

**LAUREL TOWNSHIP  
HOCKING COUNTY  
Regular Audit  
For the Years Ended December 31, 2006 and 2005**





Mary Taylor, CPA  
Auditor of State

Board of Trustees  
Laurel Township  
26971 Wildcat Road  
Rockbridge, Ohio 43149

We have reviewed the *Independent Accountants' Report* of Laurel Township, Hocking County, prepared by Perry & Associates, CPA's, A.C., for the audit period January 1, 2005 through December 31, 2006. 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. Laurel Township is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

May 11, 2007

**This Page is Intentionally Left Blank.**

**LAUREL TOWNSHIP  
HOCKING COUNTY  
TABLE OF CONTENTS**

TITLE	PAGE
Independent Accountants' Report.....	1-2
Managements Discussion and Analysis.....	3-8
Government-Wide Financial Statements:	
Statement of Net Assets – Cash Basis For the Year Ended December 31, 2006.....	9
Statement of Activities – Cash Basis For the Year Ended December 31, 2006.....	10
Governmental Financial Statements:	
Statement of Cash Basis Assets and Fund Balances For the Year Ended December 31, 2006.....	11
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances – Governmental Funds For the Year Ended December 31, 2006.....	12
Statement of Receipts, Disbursements, and Changes in Fund Balance Budget and Actual (Budget Basis) – General Fund For the Year Ended December 31, 2006.....	13
State of Receipts, Disbursements, and Changes in Fund Balance Budget and Actual (Budget Basis) – Gasoline Tax Fund For the Year Ended December 31, 2006.....	14
Statement of Receipts, Disbursements, and Changes in Fund Balance Budget and Actual (Budget Basis) – Road and Bridge Fund For the Year Ended December 31, 2006.....	15
Government-Wide Financial Statements:	
Statement of Net Assets – Cash Basis For the Year Ended December 31, 2005.....	16
Statement of Activities – Cash Basis For the Year Ended December 31, 2005.....	17
Governmental Financial Statements:	
Statement of Cash Basis Assets and Fund Balances For the Year Ended December 31, 2005.....	18
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances – Governmental Funds For the Year Ended December 31, 2005.....	19

**LAUREL TOWNSHIP  
HOCKING COUNTY  
TABLE OF CONTENTS (Continued)**

<b>TITLE</b>	<b>PAGE</b>
Statement of Receipts, Disbursements, and Changes in Fund Balance Budget and Actual (Budget Basis) – General Fund For the Year Ended December 31, 2005 .....	20
State of Receipts, Disbursements, and Changes in Fund Balance Budget and Actual (Budget Basis) – Gasoline Tax Fund For the Year Ended December 31, 2005 .....	21
Statement of Receipts, Disbursements, and Changes in Fund Balance Budget and Actual (Budget Basis) – Road and Bridge Fund For the Year Ended December 31, 2005 .....	22
Notes to the Financial Statements .....	23-34
Independent Accountants’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	35-36

# Perry & Associates

## Certified Public Accountants, A.C.

PARKERSBURG  
1035 Murdoch Avenue  
Parkersburg, WV 26101  
(304) 422-2203

MARIETTA  
428 Second Street  
Marietta, OH 45750  
(740) 373-0056

### INDEPENDENT ACCOUNTANTS' REPORT

March 30, 2007

Laurel Township  
Hocking County  
26971 Wildcat Rd  
Rockbridge, Ohio 43149

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Laurel Township, Hocking County, (the Township) as of and for the years ended December 31, 2006 and December 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Township as of December 31, 2006 and December 31, 2005, and the respective changes in the cash financial position and the respective budgetary comparison for the General Fund, Gasoline Tax Fund, Road and Bridge Fund thereof for the years ended in conformity with the basis of accounting Note 2 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2007, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

Respectfully Submitted,

**Perry and Associates**  
Certified Public Accountants, A.C.



**LAUREL TOWNSHIP  
HOCKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

This discussion and analysis of the Laurel Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2006 and 2005, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

**Highlights**

Key highlights for 2006 and 2005 are as follows:

Net assets of governmental activities increased \$19,866 or 6 percent, in 2006 and \$22,405 or 7 percent, in 2005.

The Township's general receipts are primarily Property and Permissive Sales taxes. These receipts represent respectively 58 percent in 2005, and 52 percent in 2006, of the total cash received for governmental activities during the year.

**Using the Basic Financial Statements**

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

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

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

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

**Basis of Accounting**

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

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

**LAUREL TOWNSHIP  
HOCKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

**Reporting the Township as a Whole**

The statement of net assets and the statement of activities reflect how the Township did financially during 2006 and 2005, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts, grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function activity draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other non-financial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property, hotel lodging, and gasoline taxes.

