

Exchange transactions between funds are reported as cash receipts in the seller funds and as cash disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented on the financial statements. In the government-wide financial statements transfers within governmental activities or within business-type activities are eliminated.

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF FUND BALANCE

For the year 2005, the County implemented GASB Statement No. 40, “Deposits and Investment Risk Disclosures” and GASB Statement No. 46, “Net Assets Restricted by Enabling Legislation.” These new standards did not have a material effect on the financial statements, nor did their implementation require a restatement of prior year balances.

Restatements: The beginning of the year fund balance in the Public Assistance Major Fund has been restated due to reclassifying the Other Public Assistance Fund as part of the major fund. The following shows the reclassification of the beginning fund balance:

	Public Assistance	Other Governmental Funds
Beginning Fund Balance	\$ 502,331	\$ 4,108,428
Reclassification	77,731	(77,731)
Restated Fund Balance	\$ 580,062	\$ 4,030,697

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS

A. Primary Government

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

- A. United States treasury notes, bills, bonds, 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;

LAWRENCE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

- B. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the 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;
- C. Written purchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- D. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;
- E. Time certificates of deposit or savings or deposit accounts, including, but not limited to passbook accounts;
- F. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- G. The State Treasurer's investment pool (STAROhio);
- H. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value;
- I. High grade commercial paper in an amount not to exceed five percent of the County's total average portfolio;
- J. Certain Bankers' acceptance and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and
- K. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution. The County maintains a cash pool which is used by all funds.

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 County, 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.

**LAWRENCE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Deposits:

Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits may not be returned. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the federal deposit insurance corporation (FDIC) or by any other agency or instrumentality of the federal government.

These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The County's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

As of December 31, the carrying amount of the County's deposits was \$2,945,949. The County's bank balance of \$9,010,547 was exposed to custodial credit risk as follows:

Uninsured and collateral held by pledging bank's trust department and not in the County's name	\$ 7,590,374
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Investments: The County's investments are required to be categorized to give an indication of the level of risk assumed by the County at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the County's name.

	<u>Category 3</u>	<u>Carrying/Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Repurchase Agreements	<u>9,950,000</u>	<u>9,950,000</u>	<u>< 1</u>
Total Investments	<u>\$ 9,950,000</u>	<u>\$ 9,950,000</u>	

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the investment policy, the County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investments are limited to Repurchase Agreements.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County places no limit on the amount the County may invest in any one issuer; however their investment policy does stress diversification to limit potential losses. The County has invested 100% in Repurchase Agreements.

Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the County's securities are either insured and registered in the name of the County or at least registered in the name of the County with the exception of the repurchase agreements.

**LAWRENCE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

B. Component Units

At year-end, the carrying amount of Tri-State Industries' deposits was \$ 228,567 and the bank balance was \$253,557. Of the bank balance, \$159,976 was covered by federal depository insurance and the remaining \$93,581 was uninsured and uncollateralized.

At year-end, the carrying amount of Choices, Inc.'s deposits was \$35,744 and the bank balance was \$39,010. The bank balance was covered by federal deposit insurance.

NOTE 5- BUDGETARY BASIS FUND BALANCES

Differences between the budgetary basis fund balances and fund cash balances are due to encumbrances. The table below presents those differences for the County's Major Funds:

	General Fund	MRDD General	Public Assistance	Motor Vehicle Gasoline Tax
Budgetary Basis Fund Balances	\$1,253,567	\$ 918,374	\$740,691	\$ 729,611
Encumbrances	<u>208,352</u>	<u>15,982</u>	<u>262,656</u>	<u>143,615</u>
Fund Cash Balances	\$1,461,919	\$934,356	\$1,003,347	\$873,226

NOTE 6 - PROPERTY TAX

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Property tax revenue received during 2005 for real and public utility property taxes represents collection of 2004 taxes. Property tax payments received during 2005 for tangible personal property (other than public utility property) is for 2005 taxes.

2005 real property taxes are levied after October 1, 2005 on the assessed value as of January 1, 2005, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2005 real property taxes are intended to finance 2006.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility property is assessed at 35 percent of true value. 2005 public utility property taxes became a lien December 31, 2004, are levied after October 1, 2005, and are collected in 2006 with real property taxes.

2005 tangible personal property taxes are levied after October 1, 2004, on the value as of December 31, 2004. Collections are made in 2005. Tangible personal property assessments are 25 percent of true value.

The assessed value for the taxes levied in 2005 was \$720,443,160 of which real property represented 87 percent (\$624,341,740) of the total, public utility property represented 8 percent (\$61,072,640) of the total, and tangible personal property represented 5 percent (\$35,028,780) of the total. The full tax rate for all County operations for taxes collected in 2005, was \$5.60 per \$1,000 of assessed valuation.

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

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The Lawrence County Treasurer collects property tax on behalf of all taxing districts within the County. The Lawrence County Auditor periodically remits to the taxing districts their portions of the taxes collected. Collections of the taxes and remittance of them to the taxing districts are accounted for in various agency funds of the County.

