



Mary Taylor, CPA
Auditor of State

**LANIER TOWNSHIP
PREBLE COUNTY**

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Mary Taylor, CPA

Auditor of State

Lanier Township
Preble County
6151 Factory Road
West Alexandria, Ohio 45381

To the Township Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Mary Taylor, CPA
Auditor of State

June 11, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Lanier Township
Preble County
6151 Factory Road
West Alexandria, Ohio 45381

To the Township Board of Trustees:

We have audited the accompanying financial statements of Lanier Township, Preble County, Ohio (the Township), as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2009 and 2008, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Lanier Township, Preble County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2010, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in black ink that reads "Mary Taylor". The script is cursive and fluid.

Mary Taylor, CPA
Auditor of State

June 11, 2010

**LANIER TOWNSHIP
PREBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Property and Other Local Taxes	\$33,618	\$232,939	\$266,557
Charges for Services		57,427	57,427
Licenses, Permits, and Fees		24,636	24,636
Intergovernmental	38,079	172,920	210,999
Earnings on Investments	2,827	254	3,081
Miscellaneous	0	9,704	9,704
	<u>74,524</u>	<u>497,880</u>	<u>572,404</u>
Total Cash Receipts			
	<u>74,524</u>	<u>497,880</u>	<u>572,404</u>
Cash Disbursements:			
Current:			
General Government	116,201	5,431	121,632
Public Safety		164,072	164,072
Public Works		142,251	142,251
Health		74,284	74,284
Human Services		15,465	15,465
Debt Service:			
Redemption of Principal		63,889	63,889
Interest and Other Fiscal Charges		2,085	2,085
	<u>116,201</u>	<u>467,477</u>	<u>583,678</u>
Total Cash Disbursements			
	<u>116,201</u>	<u>467,477</u>	<u>583,678</u>
Total Receipts Over/(Under) Disbursements	<u>(41,677)</u>	<u>30,403</u>	<u>(11,274)</u>
Other Financing Receipts:			
Sale of Fixed Assets		1,465	1,465
Loan Proceeds		32,194	32,194
	<u>0</u>	<u>33,659</u>	<u>33,659</u>
Total Other Financing Receipts			
	<u>0</u>	<u>33,659</u>	<u>33,659</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements	<u>(41,677)</u>	<u>64,062</u>	<u>22,385</u>
Fund Cash Balances, January 1	<u>93,249</u>	<u>648,446</u>	<u>741,695</u>
Fund Cash Balances, December 31	<u><u>\$51,572</u></u>	<u><u>\$712,508</u></u>	<u><u>\$764,080</u></u>

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

**LANIER TOWNSHIP
PREBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PRIVATE PURPOSE TRUST
FOR THE YEAR ENDED DECEMBER 31, 2009**

Non-Operating Cash Receipts:	
Earnings on Investments	<u>\$107</u>
Total Non-Operating Cash Receipts	<u>107</u>
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	<u>0</u>
Total Non-Operating Cash Disbursements	<u>0</u>
Net Receipts Over Disbursements	107
Fund Cash Balance, January 1	<u>3,883</u>
Fund Cash Balance, December 31	<u><u>\$3,990</u></u>

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

**LANIER TOWNSHIP
PREBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Property and Other Local Taxes	\$31,964	\$228,212	\$260,176
Charges for Services		65,677	65,677
Licenss, Permits, and Fees		24,075	24,075
Intergovernmental	123,362	136,161	259,523
Earnings on Investments	10,274	3,452	13,726
Miscellaneous	<u>1,246</u>	<u>5,319</u>	<u>6,565</u>
Total Cash Receipts	<u>166,846</u>	<u>462,896</u>	<u>629,742</u>
Cash Disbursements:			
Current:			
General Government	124,125		124,125
Public Safety		149,593	149,593
Public Works		273,045	273,045
Health		79,391	79,391
Capital Outlay		<u>63,899</u>	<u>63,899</u>
Total Cash Disbursements	<u>124,125</u>	<u>565,928</u>	<u>690,053</u>
Total Receipts Over/(Under) Disbursements	<u>42,721</u>	<u>(103,032)</u>	<u>(60,311)</u>
Other Financing Receipts:			
Loan Proceeds		63,899	63,899
Total Other Financing Receipts	<u>0</u>	<u>63,899</u>	<u>63,899</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements	42,721	(39,133)	3,588
Fund Cash Balances, January 1	<u>50,528</u>	<u>687,579</u>	<u>738,107</u>
Fund Cash Balances, December 31	<u>\$93,249</u>	<u>\$648,446</u>	<u>\$741,695</u>

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

**LANIER TOWNSHIP
PREBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PRIVATE PURPOSE TRUST
FOR THE YEAR ENDED DECEMBER 31, 2008**

Non-Operating Cash Receipts:	
Earnings on Investments	<u>\$97</u>
Total Non-Operating Cash Receipts	<u>97</u>
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	<u>175</u>
Total Non-Operating Cash Disbursements	<u>175</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(78)
Fund Cash Balance, January 1	<u>3,961</u>
Fund Cash Balance, December 31	<u><u>\$3,883</u></u>

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

**LANIER TOWNSHIP
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Lanier Township, Preble County, Ohio (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance and cemetery maintenance. The Township contracts with the Village of West Alexandria to provide the Township with fire protection and emergency medical services.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool, which is available to Ohio townships. OTARMA provides property and casualty coverage for its members. Note 8 to the financial statements provides additional information for this entity.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Deposits

The Township values certificates of deposit at cost.