In the statement of net assets and the statement of activities, we divide the Township into the following activities:

Governmental activities. All of the Township's basic services are reported here; including general government, fire protection, road and bridges, cemetery maintenance, and recreation. State and federal grants, gasoline, property and Permissive Sales Taxes finance most of these activities. The people receiving them do not necessarily pay for benefits provided through governmental activities.

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

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township consist of governmental funds only.

Governmental Funds - All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund, Gasoline Tax, and Road and Bridge Funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**LAUREL TOWNSHIP  
HOCKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

**The Township as a Whole**

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

**(Table 1)  
Net Assets**

	Governmental Activities			Variance	Variance
	2006	2005	2004	05-'06	04-'05
<b>Assets</b>					
Cash and Cash Equivalents	\$ 330,783	\$ 340,525	\$ 318,120	\$ (9,742)	\$ 22,405
Investments	\$ 29,608	\$ -	\$ -	\$ 29,608	\$ -
Total Assets	<u>\$ 360,391</u>	<u>\$ 340,525</u>	<u>\$ 318,120</u>	<u>\$ 19,866</u>	<u>\$ 22,405</u>
<b>Net Assets</b>					
Restricted for:					
Other Purposes	\$ 205,335	\$ 141,065	\$ 126,748	\$ 64,270	\$ 14,317
Unrestricted	<u>\$ 155,056</u>	<u>\$ 199,460</u>	<u>\$ 191,372</u>	<u>\$ (44,404)</u>	<u>\$ 8,088</u>
Total Net Assets	<u>\$ 360,391</u>	<u>\$ 340,525</u>	<u>\$ 318,120</u>	<u>\$ 19,866</u>	<u>\$ 22,405</u>

As mentioned previously, net assets of governmental activities increased \$ 19,866 or 6 percent during 2006, and \$22,405 or 7 percent during 2005. The primary reasons contributing to the increases in cash balances are as follows:

- During 2006 the Township received money in the form of CDs received from the termination of a cemetery association, which turned over assets and responsibilities to the township.
- Increased lodging taxes received and increased interest rates received on Township deposits and investments.

**LAUREL TOWNSHIP  
HOCKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

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

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

	Governmental Activities		
	2006	2005	2004
Receipts:			
Program Receipts:			
Operating Grants and Contributions	\$ 110,740	\$ 99,011	\$ -
Capital Grants and Contributions	46,000	10,000	124,610
Total Program Receipts	<u>156,740</u>	<u>109,011</u>	<u>124,610</u>
General Receipts:			
Property Taxes	126,249	128,954	202,404
Permissive Sales Tax	98,621	90,593	-
Grants and Entitlements Not Restricted to Specific Programs	26,041	39,155	-
Sale of Fixed Assets	-	6,855	-
Interest	15,053	8,228	2,262
Miscellaneous	6,808	5,796	19,871
Total General Receipts	<u>272,772</u>	<u>279,581</u>	<u>224,537</u>
Total Receipts	<u>429,512</u>	<u>388,592</u>	<u>349,147</u>
Disbursements:			
General Government	101,423	76,525	82,700
Public Safety	27,008	23,234	11,497
Public Health Services	5,730	2,537	2,057
Conservation-Recreation	18,514	15,924	14,997
Public Works	174,192	177,076	148,576
Capital Outlay	82,779	70,891	21,376
Total Disbursements	<u>409,646</u>	<u>366,187</u>	<u>281,203</u>
Increase (Decrease) in Net Assets	19,866	22,405	67,944
Net Assets, January 1	<u>340,525</u>	<u>318,120</u>	<u>250,176</u>
Net Assets, December 31	<u>\$ 360,391</u>	<u>\$ 340,525</u>	<u>\$ 318,120</u>

Program receipts represent 36, 28, and 36 percent in '06, '05, and '04 respectively, of total receipts and are primarily comprised of restricted intergovernmental receipts such as Motor Vehicle License and Gasoline Tax money.

General receipts represent 64, 72, and 64 percent in '06, '05, and '04 respectively, of the Township's total receipts, and of this amount, 82, 79, and 90 percent are property and other local taxes in '06, '05, and '04. State and federal grants and entitlements make up 10 and 14 percent in '06 and '05 while sale of fixed assets, interest and miscellaneous make up the balance of the Township's general receipts (8 percent in '06, 7 percent in '05 and 10 percent in '04).

**LAUREL TOWNSHIP  
HOCKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the Board of Trustees, as well as internal services such as payroll and purchasing.

Public Safety is the costs of fire protection; Public Health Services is the cemeteries; Conservation-Recreation are the costs of maintaining the community center and grounds; Public Works is the cost of maintaining the roads and Capital Outlay is the cost to purchase new equipment to be used in the performance of Township activities.