LAWRENCE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 7 - RISK MANAGEMENT

The County 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. By contracting with Buckeye Joint-County Self Insurance Council for auto, crime, liability and property insurance, the County has addressed these various types of risk.

In the event of losses, the first \$250 to \$1,000 of any valid claim depending on the type of loss will be paid by the member. The next payment, with a maximum pay range from \$100,000 to \$2,000,000 per occurrence, will come from the self insurance pool based on the member's percentage of contribution. If the aggregate claims paid by the pool exceed the available resources, the pool may require the members to make additional supplementary payments. Lawrence County does not have any ongoing financial interest or responsibility.

This jointly governed organization is a cost-sharing pool. Coverage provided to the County by the program is as follows:

<u>Policy Type</u>	<u>Annual/ Aggregate Coverages</u>	<u>Deductible</u>
General Liability	\$1,000,000/\$3,000,000	\$1,000
Property Damage Liability	\$100,000/\$100,000	\$1,000
Public Officials Liability	\$1,000,000/\$3,000,000	\$5,000
Law Enforcement	\$1,000,000/\$3,000,000	\$5,000
Auto Liability	\$1,000,000 per occurrence	\$0
Uninsured Motorists Insurance	\$25,000 per occurrence	\$0
Pollution Liability	\$25,000	\$1,000
All Risk Blanket Property	Building and Contents per Schedule	\$1,000
Flood (Zone A coverage)	\$5,000,000	\$25,000
Extra Expense	\$1,000,000	\$1,000
Personal Property of Others	\$100,000	\$1,000
Earthquake	\$5,000,000	\$25,000
Electronic Data Processing Equipment	\$500,000	\$1,000
Blanket Bond	\$250,000	\$0
Elected Officials Bond	Per Bond Schedule	\$0
Money and Securities (Food Stamps)	\$1,000,000	\$1,000
Boiler and Machinery	\$26,356,488	\$1,000
Inland Marine	\$500,000	\$1,000
Auto Comprehensive	Per Schedule	\$100
Auto Collision	Per Schedule	\$250
Employees Benefits Liability	\$1,000,000/\$3,000,000	\$1,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year. For 2005, the County participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool (See Note 14). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The workers' compensation experience of the participating Counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

LAWRENCE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 8 - PERMISSIVE SALES AND USE TAX

In February 1983, the Tax Commissioners adopted by resolution a one percent Permissive Sales and Use Tax, and in April 1998 a one half percent Permissive Sales and Use Tax, as allowed by Sections 5739.02 and 5742.02, Revised Code. Sales and use tax revenue for 2005 amounted to \$6,314,621 and is recorded in the General Fund.

NOTE 9 - RETIREMENT SYSTEMS

Ohio Public Employees Retirement System

All County employees, other than teachers, participate 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 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-6701 or (800) 222-7377.

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 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 County's contribution rate for pension benefits for 2005 was 9.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the County's pension contributions were 12.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to OPERS for all employees for the years ended December 31, 2005, 2004, and 2003 were \$2,433,779, \$2,656,420, and \$1,967,746, respectively; 100 percent has been contributed for 2005, 2004 and 2003.

State Teachers Retirement System

Certified teachers, employed by the school for Mental Retardation and Developmental Disabilities, participate in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan.

LAWRENCE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 9 - RETIREMENT SYSTEMS (Continued)

In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Plan members were required to contribute 10 percent of their annual covered salaries. The County was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The County's required contributions for pension obligations to the DB Plan for the years ended December 31, 2005, 2004, and 2003 were \$92,387, \$122,738, and \$78,259, respectively; 100 percent has been contributed for 2005, 2004 and 2003.

NOTE 10 - POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

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

**LAWRENCE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)

The number of active contributing participants in the traditional and combined plans was 355,287. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$718,452. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

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

State Teachers Retirement System

The County provides comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The System is on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2005, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. For the County, this amount equaled \$924 for fiscal year 2005.

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2005, the balance in the Fund was \$3.3 billion. For the year ended June 30, 2005, net health care costs paid by STRS were \$254,780,000 and STRS had 115,395 eligible benefit recipients.

NOTE 11 - DEBT OBLIGATIONS

Under the cash basis of accounting, debt obligations are not reported as a liability in the accompanying basic financial statements. However, information regarding such changes in the County's general long-term obligations during 2005 is as follows:

