

**LAUREL TOWNSHIP
HOCKING COUNTY
Regular Audit
December 31, 2008 and 2007**

Perry & Associates
Certified Public Accountants, A.C.



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, 2007 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 13, 2009

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**LAUREL TOWNSHIP
HOCKING COUNTY**

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Perry & Associates
Certified Public Accountants, A.C.

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INDEPENDENT ACCOUNTANTS' REPORT

March 4, 2009

Laurel Township
Hocking County
26971 Wildcat Road
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 **Laurel Township, Hocking County, Ohio**, (the Township) as of and for the years ended December 31, 2008 and 2007, 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 opinion.

As described more fully in Note 2, the Township has prepared these financial statements following the cash basis of accounting. These practices differ from accounting principles generally accepted in the United States of America (GAAP).

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 Laurel Township, Hocking County, Ohio, as of December 31, 2008 and 2007, and the respective changes in cash financial position and the respective budgetary comparison for the General, Gasoline Tax and the Road & Bridge Funds in 2008 and 2007 thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2009, 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 Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry and Associates
Certified Public Accountants, A.C.

**LAUREL TOWNSHIP
HOCKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDING DECEMBER 31, 2008 AND 2007
UNAUDITED**

This discussion and analysis of the Ohio Local Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2008 and 2007, within the limitations of the Township's modified 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 2008 and 2007 are as follows:

Net assets of governmental activities decreased \$21,037, or 5 percent, in 2008 and increased \$26,110 or 7 percent in 2007.

The Township's general receipts are primarily property and Permissive Sales (lodging) taxes. These receipts represent respectively 57 percent in 2008, and 59 percent in 2007, 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 modified 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 modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified 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 modified cash basis of accounting.

**LAUREL TOWNSHIP
HOCKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDING DECEMBER 31, 2008 AND 2007
UNAUDITED**

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2008 and 2007, within the limitations of modified 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 include 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 modified 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, 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. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township consist of 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 ENDING DECEMBER 31, 2008 AND 2007
UNAUDITED**

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2008 compared to 2007 and 2006 on a modified cash basis:

	Governmental Activities		2006	Variance	Variance
	2008	2007		07-'08	06-'07
Assets					
Cash and Cash Equivalents	\$ 344,531	\$ 363,839	\$ 330,783	\$ (19,308)	\$ 33,056
Investments	20,933	22,662	29,608	(1,729)	(6,946)
Total Assets	365,464	386,501	360,391	(21,037)	26,110
Net Assets					
Restricted for:					
Other Purposes	182,384	212,208	205,334	(29,824)	6,873
Unrestricted	183,080	174,293	155,057	8,787	19,237
Total Net Assets	\$ 365,464	\$ 386,501	\$ 360,391	\$ (21,037)	\$ 26,110

As mentioned previously, net assets of governmental activities decreased \$21,037 or 5 percent during 2008, and increased \$26,110 or 7 percent during 2007.

Table 2 reflects the changes in net assets on a modified cash basis in 2008 and 2007 for governmental activities, business-type activities and total primary government.

**LAUREL TOWNSHIP
HOCKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDING DECEMBER 31, 2008 AND 2007
UNAUDITED**

(Table 2)