**Governmental Activities**

The first column of the Statement of Activities on pages 10 & 17 lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for general government and public works, which account for 25 and 43 percent respectively in '06 and 21 and 48 percent respectively in '05, of all governmental disbursements. Capital Outlay also represents a significant cost, about 20 percent. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**(Table 3)**

**Governmental Activities**

	Total Cost of Services 2006	Net Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2005
General Government	\$ 101,423	\$ 101,423	\$ 76,525	\$ 76,525
Public Safety	27,008	25,298	23,234	19,347
Public Works	174,192	55,162	177,076	71,952
Health	5,730	(27,165)	2,537	2,537
Conservation-Recreation	18,514	15,409	15,924	15,924
Capital Outlay	82,779	82,779	70,891	70,891
Total Expenses	<u>\$ 409,646</u>	<u>\$ 252,906</u>	<u>\$ 366,187</u>	<u>\$ 257,176</u>

**The Township's Funds**

Total governmental funds had receipts of \$429,512 and disbursements of \$409,646 in 2006 and receipts of \$388,592 and disbursements of \$366,187 in 2005. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$8,088 in '05 due to increased property and Permissive Sales Taxes, but decreased \$44,404 in 2006, as the result of increased costs for salaries and benefits and not achieving anticipated growth in Permissive Sales Tax and property tax receipts.

**LAUREL TOWNSHIP  
HOCKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

**General Fund Budgeting Highlights**

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

During 2005 and 2006, the Township amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts due to unexpected increase in Permissive Sales Taxes and interest receipts. The difference between final budgeted receipts and actual receipts was \$33,470 in 2006 and \$42,920 in 2005.

Final disbursements were budgeted at \$228,509 in 2006 and \$199,990 in 2005 and while actual disbursements were \$198,572 and \$159,931 respectively.

**Capital Assets and Debt Administration**

**Capital Assets**

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

**Debt**

The Township currently has no outstanding debt.

**Contacting the Township's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Debbie Angle, Clerk-Treasurer, Laurel Township, Hocking County, 26971 Wildcat Rd., Rockbridge, Ohio 43149.

**LAUREL TOWNSHIP**  
**HOCKING COUNTY**  
*Statement of Net Assets - Cash Basis*  
*December 31, 2006*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 330,783
Investments	29,608
<i>Total Assets</i>	\$ 360,391
 <b>Net Assets</b>	
Restricted for:	
Other Purposes	205,334
Unrestricted	155,057
<i>Total Net Assets</i>	\$ 360,391

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

**LAUREL TOWNSHIP**  
**HOCKING COUNTY**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2006*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
General Government	\$ 101,423	\$ -	\$ -	\$ (101,423)
Public Safety	27,008	1,710	-	(25,298)
Public Works	174,192	109,030	10,000	(55,162)
Health	5,730	-	32,895	27,165
Conservation-Recreation	18,514	-	3,105	(15,409)
Capital Outlay	82,779	-	-	(82,779)
<i>Total Governmental Activities</i>	<u>\$ 409,646</u>	<u>\$ 110,740</u>	<u>\$ 46,000</u>	<u>(252,906)</u>
<b>General Receipts</b>				
Property Taxes				126,249
Permissive Sales Taxes				98,621
Grants and Entitlements not Restricted to Specific Programs				26,041
Interest				15,053
Other				6,808
<i>Total General Cash Receipts</i>				<u>272,772</u>
Change in Net Assets				19,866
<i>Net Assets Beginning of Year</i>				<u>340,525</u>
<i>Net Assets End of Year</i>				<u>\$ 360,391</u>

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



**LAUREL TOWNSHIP**  
**HOCKING COUNTY**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2006*

	General	Gasoline Tax	Road and Bridge	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 154,704	\$ 85,486	\$ 22,798	\$ 67,795	\$ 330,783
Investments	353			29,255	29,608
<i>Total Assets</i>	<u>\$ 155,057</u>	<u>\$ 85,486</u>	<u>\$ 22,798</u>	<u>\$ 97,050</u>	<u>\$ 360,391</u>
<b>Fund Balances</b>					
Reserved:					
Reserved for Encumbrances	\$ 398	\$ 1,656	\$ -	\$ -	\$ 2,054
Unreserved:					
General Fund	154,659	-	-	-	154,659
Special Revenue Funds		83,830	22,798	97,050	203,678
<i>Total Fund Balances</i>	<u>\$ 155,057</u>	<u>\$ 85,486</u>	<u>\$ 22,798</u>	<u>\$ 97,050</u>	<u>\$ 360,391</u>