<u>Governmental Long-Term Obligations:</u>					
	<u>Outstanding</u> <u>12/31/04</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding</u> <u>12/31/05</u>	<u>Due in</u> <u>One Year</u>
Series 2003 1.9-4.85%					
Office Building Refunding Bonds	\$1,225,000	\$0	\$120,000	\$1,105,000	\$120,000
Child Support Enforcement General					
Obligation Bonds - 1995 6.2%	25,000	0	25,000	0	0
Series 2005B 3.71% Equipment Bond	0	200,000	0	200,000	16,666
Equipment Bond 2005 3.99%	0	40,000	0	40,000	12,851
Various Purpose Bonds 1999 4.90%	450,000	0	80,000	370,000	85,000
Equipment Acquisition 2002 3.03%	60,545	0	19,583	40,962	20,176
Real Estate Acquisition 2002 4.02%					
General Obligation Bonds	91,325	0	9,904	81,421	10,302
Real Estate Assessment 2002 5%					
General Obligation Bonds	<u>425,000</u>	<u>0</u>	<u>135,000</u>	<u>290,000</u>	<u>140,000</u>
Subtotal General Obligation Bonds	<u>2,276,870</u>	<u>240,000</u>	<u>389,487</u>	<u>2,127,383</u>	<u>404,995</u>
OPWC Promissory Note					
1995 0.00%	<u>114,963</u>	<u>0</u>	<u>9,997</u>	<u>104,966</u>	<u>9,997</u>
Total General Long-Term Obligations	<u>\$2,391,833</u>	<u>\$ 240,000</u>	<u>\$ 399,484</u>	<u>\$2,232,349</u>	<u>\$414,992</u>

**LAWRENCE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 11 - DEBT OBLIGATIONS (Continued)

Union-Rome Sewer Fund Obligations:

	<u>Outstanding</u> <u>12/31/04</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding</u> <u>12/31/05</u>	<u>Due in</u> <u>One Year</u>
Sewer 1998 7.11% OWDA Loan	\$247,863	\$0	\$36,952	\$210,911	\$12,888
Sewer 1998 9.78% OWDA Loan	2,339,667	0	319,452	2,020,215	113,207
Sewer 1985 2.00% OWDA Loan	<u>777,974</u>	<u>0</u>	<u>136,864</u>	<u>641,110</u>	<u>46,225</u>
Subtotal OWDA Loans	<u>3,365,504</u>	<u>0</u>	<u>493,268</u>	<u>2,872,236</u>	<u>172,320</u>
Sewer 1995 0.00%					
OPWC Promissory Note	740,423	0	54,117	686,306	54,117
Sewer System Improvement 2002 4.03%	207,636	0	66,496	141,140	69,176
Sewer System Improvement 2004 2.59%	100,000	0	32,485	67,515	33,326
Sewer System Improvement 2004 3.88%	<u>155,000</u>	<u>0</u>	<u>28,686</u>	<u>126,314</u>	<u>29,799</u>
Subtotal Non OWDA	<u>1,203,059</u>	<u>0</u>	<u>181,784</u>	<u>1,021,275</u>	<u>186,418</u>
Total Union-Rome Sewer Fund Obligations	<u>\$4,568,563</u>	<u>\$ 0</u>	<u>\$ 675,052</u>	<u>\$3,893,511</u>	<u>\$358,738</u>

The human services bond issued in the amount of \$1,340,000 was used to repay notes for the purchase and restoration of an office building for the Department of Human Services. This bond was paid off through the issuance of Series 2003 Office Building Refunding Bonds at a lower interest rate. The Series 2003 Office Building Refunding Bonds will be retired with lease payments made by the County Department of Human Services.

The child support enforcement bond issued in the amount of \$210,000 was used to repay notes from the purchase and restoration of an office building for the Child Support Enforcement Agency. This debt is being retired with lease payments made by the Child Support Enforcement Agency.

The real estate acquisition bonds issued in the amount of \$110,000 were / are being used to pay for the County's property reappraisal. The debt will be retired from property taxes.

The various purpose bonds issued in the amount of \$800,000 were used to pay for gasoline storage tank removal and replacement, equipment and improvement, computer equipment acquisition, and courthouse improvement. The debt will be retired from property taxes.

The equipment acquisition bonds issued in the amount of \$98,000 were used to upgrade the County's 911 system. The debt will be retired from property taxes.

The real estate assessment bonds issued in the amount of \$680,000 were used to purchase real estate for construction of new County facilities. The debt will be retired from property taxes.

The equipment acquisition bonds issued in the amount of \$200,000 were used for the engineering and design costs for the Union Rome Sewer. The debt will be retired from charges of the sewer district.

The equipment acquisition bonds issued in the amount of \$40,000 were used to purchase 3 police cruisers. The debt will be retired from property taxes.

The County received an Ohio Public Works Commission loan in the amount of \$199,937 to improve storm drainage in the eastern part of the County. The debt will be paid from property taxes.

Conduit Debt The County has Industrial Development Revenue Bonds outstanding in the aggregate principal of \$3,500,000 at December 31, 2005 for facilities used by private corporations or other entities. The County is not obligated in any way to pay debt charges on the bonds from any of its funds, and therefore they have been excluded entirely from the County's debt presentation. There has not been and is not any condition of default under the bonds or the related financing documents.