Changes in Net Assets

	Governmental Activities		
	2008	2007	2006
Receipts:			
Program Receipts:			
Operating Grants and Contributions	\$ 129,854	\$ 111,391	\$ 110,740
Capital Grants and Contributions	10,000	10,000	46,000
Total Program Receipts	<u>139,854</u>	<u>121,391</u>	<u>156,740</u>
General Receipts:			
Property and Other Local Taxes	139,952	135,150	126,249
Other Taxes	105,977	101,117	98,621
Grants and Entitlements Not Restricted to Specific Programs	29,250	21,597	26,041
Sale of Fixed Assets	25	305	-
Interest	8,276	16,031	15,053
Miscellaneous	5,939	6,021	6,808
Total General Receipts	<u>289,419</u>	<u>280,221</u>	<u>272,772</u>
Total Receipts	<u>429,273</u>	<u>401,612</u>	<u>429,512</u>
Disbursements:			
General Government	108,655	106,254	101,423
Public Safety:	22,255	21,529	27,008
Public Health Services	5,028	5,238	5,730
Conservation-Recreation	20,289	16,421	18,514
Public Works	209,153	179,529	174,192
Capital Outlay	84,930	46,531	82,779
Total Disbursements	<u>450,310</u>	<u>375,502</u>	<u>409,646</u>
Excess (Deficiency) Before Transfers	(21,037)	26,110	19,866
Transfers			
Increase (Decrease) in Net Assets	<u>(21,037)</u>	<u>26,110</u>	<u>19,866</u>
Net Assets, January 1	<u>386,501</u>	<u>360,391</u>	<u>340,525</u>
Net Assets, December 31	<u>\$ 365,464</u>	<u>\$ 386,501</u>	<u>\$ 360,391</u>

Program receipts represent 33 and 30 percent in 2008 and 2007 respectively, of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

**LAUREL TOWNSHIP
HOCKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDING DECEMBER 31, 2008 AND 2007
UNAUDITED**

General receipts represent 67 and 70 percent in 2008 and 2007 respectively, of the Township's total receipts, and of this amount, 85 and 84 percent are local taxes in 2008 and 2007. State and federal grants and entitlements make up 10 and 8 percent in 2008 and 2007 while sale of fixed assets, interest and miscellaneous make up the balance of the Township's general receipts (5% in 2008, 8% in 2007).

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 is the costs of maintaining the community center and grounds; and Public Works is the cost of maintaining the roads.

Governmental Activities

The first column Statement of Activities on page 10 and 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 46 percent respectively in 2008 and 28 and 48 percent respectively in 2007, of all governmental disbursements. Capital Outlay also represents a significant cost, about 19 and 12 percent in 2008 and 2007, respectively. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the 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 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
General Government	\$ 108,655	\$ 108,655	\$ 106,254	\$ 106,254
Public Safety	22,255	21,062	21,529	20,463
Public Works	209,153	72,236	179,529	60,772
Health	5,028	5,028	5,238	5,238
Conservation-Recreation	20,289	18,545	16,421	14,853
Capital Outlay	84,930	84,930	46,531	46,531
Total Expenses	<u>\$ 450,310</u>	<u>\$ 310,456</u>	<u>\$ 375,502</u>	<u>\$ 254,111</u>

**LAUREL TOWNSHIP
HOCKING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDING DECEMBER 31, 2008 AND 2007
UNAUDITED**

The Township's Funds

Total governmental funds had receipts of \$429,273 and disbursements of \$450,310 in 2008 and receipts of \$401,613 and disbursements of \$375,503 in 2007. The greatest change within governmental funds occurred within the Gasoline Tax Fund. The fund balance of the Gasoline Tax Fund increased \$3,374 in 2007, but decreased \$28,745 in 2008 as the result of increased costs oil and gravel for chip and seal road work.

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 2008 and 2007, 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 lodging and property tax receipts. The difference between final budgeted receipts and actual receipts was \$36,557 in 2008 and \$24,531 in 2007. Final disbursements were budgeted at \$236,070 in 2008 and \$192,253 in 2007 while actual disbursements were \$206,241 and \$165,537 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, Fiscal Officer, Laurel Township, Hocking County, 26971 Wildcat Rd., Rockbridge, Ohio 43149.