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

**LAUREL TOWNSHIP  
HOCKING COUNTY**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2006*

	General	Gasoline Tax	Road and Bridge	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Property and Other Local Taxes	\$ 146,071	\$ -	\$ 40,671	\$ 38,128	\$ 224,870
Intergovernmental	26,041	90,204	5,470	61,066	182,781
Interest	11,039	2,860	-	1,154	15,053
Other	619	-	-	6,189	6,808
<i>Total Receipts</i>	<u>183,770</u>	<u>93,064</u>	<u>46,141</u>	<u>106,537</u>	<u>429,512</u>
<b>Disbursements</b>					
Current:					
General Government	101,423	-	-	-	101,423
Public Safety	11,300	-	-	15,708	27,008
Public Works	732	62,115	49,921	61,424	174,192
Health	1,940	-	-	3,790	5,730
Conservation-Recreation	-	-	-	18,514	18,514
Capital Outlay	82,779	-	-	-	82,779
<i>Total Disbursements</i>	<u>198,174</u>	<u>62,115</u>	<u>49,921</u>	<u>99,436</u>	<u>409,646</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(14,404)	30,949	(3,780)	7,101	19,866
<b>Other Financing Sources (Uses)</b>					
Transfers In	-	7,500	7,500	15,000	30,000
Transfers Out	(30,000)	-	-	-	(30,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(30,000)</u>	<u>7,500</u>	<u>7,500</u>	<u>15,000</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	(44,404)	38,449	3,720	22,101	19,866
<i>Fund Balances Beginning of Year</i>	<u>199,461</u>	<u>47,037</u>	<u>19,078</u>	<u>74,949</u>	<u>340,525</u>
<i>Fund Balances End of Year</i>	<u>\$ 155,057</u>	<u>\$ 85,486</u>	<u>\$ 22,798</u>	<u>\$ 97,050</u>	<u>\$ 360,391</u>

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

**LAUREL TOWNSHIP**  
**HOCKING COUNTY**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - (Budget Basis)*  
*General Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$ 129,000	\$ 129,000	\$ 146,071	\$ 17,071
Intergovernmental	16,200	16,200	26,041	9,841
Interest	5,000	5,000	11,039	6,039
Other	100	100	619	519
<i>Total receipts</i>	<u>150,300</u>	<u>150,300</u>	<u>183,770</u>	<u>33,470</u>
<b>Disbursements</b>				
Current:				
General Government	114,678	123,804	101,821	21,983
Public Safety	11,500	11,500	11,300	200
Public Works	850	850	732	118
Health	4,100	4,350	1,940	2,410
Capital Outlay	87,000	88,005	82,779	5,226
<i>Total Disbursements</i>	<u>218,128</u>	<u>228,509</u>	<u>198,572</u>	<u>29,937</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(67,828)</u>	<u>(78,209)</u>	<u>(14,802)</u>	<u>63,407</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(28,000)	(38,675)	(30,000)	8,675
<i>Total Other Financing Sources (Uses)</i>	<u>(28,000)</u>	<u>(38,675)</u>	<u>(30,000)</u>	<u>8,675</u>
<i>Net Change in Fund Balance</i>	(95,828)	(116,884)	(44,802)	72,082
<i>Fund Balance Beginning of Year</i>	<u>191,173</u>	<u>191,173</u>	<u>191,173</u>	
Prior Year Encumbrances Appropriated	4,144	4,144	4,144	
<i>Fund Balance End of Year</i>	<u>\$ 99,489</u>	<u>\$ 78,433</u>	<u>\$ 150,515</u>	<u>\$ 72,082</u>

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

**LAUREL TOWNSHIP**  
**HOCKING COUNTY**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - (Budget Basis)*  
*Gasoline Tax Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Intergovernmental	\$ 65,000	\$ 65,000	\$ 90,204	\$ 25,204
Interest	500	500	2,860	2,360
<i>Total receipts</i>	<u>65,500</u>	<u>65,500</u>	<u>93,064</u>	<u>27,564</u>
<b>Disbursements</b>				
Current:				
Public Works	82,069	88,609	63,771	24,838
<i>Total Disbursements</i>	<u>82,069</u>	<u>88,609</u>	<u>63,771</u>	<u>24,838</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(16,569)</u>	<u>(23,109)</u>	<u>29,293</u>	<u>52,402</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	7,500	7,500	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>7,500</u>	<u>7,500</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(16,569)	(15,609)	36,793	52,402
<i>Fund Balance Beginning of Year</i>	<u>46,078</u>	<u>46,078</u>	<u>46,078</u>	<u>-</u>
Prior Year Encumbrances Appropriated	<u>959</u>	<u>959</u>	<u>959</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 30,468</u>	<u>\$ 31,428</u>	<u>\$ 83,830</u>	<u>\$ 52,402</u>