LAWRENCE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 11 - DEBT OBLIGATIONS (Continued)

Annual debt service requirements to maturity for general obligation debt are as follows:

Year Ending <u>December 31</u>	General Obligation Principal	General Obligation Interest	OPWC Note
2006	\$404,995	\$87,746	\$9,997
2007	427,161	70,952	9,997
2008	267,991	56,682	9,997
2009	265,336	45,819	9,997
2010	171,552	37,050	9,997
2011-2015	412,796	73,058	49,983
2016	<u>0</u>	<u>0</u>	<u>4,998</u>
Total	<u>\$1,949,831</u>	<u>\$371,307</u>	<u>\$104,966</u>

The County received three OWDA loans to construct a waste water treatment plant. The debt will be paid from revenues derived by the County from the operation of the Union-Rome Sewer Fund. The County received an Ohio Public Works Commission loan to make improvements on its waste water treatment plant. The debt will be paid from revenues derived by the County from the operation of the Union-Rome Sewer Fund. The sewer system improvement bonds were used for acquiring and installing equipment for the sewer system in the County.

The Union-Rome Sewer Fund debt service requirements to maturity are as follows:

Year Ending <u>December 31</u>	OWDA Principal	OWDA Interest	OPWC Loan	Sewer System Imp. Principal	Sewer System Imp. Interest
2006	\$172,320	\$119,153	\$54,117	\$132,301	\$12,338
2007	370,466	212,484	54,117	137,108	7,531
2008	398,626	184,324	54,117	32,156	2,544
2009	758,188	153,612	54,117	33,404	1,296
2010	495,010	120,102	54,117	0	0
2011-2015	534,578	83,526	270,585	0	0
2016-2019	<u>143,048</u>	<u>43,731</u>	<u>145,136</u>	<u>0</u>	<u>0</u>
	<u>\$2,872,236</u>	<u>\$916,932</u>	<u>\$686,306</u>	<u>\$334,969</u>	<u>\$23,709</u>

NOTE 12 - NOTES PAYABLE

Under the cash basis of accounting, debt obligations are not reported as a liability in the accompanying basic financial statements. However, a summary of the note transactions for the year ended December 31, 2005, follows:

		Outstanding <u>12/31/04</u>	Issued	Retired	Outstanding <u>12/31/05</u>
General Fund:					
Computer Equipment					
Acquisition Bond Anticipation Note	1.34%	\$40,000	\$20,000	\$40,000	\$20,000
Voter Registration Equipment Bond Anticipation Note	1.46%	70,000	60,000	70,000	60,000
Equipment Acquisition Bond Anticipation Note	1.34%	<u>50,000</u>	<u>40,000</u>	<u>50,000</u>	<u>40,000</u>
Total General Fund		<u>\$160,000</u>	<u>\$120,000</u>	<u>\$160,000</u>	<u>\$120,000</u>

LAWRENCE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 12 - NOTES PAYABLE (Continued)

The computer equipment acquisition bond anticipation note was issued March 19, 2004 at 1.34% and matured on March 18, 2005. The equipment acquisition bond anticipation note was issued March 20, 2003 at 1.52% and matured on March 19, 2004. On March 19, 2004, the County issued a new bond anticipation note in the amount of \$50,000, which matured on March 18, 2005. The voter registration equipment bond anticipation note was issued on April 26, 2004 at 1.46% and matured on April 26, 2005. All bond anticipation notes are backed by the full faith and credit of the County.

NOTE 13 - JOINTLY GOVERNED ORGANIZATIONS

Adams, Lawrence, Scioto Alcohol, Drug Addiction, and Mental Health Services (ADAMH) Board

The ADAMH Board is responsible for the delivery of comprehensive mental health and substance abuse services in Adams, Lawrence, and Scioto counties. The Board provides no direct services but contracts for their delivery. The Board's function is to assess needs, and to plan, monitor, fund, and evaluate the services provided. The Board is managed by eighteen members, two appointed by the Commissioners of Adams County; three by the Commissioners of Lawrence County; five by the Commissioners of Scioto County; four by the Ohio Department of Drugs and Alcohol; and four by the Ohio Department of Mental Health. Each participating county's influence is limited to the number of members each appoints to the board. The Board exercises total control of the budgeting, appropriation, contracting, and management.

Revenues are provided by state and federal grants awarded to the multi-county board. Continued existence of the Board is not dependent on the County's continued participation, no debt exists, and the County does not have an equity interest in the Board.

Private Industry Council (PIC)

The PIC is a jointly governed organization consisting of representatives from the private and public sectors of Athens, Gallia, Hocking, Lawrence, Meigs, Perry, and Vinton Counties appointed by the County Commissioners from each county. The advisory council is the Governing Board of the PIC. The Board sets policies for the private industry council. State grants are received from the Ohio Department of Job and Family Services in the name of the Ironton-Lawrence County Community Action Organization, which acts as the council's administrative agent. The grants are disbursed among the participating counties based on population. The County does not have any financial interest or responsibility. No contributions were provided to the Board by Lawrence County during 2005.