LAUREL TOWNSHIP
HOCKING COUNTY
Statement of Net Assets - Cash Basis
December 31, 2008

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 344,531
Investments	<u>20,933</u>
<i>Total Assets</i>	<u><u>\$ 365,464</u></u>
Net Assets	
Restricted for:	
Other Purposes	\$ 182,384
Unrestricted	<u>183,080</u>
<i>Total Net Assets</i>	<u><u>\$ 365,464</u></u>

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, 2008

	Program Cash Receipts			Net (Disbursements)
	Cash Disbursements	Operating Grants and Contributions	Capital Grants and Contributions	Receipts and Changes in Net Assets
				Governmental Activities
Governmental Activities				
General Government	\$ 108,655	\$ -	\$ -	\$ (108,655)
Public Safety	22,255	1,193	10,000	(11,062)
Public Works	209,153	105,815	-	(103,338)
Health	5,028	-	-	(5,028)
Conservation-Recreation	20,289	1,744	-	(18,545)
Capital Outlay	84,930	-	-	(84,930)
<i>Total Governmental Activities</i>	<u>\$ 450,310</u>	<u>\$ 108,752</u>	<u>\$ 10,000</u>	<u>(331,558)</u>
General Receipts				
Property Taxes				139,952
Other Taxes				105,977
Grants and Entitlements not Restricted to Specific Programs				50,351
Sale of Fixed Assets				25
Earning on Investments				8,276
Other				5,940
<i>Total General Cash Receipts</i>				<u>310,521</u>
Change in Net Assets				(21,037)
<i>Net Assets Beginning of Year</i>				<u>386,501</u>
<i>Net Assets End of Year</i>				<u>\$ 365,464</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, 2008

	General	Gasoline Tax	Road and Bridge	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 183,080	\$ 60,115	\$ 25,625	\$ 75,712	\$ 344,532
Investments	-	-	-	20,932	20,932
<i>Total Assets</i>	<u>\$ 183,080</u>	<u>\$ 60,115</u>	<u>\$ 25,625</u>	<u>\$ 96,644</u>	<u>\$ 365,464</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	\$ 1,055	\$ 324	\$ -	\$ -	\$ 1,379
Unreserved:					
General Fund	182,025	-	-	-	182,025
Special Revenue Funds	-	59,791	25,625	96,644	182,060
<i>Total Fund Balances</i>	<u>\$ 183,080</u>	<u>\$ 60,115</u>	<u>\$ 25,625</u>	<u>\$ 96,644</u>	<u>\$ 365,464</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, 2008*

	General	Gasoline Tax	Road and Bridge	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$ 159,498	\$ -	\$ 45,875	\$ 40,556	\$ 245,929
Intergovernmental	50,351	84,614	6,063	28,075	169,103
Earning on Investments	6,913	1,049	-	314	8,276
Other	196	-	368	5,376	5,940
<i>Total Receipts</i>	<u>216,958</u>	<u>85,663</u>	<u>52,306</u>	<u>74,321</u>	<u>429,248</u>
Disbursements					
Current:					
General Government	108,655	-	-	-	108,655
Public Safety	10,953	-	-	11,302	22,255
Public Works	840	114,408	50,165	43,740	209,153
Health	1,680	-	-	3,348	5,028
Conservation-Recreation	-	-	-	20,289	20,289
Capital Outlay	83,058	-	-	1,872	84,930
<i>Total Disbursements</i>	<u>205,186</u>	<u>114,408</u>	<u>50,165</u>	<u>80,551</u>	<u>450,310</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	11,772	(28,745)	2,141	(6,230)	(21,062)
Other Financing Sources (Uses)					
Sale of Fixed Assets	25	-	-	-	25
Transfers In	-	-	-	3,010	3,010
Transfers Out	(3,010)	-	-	-	(3,010)
<i>Total Other Financing Sources (Uses)</i>	<u>(2,985)</u>	<u>-</u>	<u>-</u>	<u>3,010</u>	<u>25</u>
<i>Net Change in Fund Balances</i>	8,787	(28,745)	2,141	(3,220)	(21,037)
<i>Fund Balances Beginning of Year</i>	<u>174,293</u>	<u>88,860</u>	<u>23,484</u>	<u>99,864</u>	<u>386,501</u>
<i>Fund Balances End of Year</i>	<u>\$ 183,080</u>	<u>\$ 60,115</u>	<u>\$ 25,625</u>	<u>\$ 96,644</u>	<u>\$ 365,464</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, 2008