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

**LAUREL TOWNSHIP**  
**HOCKING COUNTY**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - (Budget Basis)*  
*Road and Bridge*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$ 42,000	\$ 42,000	\$ 40,671	\$ (1,329)
Intergovernmental	4,500	4,500	5,470	970
<i>Total receipts</i>	<u>46,500</u>	<u>46,500</u>	<u>46,141</u>	<u>(359)</u>
<b>Disbursements</b>				
Current:				
Public Works	59,177	65,688	49,921	15,767
<i>Total Disbursements</i>	<u>59,177</u>	<u>65,688</u>	<u>49,921</u>	<u>15,767</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(12,677)</u>	<u>(19,188)</u>	<u>(3,780)</u>	<u>15,408</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	7,500	7,500	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>7,500</u>	<u>7,500</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(12,677)	(11,688)	3,720	15,408
<i>Fund Balance Beginning of Year</i>	<u>18,088</u>	<u>18,088</u>	<u>18,088</u>	<u>-</u>
Prior Year Encumbrances Appropriated	<u>989</u>	<u>989</u>	<u>989</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 6,400</u>	<u>\$ 7,389</u>	<u>\$ 22,797</u>	<u>\$ 15,408</u>

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

**LAUREL TOWNSHIP**  
**HOCKING COUNTY**  
*Statement of Net Assets - Cash Basis*  
*December 31, 2005*

	Governmental Activities
Equity in Pooled Cash and Cash Equivalents	\$ 340,525
<i>Total Assets</i>	<i>\$ 340,525</i>
 <b>Net Assets</b>	
Restricted for:	
Other Purposes	\$ 141,064
Unrestricted	199,461
<i>Total Net Assets</i>	<i>\$ 340,525</i>

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

**LAUREL TOWNSHIP**  
**HOCKING COUNTY**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2005*

	Program Cash Receipts			Net (Disbursements)
	Cash Disbursements	Operating Grants and Contributions	Capital Grants and Contributions	Receipts and Changes in Net Assets
				Governmental Activities
<b>Governmental Activities</b>				
General Government	\$ 76,525	\$ -	\$ -	\$ (76,525)
Public Safety	23,234	3,887	-	(19,347)
Public Works	177,076	95,124	10,000	(71,952)
Health	2,537	-	-	(2,537)
Conservation-Recreation	15,924	-	-	(15,924)
Capital Outlay	70,891	-	-	(70,891)
<i>Total Governmental Activities</i>	<u>\$ 366,187</u>	<u>\$ 99,011</u>	<u>\$ 10,000</u>	<u>(257,176)</u>
<b>General Receipts</b>				
Property Taxes				128,954
Permissive Sales Tax				90,593
Grants and Entitlements not Restricted to Specific Programs				39,155
Sale of Fixed Assets				6,855
Earnings on Investments				8,228
Other				5,796
<i>Total General Cash Receipts</i>				<u>279,581</u>
Change in Net Assets				22,405
<i>Net Assets Beginning of Year</i>				<u>318,120</u>
<i>Net Assets End of Year</i>				<u>\$ 340,525</u>

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

**LAUREL TOWNSHIP**  
**HOCKING COUNTY**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2005*

	General	Gasoline Tax	Road and Bridge	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 199,461	\$ 47,037	\$ 19,078	\$ 74,949	\$ 340,525
<i>Total Assets</i>	<u>\$ 199,461</u>	<u>\$ 47,037</u>	<u>\$ 19,078</u>	<u>\$ 74,949</u>	<u>\$ 340,525</u>
<b>Fund Balances</b>					
Reserved:					
Reserved for Encumbrances	\$ 4,144	\$ 959	\$ 989	\$ 8,268	\$ 14,360
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	195,317	-	-	-	195,317
Special Revenue Fund	-	46,078	18,089	66,681	130,848
<i>Total Fund Balances</i>	<u>\$ 199,461</u>	<u>\$ 47,037</u>	<u>\$ 19,078</u>	<u>\$ 74,949</u>	<u>\$ 340,525</u>