Southeast Ohio Emergency Medical Services (EMS)

The EMS was organized to provide emergency medical services to four counties in southeast Ohio. A twelve member board of directors governs the service. Each county appoints three members to the Board of Directors, upon approval of the current board members. The Board of Directors, in conjunction with the finance director, budget and approve expenditures, retain responsibility for surpluses and deficits, and are responsible for any debt incurred. The EMS is not dependent upon Lawrence County for its continued existence, and the County does not maintain an equity interest. In 2005, the County paid \$1,467,540 to the EMS which primarily represents services provided to the County.

Ironton-Lawrence County Community Action Organization (CAO)

The CAO is an IRS 501C3 non-profit organization established to plan, develop, and coordinate programs and services designed to combat problems of poverty and seek the elimination of the conditions of poverty that affect the residents of Lawrence County. The CAO administers Community Development and Litter Control Block Grants for Lawrence County as well as similar grants for the City of Ironton. The CAO Board is comprised of public officials from the County, municipalities, villages, and townships within the County. Other members are representatives of the poor in the area served and officials or members of the private sector of the community. The CAO controls its own operations and budget. In 2005, the County paid the CAO \$45,775 for various services which include: provision of workforce investment act services, residential development services, the planning commission, and floodplain management.

LAWRENCE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 13 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

The KYOVA Interstate Planning Commission

The KYOVA Interstate Planning Commission was established by joint resolution adopted by the State of West Virginia and Ohio. The objectives and policies of the Commission are prescribed in the West Virginia State Code, Chapter 8, Articles 4C-4 and the Ohio Revised Code, Section 713.30 et seq. Membership is comprised of elected or appointed county and municipal officials or their officially appointed designees as determined by the three county governing bodies of Cabell and Wayne Counties, West Virginia, and Lawrence County, Ohio, and by the governing bodies of the cities of Huntington, West Virginia, and Ironton, Ohio. The Commission is not dependent upon Lawrence County for its continued existence. In 2005, the County made contributions of \$19,821 to the Commission.

Ohio Valley Regional Development Commission

The Ohio Valley Regional Development Commission is a jointly governed organization that serves a twelve county economic development planning district in southern Ohio. The commission was formed to influence favorably the future economic, physical and social development of Adams, Brown, Clermont, Fayette, Gallia, Highland, Jackson, Lawrence, Pike, Ross, Scioto, and Vinton Counties. Membership is comprised of elected and appointed county, municipal and township officials or their officially appointed designees, as well as members of the private sector, community action agencies and regional planning commissions. The commission is not dependent upon Lawrence County for its existence. In 2005 the County made \$10,048 in contributions to the commission.

Ohio Valley Resource Conservation and Development Area, Inc.

The Ohio Valley Resource Conservation and Development Area, Inc. is a jointly governed organization that is operated as a non-profit corporation. The Ohio Valley Resource Conservation and Development Area, Inc. was created to aid regional planning to participating counties. Scioto County, along with Ross, Vinton, Highland, Brown, Adams, Pike, Jackson, Gallia and Lawrence Counties each appoint three members to the thirty member Council. The Council selects an administrator to oversee operations. The Ohio Valley Resource Conservation and Development Area, Inc. received a contribution from the County of \$120 during 2005.

NOTE 14 - PUBLIC ENTITY SHARED RISK POOLS

Buckeye Joint-County Self-Insurance Council

The Buckeye Joint-County Self-Insurance Council is a public entity shared risk pool that serves Athens, Hocking, Jackson, Lawrence, Meigs, Monroe, Morgan, Noble, Perry, Pike, Vinton, and Washington counties. The Council was formed as an Ohio non-profit corporation for the purpose of establishing a shared risk pool to provide general liability, law enforcement, professional, and fleet insurance. Member counties provide operating resources to the corporation based on actuarially determined rates. The degree of control exercised by any participating government is limited to its representation on the Board. The Governing Board is composed of at least one County Commissioner from each of the participating counties. The Governing Board annually elects officers which include a President, Vice President, Second Vice President and two Governing Board Members. The expenditures and investment of funds by the officers must be approved by the Governing Board unless specific limits have been set by the Governing Board to permit otherwise.

Lawrence County does not have any ongoing financial interest or responsibility. The agreement between the County and the Council indicates that a voluntary withdrawal or termination by the County shall constitute a forfeiture of any pro rata share of the Council reserve fund. In the event of the termination of the Council, current members shall be paid in an amount they have contributed to the Council as of the last month of the Council's existence. Current calculation of the potential residual interest is therefore not possible. During 2005, Lawrence County paid \$270,565 to the Council for basic insurance coverage and claims.