D. Fund Accounting

The Township uses fund accounting to segregate cash and deposits that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

**LANIER TOWNSHIP
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

Cemetery Fund - This fund receives property tax money to pay for maintaining Township cemeteries. This fund also receives fees for burial services and sale of lots.

3. Private Purpose Trust Fund

Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township's private purpose trust fund is for the benefit of certain individuals. The Cemetery Bequest Fund is used to account for three cemetery bequests given to the Township. The bequests are maintained in certificates of deposit.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**LANIER TOWNSHIP
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Deposits

The Township maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	2009	2008
Demand deposits	\$314,320	\$591,828
Certificates of deposit	453,750	153,750
Total deposits	<u>\$768,070</u>	<u>\$745,578</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2009 and December 31, 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$80,764	\$74,524	(\$6,240)
Special Revenue	486,885	531,539	44,654
Trust	100	107	7
Total	<u>\$567,749</u>	<u>\$606,170</u>	<u>\$38,421</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$150,242	\$116,201	\$34,041
Special Revenue	1,119,831	467,477	652,354
Trust	3,983	0	3,983
Total	<u>\$1,274,056</u>	<u>\$583,678</u>	<u>\$690,378</u>

**LANIER TOWNSHIP
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

3. Budgetary Activity (Continued)

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$169,378	\$166,846	(\$2,532)
Special Revenue	405,850	526,795	120,945
Trust	90	97	7
Total	<u>\$575,318</u>	<u>\$693,738</u>	<u>\$118,420</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$126,128	\$124,125	\$2,003
Special Revenue	1,093,429	565,928	527,501
Trust	4,052	175	3,877
Total	<u>\$1,223,609</u>	<u>\$690,228</u>	<u>\$533,381</u>

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

5. Debt

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest Rate
Bank Loan	\$32,194	3.9%
Total	<u>\$32,194</u>	

**LANIER TOWNSHIP
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

5. Debt (Continued)

The Township obtained a bank loan on October 29, 2008 in the amount of \$63,889 to purchase a dump truck. In 2009, the Township paid \$31,944 and obtained another bank loan in the amount of \$32,195 to pay off the initial loan. The \$32,195 loan obtained on July 30, 2009 matures on July 30, 2010. This note is secured by a certificate of deposit.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	Bank Loan
2009	\$33,450
Total	<u>\$33,450</u>

6. Retirement Systems

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). (OPERS) is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed 10 of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2009.

7. Risk Management

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (APRCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by APRCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2008, OTARMA retained \$350,000 for casualty claims and \$100,000 for property claims.

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

**LANIER TOWNSHIP
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

7. Risk Management (Continued)

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$40,737,740	\$43,210,703
Liabilities	<u>(12,981,818)</u>	<u>(13,357,837)</u>
Net Assets	<u>\$27,755,922</u>	<u>\$29,852,866</u>

At December 31, 2008 and 2007, respectively, liabilities above include approximately \$12.1 and \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.9 and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2008 and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$4,343.

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

<u>Contributions to OTARMA</u>	
2007	\$5,042
2008	\$5,050

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.



Mary Taylor, CPA

Auditor of State

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

Lanier Township
Preble County
6151 Factory Road
West Alexandria, Ohio 45381

To the Township Board of Trustees:

We have audited the financial statements of Lanier Township, Preble County, Ohio (the Township), as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated June 11, 2010, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Government uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

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

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 11, 2010.

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

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

Mary Taylor, CPA
Auditor of State

June 11, 2010

**LANIER TOWNSHIP
PREBLE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

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

FINDING NUMBER 2009-001

Material Weakness

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data. The Township lacks management oversight in the posting of financial transactions. This lack of oversight is illustrated by the following:

- The Township posted cemetery openings and closing receipts to Miscellaneous Receipts instead of Licenses, Permits and Fees in the amount of \$24,075 in 2008 and \$24,636 in 2009.
- The Township failed to post the proceeds in the amount of \$63,899 from a bank loan obtained in 2008 for the purchase of a dump truck.
- The Township also failed to post the proceeds in the amount of \$32,194 for a bank loan obtained in 2009 to pay off half of the loan obtained in 2008. Also, the portion that 2009 loan paid off was not recorded in the amount of \$31,944 in principal and \$250 in interest and fiscal charges.
- Homestead Rollback receipts were posted as Local Taxes instead of Intergovernmental in the amount of \$30,874 in the Special Revenue Fund and \$4,916 in the General Fund in 2008 and \$31,843 in the Special Revenue Fund and \$5,273 General Fund in 2009.

Adjustments were posted to the accompanying financial statements and the Township's accounting records.

Failure to properly post financial activity can result in inaccurate records and cause the Township to misappropriate funds. To improve accountability and record keeping, we recommend that the Township properly post all revenues.

We did not receive a response from officials regarding the finding reported above.

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**LANIER TOWNSHIP
PREBLE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Finding for Recovery repaid under audit. Overpaying Official insurance premiums reimbursements	Yes	Finding paid on March 13, 2008.
2007-002	Ohio Revised Code Section 5705.41(D), failure to properly certify purchases.	No	Partially corrected. Addressed in the 2009-2008 Management Letter.



Mary Taylor, CPA
Auditor of State

LANIER TOWNSHIP

PREBLE 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
JULY 6, 2010**