See accompanying notes to the basic financial statements

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



**LAUREL TOWNSHIP  
HOCKING COUNTY**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2005*

	General	Gasoline Tax	Road and Brodge	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Property and Other Local Taxes	\$ 139,023	\$ -	\$ 41,512	\$ 39,012	\$ 219,547
Intergovernmental	39,155	76,102	5,119	27,790	148,166
Earnings on Investments	6,452	1,066	-	710	8,228
Other	390	217	-	5,189	5,796
<i>Total Receipts</i>	<u>185,020</u>	<u>77,385</u>	<u>46,631</u>	<u>72,701</u>	<u>381,737</u>
<b>Disbursements</b>					
Current:					
General Government	76,525	-	-	-	76,525
Public Works	732	70,724	51,548	54,071	177,076
Health	2,538	-	-	-	2,537
Public Safety	11,325	-	-	11,909	23,234
Conservation/Recreation	-	-	-	15,924	15,924
Capital Outlay	64,667	-	-	6,224	70,891
<i>Total Disbursements</i>	<u>155,787</u>	<u>70,724</u>	<u>51,548</u>	<u>88,128</u>	<u>366,187</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	29,233	6,661	(4,917)	(15,427)	15,550
<b>Other Financing Sources (Uses)</b>					
Sale of Fixed Assets	6,855	-	-	-	6,855
Transfers In	-	7,000	7,000	14,000	28,000
Transfers Out	(28,000)	-	-	-	(28,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(21,145)</u>	<u>7,000</u>	<u>7,000</u>	<u>14,000</u>	<u>6,855</u>
<i>Net Change in Fund Balances</i>	<u>8,088</u>	<u>13,661</u>	<u>2,083</u>	<u>(1,427)</u>	<u>22,405</u>
<i>Fund Balances Beginning of Year</i>	<u>191,373</u>	<u>33,376</u>	<u>16,995</u>	<u>76,376</u>	<u>318,120</u>
<i>Fund Balances End of Year</i>	<u>\$ 199,461</u>	<u>\$ 47,037</u>	<u>\$ 19,078</u>	<u>\$ 74,949</u>	<u>\$ 340,525</u>

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

**LAUREL TOWNSHIP**  
**HOCKING COUNTY**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - (Budget Basis)*  
*General Fund*  
*For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$ 125,500	\$ 125,500	\$ 139,023	\$ 13,523
Intergovernmental	15,250	15,250	39,156	23,906
Interest	1,250	1,250	6,451	5,201
Other	100	100	390	290
<i>Total receipts</i>	<u>142,100</u>	<u>142,100</u>	<u>185,020</u>	<u>42,920</u>
<b>Disbursements</b>				
Current:				
General Government	116,440	116,440	80,669	35,771
Public Works	850	850	732	118
Public Safety	11,500	11,500	11,325	175
Health	4,700	4,700	2,538	2,162
Capital Outlay	-	66,500	64,667	1,833
<i>Total Disbursements</i>	<u>133,490</u>	<u>199,990</u>	<u>159,931</u>	<u>40,059</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>8,610</u>	<u>(57,890)</u>	<u>25,089</u>	<u>82,979</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Fixed Assets			6,855	6,855
Transfers Out	(100,000)	(33,500)	(28,000)	5,500
<i>Total Other Financing Sources (Uses)</i>	<u>(100,000)</u>	<u>(33,500)</u>	<u>(21,145)</u>	<u>12,355</u>
<i>Net Change in Fund Balance</i>	(91,390)	(91,390)	3,944	95,334
<i>Fund Balance Beginning of Year</i>	<u>191,373</u>	<u>191,373</u>	<u>191,373</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 99,983</u>	<u>\$ 99,983</u>	<u>\$ 195,317</u>	<u>\$ 95,334</u>

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

**LAUREL TOWNSHIP**  
**HOCKING COUNTY**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - (Budget Basis)*  
*Gasoline Tax Fund*  
*For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Intergovernmental	\$ 55,000	\$ 55,000	\$ 76,102	\$ 21,102
Interest	100	100	1,066	966
Other	-	-	217	217
<i>Total receipts</i>	<u>55,100</u>	<u>55,100</u>	<u>77,385</u>	<u>22,285</u>
<b>Disbursements</b>				
Current:				
Public Works	74,350	80,350	71,683	8,667
<i>Total Disbursements</i>	<u>74,350</u>	<u>80,350</u>	<u>71,683</u>	<u>8,667</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(19,250)</u>	<u>(25,250)</u>	<u>5,702</u>	<u>30,952</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	7,000	7,000	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>7,000</u>	<u>7,000</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(19,250)	(18,250)	12,702	30,952
<i>Fund Balance Beginning of Year</i>	<u>33,376</u>	<u>33,376</u>	<u>33,376</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 14,126</u>	<u>\$ 15,126</u>	<u>\$ 46,078</u>	<u>\$ 30,952</u>

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

**LAUREL TOWNSHIP  
HOCKING COUNTY**

*Statement of Cash Receipts, Cash Disbursements and Changes  
In Fund Balance - Budget and Actual - (Budget Basis)  
Road and Bridge  
For the Year Ended December 31, 2005*

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 42,000	\$ 42,000	\$ 41,512	\$ (488)
Intergovernmental	2,500	2,500	5,119	2,619
<i>Total receipts</i>	<u>44,500</u>	<u>44,500</u>	<u>46,631</u>	<u>2,131</u>
<b>Disbursements</b>				
Current:				
Public Works	50,000	57,000	52,537	4,463
<i>Total Disbursements</i>	<u>50,000</u>	<u>57,000</u>	<u>52,537</u>	<u>4,463</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(5,500)</u>	<u>(12,500)</u>	<u>(5,906)</u>	<u>6,594</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	7,000	7,000	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>7,000</u>	<u>7,000</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(5,500)	(5,500)	1,094	6,594
<i>Fund Balance Beginning of Year</i>	<u>16,995</u>	<u>16,995</u>	<u>16,995</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 11,495</u>	<u>\$ 11,495</u>	<u>\$ 18,089</u>	<u>\$ 6,594</u>

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

**LAUREL TOWNSHIP  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

**Note 1 – Reporting Entity**

Laurel Township, Hocking County, Ohio (the Township), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly elected three-member Board of Trustees directs the Township. The Township also has an elected Township Fiscal Officer.