**LAWRENCE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 14 - PUBLIC ENTITY SHARED RISK POOLS (Continued)

County Commissioners Association of Ohio Workers' Compensation Group Rating Plan

The County is participating in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners Association of Ohio Service Corporation (CCAOSC) was established through the County Commissioners Association of Ohio (CCAO) as a group purchasing pool. A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services and general management fees, determining ongoing eligibility of each participant, and performing any other acts and functions which may be delegated to it by the participating employers. The group executive committee consists of seven members. Two members are the president and treasurer of CCAOSC; the remaining five members are representatives of the participants. These five members are elected for the ensuing year by the participants at the meeting held in the month of December each year. No participant can have more than one member of the group executive committee in any year and each elected member shall be a County Commissioner.

NOTE 15 - JOINT VENTURE

The Scioto-Lawrence Counties Joint Solid Waste District

The Scioto-Lawrence Counties Joint Solid Waste District is jointly operated by Scioto and Lawrence counties for the purpose of making disposal of waste in the two-county area more comprehensive in terms of recycling, incinerating and landfill. The Board of Directors consists of nine members, including one County Commissioner from each County. Maintenance of the financial records pertaining to the operation of the Solid Waste District rotates between the two counties every third year. Lawrence County maintained the records in 2005.

Lawrence County contributed \$63,124 to the District during 2005. Continued existence of the District is dependent upon the County's continued participation; however, the County does not have an equity interest in the District. The District is not accumulating significant financial resources and is not experiencing fiscal distress that may cause an additional financial benefit or burden on the County. The financial activity of the District is presented as an agency fund due to the County serving as fiscal agent.

NOTE 16 - RELATED PARTY ORGANIZATION

Briggs-Lawrence County Public Library

The Briggs-Lawrence County Public Library is statutorily created as a separate and distinct political subdivision of the State. The Library is governed by a six member Board of Trustees appointed by the Judge of the Court of Common Pleas. While the County Budget Commission approves the budget and any tax levies the Library desires to place on the ballot, these are ministerial functions. The Trustees adopt their own appropriations, hire and fire their own staff, authorize the Library expenditures and do not rely on the County to finance deficits.

NOTE 17 - CONTINGENT LIABILITIES

A. Primary Government

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the County Commissioners believe such disallowances, if any, will be immaterial.

At December 31, 2005, there are several lawsuits pending against the County. The County's legal counsel is uncertain as to the exact outcome of the lawsuits, but does not estimate any liability on the County's part.

On January 21, 2003, the County guaranteed loan payments of \$500,000 plus interest due from the Lawrence County Economic Development Corporation to the Ohio Department of Development, subject to the annual appropriation of County funds. This was for a rural industrial park loan.

**LAWRENCE COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 17 - CONTINGENT LIABILITIES (Continued)

B. Component Units

Currently, there is no pending litigation against Tri-State Industries, Inc. or Choices, Inc.

NOTE 18 - RELATED PARTY TRANSACTIONS

Tri-State Industries, Inc., a component unit of Lawrence County, received contributions from the County MR/DD. In 2005, these contributions were \$144,694.

Choices, Inc., a component unit of Lawrence County, received contributions from the County for rental assistance, grass cutting, state exemption, purchase of community house and property purchases. In 2005, these contributions were \$60,284.

NOTE 19 – DISCONTINUED OPERATIONS

The Lawrence County Commissioners elected to discontinue all operations of the Lawrence County General Hospital, dba River Valley Health System (the Hospital), as of January 31, 2001. A receiver was appointed to oversee the finances of the Hospital until all receivables and payables are resolved. Financial information was not available for 2005. By resolution, the County Commissioners approved the sale of the Hospital buildings on April 25, 2002. The proceeds of the sale will be used, in part, to pay the Hospital's liabilities to Medicare.

NOTE 20-TRANSFERS

TRANSFERS OUT:

	General Fund	MVGT Fund	Public Assistance Fund	Other Governmental Funds	Union-Rome Sewer Fund	Total:
TRANSFERS IN:						
Other Governmental						
Funds	2,432,021	592,160	108,865	203,411	613,066	3,949,523
Total:	\$ 2,432,021	\$ 592,160	\$ 108,865	\$ 203,411	\$ 613,066	\$ 3,949,523

Transfers are used to move revenues from the fund that collects them in accordance with statute or budget to the fund that is required to expend them in accordance with statute or budget; to segregate money for anticipated capital projects; to provide resources for current operations; or to service debt.

LAWRENCE COUNTY

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2005**

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Pass-Through Entity's Number	Federal CFDA Number	Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education:</i>			
Nutrition Cluster:			
School Breakfast Program	05PU	10.553	\$ 22,371
National School Lunch Program	LLP4	10.555	<u>27,503</u>
Total Nutrition Cluster			<u>49,874</u>
Total United States Department of Agriculture			49,874
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed Through Ohio Department of Development:</i>			
Community Development Block Grants/State's Program	B-F-03-040-1	14.228	131,169
	B-F-04-040-1	14.228	<u>57,497</u>
Total United States Department of Housing and Urban Development			188,666
UNITED STATES DEPARTMENT OF JUSTICE			
<i>Passed Through Ohio Department of Youth Services:</i>			
Juvenile Justice and Delinquency Prevention_Allocation to States	JJ-IN4-0007D	16.540	8,329
<i>Passed through the State of Ohio Office of Criminal Justice Services:</i>			
Crime Victim Assistance	VAGENE736	16.575	53,743
Byrne Formula Grant Program	N/A	16.579	4,332
	2003-DG-A01-7199	16.579	67,759
	2002-DG-BOV-7510	16.579	<u>2,665</u>
Total Byrne Formula Grant Program			74,756
Local Law Enforcement Block Grants Program	LE-LEB-3618	16.592	<u>865</u>
Total United States Department of Justice			137,693