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 143,100	\$ 143,100	\$ 159,497	\$ 16,397
Intergovernmental	27,200	27,200	50,351	23,151
Interest	10,000	10,000	6,913	(3,087)
Other	100	100	196	96
<i>Total receipts</i>	<u>180,400</u>	<u>180,400</u>	<u>216,957</u>	<u>36,557</u>
Disbursements				
Current:				
General Government	134,492	134,892	109,710	25,182
Public Safety	10,500	11,178	10,953	225
Public Works	900	900	840	60
Health	4,100	4,100	1,680	2,420
Capital Outlay	85,000	85,000	83,058	1,942
<i>Total Disbursements</i>	<u>234,992</u>	<u>236,070</u>	<u>206,241</u>	<u>29,829</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(54,592)</u>	<u>(55,670)</u>	<u>10,716</u>	<u>66,386</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets	-	-	25	25
Transfers Out	(25,000)	(23,922)	(3,010)	20,912
<i>Total Other Financing Sources (Uses)</i>	<u>(25,000)</u>	<u>(23,922)</u>	<u>(2,985)</u>	<u>20,937</u>
<i>Net Change in Fund Balance</i>	(79,592)	(79,592)	7,731	87,323
<i>Fund Balance Beginning of Year</i>	<u>173,331</u>	<u>173,331</u>	<u>173,331</u>	
Prior Year Encumbrances Appropriated	<u>962</u>	<u>962</u>	<u>962</u>	
<i>Fund Balance End of Year</i>	<u>\$ 94,701</u>	<u>\$ 94,701</u>	<u>\$ 182,024</u>	<u>\$ 87,323</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, 2008

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$ 80,000	\$ 80,000	\$ 84,613	\$ 4,613
Interest	3,000	3,000	1,049	(1,951)
<i>Total receipts</i>	<u>83,000</u>	<u>83,000</u>	<u>85,662</u>	<u>2,662</u>
Disbursements				
Current:				
Public Works	127,907	127,907	114,732	13,175
<i>Total Disbursements</i>	<u>127,907</u>	<u>127,907</u>	<u>114,732</u>	<u>13,175</u>
<i>Net Change in Fund Balance</i>	(44,907)	(44,907)	(29,070)	15,837
<i>Fund Balance Beginning of Year</i>	<u>88,604</u>	<u>88,604</u>	<u>88,604</u>	<u>-</u>
Prior Year Encumbrances Appropriated	<u>257</u>	<u>257</u>	<u>257</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 43,954</u></u>	<u><u>\$ 43,954</u></u>	<u><u>\$ 59,791</u></u>	<u><u>\$ 15,837</u></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, 2008

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 44,500	\$ 44,500	\$ 45,875	\$ 1,375
Intergovernmental	4,700	4,700	6,063	1,363
Other	-	-	368	368
<i>Total receipts</i>	<u>49,200</u>	<u>49,200</u>	<u>52,306</u>	<u>3,106</u>
Disbursements				
Current:				
Public Works	59,500	59,500	50,165	9,335
<i>Total Disbursements</i>	<u>59,500</u>	<u>59,500</u>	<u>50,165</u>	<u>9,335</u>
<i>Net Change in Fund Balance</i>	(10,300)	(10,300)	2,141	12,441
<i>Fund Balance Beginning of Year</i>	<u>23,484</u>	<u>23,484</u>	<u>23,484</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 13,184</u>	<u>\$ 13,184</u>	<u>\$ 25,625</u>	<u>\$ 12,441</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, 2007

	<u>Governmental Activities</u>
Equity in Pooled Cash and Cash Equivalents	\$ 363,839
Investments	22,662
<i>Total Assets</i>	<u>\$ 386,501</u>
Net Assets	
Restricted for:	
Other Purposes	\$ 212,208
Unrestricted	174,293
<i>Total Net Assets</i>	<u>\$ 386,501</u>