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

**Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, cemetery maintenance, and fire protection services. The Township contracts with the Logan City Fire Department for fire protection.

**B. Component Units**

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs of services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent of the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. The Township has no component units.

**C. Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools**

The Township does not participate in any joint ventures, jointly governed organizations. The Township participates in a public entity risk pool. Note 6 to the financial statements provide additional information for this entity.

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

**Note 2 – Summary of Significant Accounting Policies**

These financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Township's accounting policies.

**LAUREL TOWNSHIP  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005  
(Continued)**

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

**A. Basis of Presentation**

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements 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 Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions.

The statement of net assets presents the cash balance of the governmental activities of the Township at year-end.

The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

**Fund Financial Statements**

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

**B. Fund Accounting**

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township consist of governmental funds.

**Governmental Funds**

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Township's major governmental funds are as follows:

*General Fund* - This Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

**LAUREL TOWNSHIP  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005  
(Continued)**

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

**Governmental Funds (Continued)**

*Road and Bridge Fund* – This fund receives property tax money for construction, maintaining, and repairing Township roads and bridges.

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

**C. Basis of Accounting**

The Township’s financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township’s financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses are not recorded in these financial statements.

**D. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. A tax budget is not required to be filed with the Hocking County Budget Commission commencing tax year 2001. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

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

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

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

**E. Cash and Investments**

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

**LAUREL TOWNSHIP  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005  
(Continued)**

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

**E. Cash and Investments (Continued)**

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2005 was \$6,452, which includes \$1,697 from other Township funds. Interest receipts credited to the General Fund during 2006 was \$11,039, which includes \$3,877 from other Township funds.

**F. Inventory and Prepaid Items**

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

**G. Capital Assets**

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

**H. Accumulated Leave**

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

**I. Employer Contributions to Cost-Sharing Pension Plans**

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

**J. Long-Term Obligations**

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

**K. Net Assets**

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



**LAUREL TOWNSHIP  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005  
(Continued)**

**L. Fund Balance Reserves**

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

**M. Interfund Transactions**

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

**Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund, gasoline fund, and road and bridge fund, are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis). For 2006 encumbrances outstanding at year end (budgetary basis) amounted to \$398 in the General Fund, and \$1,656 in the Gasoline Tax Fund. For 2005, there were encumbrances outstanding at year end (budgetary basis) amounted to \$4,144 for the General Fund, \$959 in the Gasoline Tax Fund, and \$989 in the Road. There were no outstanding advances for the year-end.

**Note 4 – Deposits and Investments**

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

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies, which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

**LAUREL TOWNSHIP  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005  
(Continued)**

**Note 4 – Deposits and Investments (Continued)**

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

**Deposits**

***Custodial Credit Risk*** Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured. The carrying amount of the Townships deposits was \$330,783 and \$340,525 and the bank balance was \$346,877 and \$355,240 at December 31, 2006 and December 31, 2005, respectively. All of the bank balance was secured by the Federal Deposit Insurance Corporation or the financial institutions public entity pooled collateral for both years.

**LAUREL TOWNSHIP  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005  
(Continued)**

**Note 5 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on assessed values as of January 1, 2004, the lien date. Real property tax receipts received in 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35% of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

Tangible personal property tax receipts received in 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. Tangible personal property tax receipts received in 2006 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2006, was \$3.90 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property:	
Residential	\$ 20,808,770
Agriculture	4,128,520
Commercial/Industrial/Mineral	1,370,360
Public Utility Property:	
Business	1,302,120
Public Utility	10,131,640
Total Assessed Value	<u><u>\$ 37,741,410</u></u>

**LAUREL TOWNSHIP  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005  
(Continued)**

**Note 5 – Property Taxes (Continued)**

The full tax rate for all Township operations for the year ended December 31, 2005, was \$3.90 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based are as follows:

Real Property:	
Residential	\$ 20,260,040
Agriculture	4,003,520
Commercial/Industrial/Mineral	1,400,990
Tangible Personal Property:	
Business	1,123,103
Public Utility	9,695,810
Total Assessed Value	<u><u>\$ 36,483,463</u></u>

**Note 6 – Risk Management**

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

**Risk Pool Membership**

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio Townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**Casualty Coverage**

OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. Townships can elect additional coverage, from \$2,000,000 to \$12,000,000 with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

**Property Coverage**

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence. APEEP's Guarantee Fund was responsible for losses and loss adjustment expenses exceeding operating contributions.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stoploss coverage based upon the combined members' total insurable value.