(continued)

LAWRENCE COUNTY

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Pass-Through Entity's Number	Federal CFDA Number	Disbursements
UNITED STATES DEPARTMENT OF LABOR			
<i>Passed Through Ohio Department of Job and Family Services:</i>			
Unemployment Insurance	N/A	17.225	197,651
Workforce Investment Act (WIA) Cluster:			
Workforce Investment Act-Youth	N/A	17.259	327,256
Workforce Investment Act-Adult	N/A	17.258	196,056
Workforce Investment Act-Dislocated Worker	N/A	17.260	34,121
Total Workforce Investment Act (WIA) Cluster:			<u>557,433</u>
<i>Passed Through Montgomery County Department of Job and Family Services:</i>			
Total United States Department of Labor			755,084
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Direct from the Federal Government:</i>			
Airport Improvement Program	3-39-0107	20.106	34,763
Total U.S. Department of Transportation			34,763
UNITED STATES DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education:</i>			
Special Education Cluster:			
Special Education_Grants to States	6B-SF	84.027	42,349
Special Education_Preschool Grants	PG-S1	84.173	40,438
Total Special Education Cluster			<u>82,788</u>
State Grants for Innovative Programs	C2S1	84.298	38
Total United States Department of Education			82,826
GENERAL SERVICES ADMINISTRATION (GSA) ON BEHALF OF THE ELECTION ASSISTANCE COMMISSION (EAC)			
<i>Passed Through The Ohio Secretary of State:</i>			
Help America Vote Act of 2002	E05-0212-39	90.401	298,651
Total General Services Administration			298,651

(continued)

LAWRENCE COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
 FOR THE YEAR ENDED DECEMBER 31, 2005

FEDERAL GRANTOR/ <i>Pass Through Grantor</i> Program Title	Pass-Through Entity's Number	Federal CFDA Number	Disbursements
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities:</i>			
Social Services Block Grant	N/A	93.667	59,249
State Children's Insurance Program	N/A		
Community Alternative Funding System		93.767	8,255
Targeted Case Management		93.767	<u>722</u>
Total State Children's Insurance Program			8,977
Medical Assistance Program	N/A		
Community Alternative Funding System		93.778	341,454
Targeted Case Management		93.778	148,363
Waiver Administration		93.778	<u>2,829</u>
Total Medical Assistance Program			492,646
Total United States Department of Health and Human Services			560,872
UNITED STATES DEPARTMENT OF HOMELAND SECURITY			
<i>Passed Through Ohio Emergency Management Agency:</i>			
State Domestic Preparedness Equipment Support Program	TE-CX-0106	97.004	340,800
Hazard Mitigation Grant Program	N/A	97.039	23,349
Assistance to Firefighters Grant	EMW-FP-00405	97.044	10,000
Total United States Department of Homeland Security			<u>374,149</u>
TOTAL FEDERAL AWARDS EXPENDITURES			<u><u>\$ 2,482,578</u></u>

The Notes to the Schedule of Federal Awards Expenditures are an integral part of this Schedule.

LAWRENCE COUNTY

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2005**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the County's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B – SUBRECIPIENTS

The County passes-through certain Federal assistance received from the United States Department of Housing and Urban Development and the United States Department of Labor to other governments or not-for-profit agencies (subrecipients). As described in Note A, the County records expenditures of Federal awards to subrecipients when paid in cash.

The subrecipient agencies have certain compliance responsibilities related to administering these Federal Programs. Under OMB Circular A-133, the County is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grant agreements, and that performance goals are achieved.

NOTE C – COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) REVOLVING LOAN PROGRAMS

The County has established a revolving loan program to provide low-interest loans to businesses to create jobs for persons from low-moderate income households and to eligible persons and to rehabilitate homes. The Federal Department of Housing and Urban Development (HUD) grants money for these loans to the County, passed through the Ohio Department of Development (ODOD). The initial loan of this money is recorded as a disbursement on the accompanying Schedule of Federal Awards Expenditures. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on the Schedule.

NOTE D – MATCHING REQUIREMENTS

Certain Federal programs require that the County contribute non-federal funds (matching funds) to support the Federally-funded programs. The County has complied with the matching requirements. The expenditure of non-federal matching funds is not included in the Schedule.

NOTE E – TITLE XIX

The expenditures for this program were determined by using the actual reimbursements received during 2005 for expenditures made during 2005.

NOTE F- CHILD NUTRITION CLUSTER

Program regulations do not require the County to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair market value of commodities received.

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Lawrence County
111 South 4th Street
Ironton, Ohio 45638

To the Board of County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Lawrence County, Ohio (the County), as of and for the year ended December 31, 2005 which collectively comprise the County's basic financial statements and have issued our report thereon dated September 29, 2006, wherein we noted the County prepared its financial statements on a basis of accounting other than accounting principles generally accepted in the United States of America and implemented GASB Statement Nos. 40 and 46. We did not audit the financial statements of Tri-State Industries and Choices Inc. which is included as discrete presentations in the County's basic financial statements. These financial statements were audited by other auditors whose report thereon has been furnished to us and our opinion insofar as it relates to the amounts included for Tri-State Industries and Choices Inc. is solely based on the report of the other auditors. 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' *Governmental Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

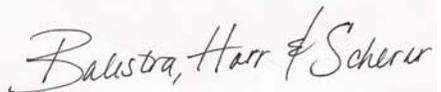
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2005-001.

Lawrence County
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with *Government Auditing Standards*
Page 2

We also noted certain additional matters that we reported to management of the County in a separate letter dated September 29, 2006.

This report is intended for the information and use of the audit committee, management, the Board of Commissioners, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.
September 29, 2006

BALESTRA, HARR & SCHERER, CPAs, INC.

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Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Lawrence County
111 South 4th Street
Ironton, Ohio 45638

To the Board of County Commissioners:

Compliance

We have audited the compliance of Lawrence County (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2005. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, Lawrence County, complied, in all material respects, with the requirements referred to above are applicable to each of its major federal programs for the year ended December 31, 2005. In a separate letter to the County's management dated September 29, 2006, we reported other matters related to federal noncompliance not requiring inclusion in this report.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

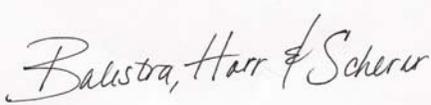
Lawrence County

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Page 2

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulation, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted matters involving the internal control over federal compliance not requiring inclusion in this report, that we reported to the County's management in a separate letter dated September 29, 2005.

This report is intended solely for the information and use of the audit committee, management, Board of Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.

September 29, 2006

LAWRENCE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 OMB CIRCULAR A -133 Section .505
 December 31, 2005

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(I)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(I)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(I)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(I)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
<i>(d)(I)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(I)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(I)(v)</i>	Type of Major Programs Compliance Opinion	Unqualified
<i>(d)(I)(vi)</i>	Are there any reportable findings under .510?	No
<i>(d)(I)(vii)</i>	Major Program (list):	Workforce Investment Act Cluster CFDA# 17.258, 17.259, & 17.260 Medical Assistance Program CFDA# 93.778 State Domestic Preparedness Equipment Support Program CFDA# 97.004
<i>(d)(I)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(I)(ix)</i>	Low Risk Auditee?	No

LAWRENCE COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 Section .505
December 31, 2005
(Continued)

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Finding Number 2005-001

Noncompliance Citation

Ohio Rev. Code Section 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Rev. Code Section 117.38

Ohio Admin. Code Section 117-2-03(B) requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. However, the County prepared its financial statements in accordance with the cash basis of accounting. The accompanying financial statements and notes omitted assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38 the County may be fined and subject to various other administrative remedies for its failure to file the required financial report.

The County should prepare its annual financial report in accordance with generally accepted accounting principles.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

LAWRENCE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS

OMB CIRCULAR A-133 § .315 (b)

December 31, 2005

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2004-001	Noncompliance – O.R.C. Section 117.38 – Filing Annual Report in accordance with GAAP	No	Reissued as 2005-001
2004-002	Finding for Recovery – O.R.C. Section 141.04(A)(6)(c) and (E)(4) and 1907.16(C) – Overpayment of Lawrence County Court Judge	Yes	
2004-003	Noncompliance – O.R.C. Section 5705.36(A)(2) – Actual revenues exceeding estimated revenues	Yes	
2004-004	Material Weakness – Bank reconciliations	Yes	
2004-005	Noncompliance – Reporting – Filing of quarterly financial reports	Yes	
2004-006	Noncompliance – Cash Management – WIA cash balances exceeded 10 days' need	Yes	
2004-007	Noncompliance – Matching, Level of Effort and Earmarking – Lawrence County Department of Job and Family Services did not meet the 30% youth requirement	Yes	

**LAWRENCE COUNTY
CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 SECTION .315 (c)
FOR THE YEAR ENDED DECEMBER 31, 2005**

Finding Number:	Planned Corrective Action:	Anticipated Completion Date:	Responsible Contact Person:
2005-001	No corrective action planned.	N/A	Chris Kline, Deputy County Auditor



**Auditor of State
Betty Montgomery**

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800-282-0370

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FINANCIAL CONDITION

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
DECEMBER 12, 2006**