**LAUREL TOWNSHIP  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005  
(Continued)**

**Note 6 – Risk Management (Continued)**

If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2005 was \$1,682,589.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA’s primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective Township. Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Members may withdraw on each anniversary of the date they joined OTARMA. They must provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contribution, minus the subsequent year’s premium. Also upon withdrawal, payments for all property and casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

**Financial Position**

OTARMA’s financial statements (audited by other accountants) (latest information available) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2005 and 2004.

<u>Casualty Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$30,485,638	\$28,132,620
Liabilities	<u>(12,344,576)</u>	<u>(11,086,379)</u>
Retained earnings	<u>\$18,141,062</u>	<u>\$17,046,241</u>
<u>Property Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$9,177,796	\$7,588,343
Liabilities	<u>(1,406,031)</u>	<u>(543,176)</u>
Retained earnings	<u>\$7,771,765</u>	<u>\$7,045,167</u>

At December 31, 2005 and 2004, respectively, casualty coverage liabilities noted above include approximately \$11.6 million and \$10.3 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$11.6 million and \$10.3 million of unpaid claims to be billed to approximately 950 member townships in the future, as of December 31, 2005 and 2004, 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 \$7,120. This payable includes the subsequent year’s contribution due if the Township terminates participation, as described in the last paragraph below.

**LAUREL TOWNSHIP  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005  
(Continued)**

**Note 6 - Risk Management (Continued)**

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

<u>Year</u>	<u>Contribution</u>
2006	\$6,520
2005	\$5,197
2004	\$5,397

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

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs.

**Note 7 – Defined Benefit Pension Plan**

**Ohio Public Employees Retirement System**

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over 5 years at 20% per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2005, the members of all three plans, 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. The 2005 employer contribution rate for township employers was 13.55 percent of covered payroll. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

**LAUREL TOWNSHIP  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005  
(Continued)**

**Note 7 – Defined Benefit Pension Plan (Continued)**

**Ohio Public Employees Retirement System (Continued)**

For the year ended December 31, 2006, the members of all three plans, were required to contribute 9 percent of their annual covered salaries. The 2006 employer contribution rate for township employers was 13.7 percent of covered payroll. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, 2004, and 2003 were \$9,739, \$9,124, \$8,704, and \$7,500, respectively. The full amount has been contributed for all years. No contributions were made to the member-directed plan.

**Note 8 - Postemployment Benefits**

**A. Ohio Public Employees Retirement System**

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

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1 and 6 percent annually for the next eight years and 4 percent annually after eight years.

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

The number of active contributing participants in the traditional and combined plans was 5. Actual employer contributions for 2006, which were used to fund postemployment benefits, were \$3,153. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively

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

**LAUREL TOWNSHIP  
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005  
(Continued)**

**Note 9 – Interfund Transfers**

During 2006 and 2005 the following transfers were made:

Transfers from the General Fund to:	<u>2006</u>	<u>2005</u>
MVL Fund	\$7,500	\$7,000
Gasoline Fund	7,500	7,000
Road & Bridge Fund	7,500	7,000
Road Levy Fund	7,500	7,000
Total Transfers from the General Fund	<u>\$30,000</u>	<u>\$28,000</u>

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The reason for these transfers was to increase funding in other funds to be used for general road repairs. Transfers are considered allowable in accordance with Ohio Revised Code Sections 5705.14, 5705.15, and 5705.16.



***Perry & Associates***  
**Certified Public Accountants, A.C.**

PARKERSBURG  
1035 Murdoch Avenue  
Parkersburg, WV 26101  
(304) 422-2203

MARIETTA  
428 Second Street  
Marietta, OH 45750  
(740) 373-0056

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

March 30, 2007

Laurel Township  
Hocking County  
2691 Wildcat Rd  
Rockbridge, Ohio 43139-9541

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Laurel Township, Hocking County, (the Township), as of and for the years ended December 31, 2006 and December 31, 2005, which collectively comprise the Township's basic financial statements and have issued our report thereon dated March 30, 2007, wherein we noted the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standards Board Statement No. 34. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

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

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Laurel Township  
Hocking County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

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

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

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

We intend this report solely for the information and use of management, and township trustees. It is not intended for anyone other than these specified parties.

Respectfully Submitted

Perry and Associates  
Certified Public Accountants, A.C.



**Mary Taylor, CPA**  
Auditor of State

LAUREL TOWNSHIP

HOCKING COUNTY

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
MAY 24, 2007