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, 2007

	Program Cash Receipts			Net (Disbursements)
	Cash Disbursements	Operating Grants and Contributions	Capital Grants and Contributions	Receipts and Changes in Net Assets Governmental Activities
Governmental Activities				
General Government	\$ 106,254	\$ -	\$ -	(106,254)
Public Safety	21,529	1,066	10,000	(10,463)
Public Works	179,529	108,757	-	(70,772)
Health	5,238	-	-	(5,238)
Conservation-Recreation	16,422	1,568	-	(14,854)
Capital Outlay	46,531	-	-	(46,531)
<i>Total Governmental Activities</i>	<u>\$ 375,503</u>	<u>\$ 111,391</u>	<u>\$ 10,000</u>	<u>(254,112)</u>
General Receipts				
Property Taxes				135,150
Other Taxes				101,117
Grants and Entitlements not Restricted to Specific Programs				21,598
Sale of Fixed Assets				305
Earnings on Investments				16,031
Other				6,021
<i>Total General Cash Receipts</i>				<u>280,222</u>
Change in Net Assets				26,110
<i>Net Assets Beginning of Year</i>				<u>360,391</u>
<i>Net Assets End of Year</i>				<u>\$ 386,501</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, 2007

	General	Gasoline Tax	Road and Bridge	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 174,293	\$ 88,860	\$ 23,484	\$ 77,201	\$ 363,838
Investments	-	-	-	22,663	22,663
<i>Total Assets</i>	<u>\$ 174,293</u>	<u>\$ 88,860</u>	<u>\$ 23,484</u>	<u>\$ 99,864</u>	<u>\$ 386,501</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	\$ 962	\$ 256	\$ -	\$ -	\$ 1,218
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	173,331	-	-	-	173,331
Special Revenue Fund	-	88,604	23,484	99,864	211,952
<i>Total Fund Balances</i>	<u>\$ 174,293</u>	<u>\$ 88,860</u>	<u>\$ 23,484</u>	<u>\$ 99,864</u>	<u>\$ 386,501</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, 2007*

	General	Gasoline Tax	Road and Brodge	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$ 151,875	\$ -	\$ 43,508	\$ 40,884	\$ 236,267
Intergovernmental	21,597	88,980	4,783	27,629	142,989
Earnings on Investments	11,365	3,480	-	1,186	16,031
Other	492	-	336	5,193	6,021
<i>Total Receipts</i>	<u>185,329</u>	<u>92,460</u>	<u>48,627</u>	<u>74,892</u>	<u>401,308</u>
Disbursements					
Current:					
General Government	106,254	-	-	-	106,254
Public Works	11,300	-	-	10,229	21,529
Health	889	89,086	47,941	41,613	179,529
Public Saftey	1,600	-	-	3,638	5,238
Conservation/Recreation	-	-	-	16,422	16,422
Capital Outlay	44,531	-	-	2,000	46,531
<i>Total Disbursements</i>	<u>164,574</u>	<u>89,086</u>	<u>47,941</u>	<u>73,902</u>	<u>375,503</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	20,755	3,374	686	990	25,805
Other Financing Sources (Uses)					
Sale of Fixed Assets	305	-	-	-	305
Transfers In	-	-	-	1,824	1,824
Transfers Out	(1,824)	-	-	-	(1,824)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,519)</u>	<u>-</u>	<u>-</u>	<u>1,824</u>	<u>305</u>
<i>Net Change in Fund Balances</i>	19,236	3,374	686	2,814	26,110
<i>Fund Balances Beginning of Year</i>	<u>155,057</u>	<u>85,486</u>	<u>22,798</u>	<u>97,050</u>	<u>360,391</u>
<i>Fund Balances End of Year</i>	<u>\$ 174,293</u>	<u>\$ 88,860</u>	<u>\$ 23,484</u>	<u>\$ 99,864</u>	<u>\$ 386,501</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, 2007

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 130,000	\$ 130,000	\$ 151,875	\$ 21,875
Intergovernmental	20,700	20,700	21,597	897
Interest	10,000	10,000	11,366	1,366
Other	100	100	493	393
<i>Total receipts</i>	<u>160,800</u>	<u>160,800</u>	<u>185,331</u>	<u>24,531</u>
Disbursements				
Current:				
General Government	123,102	122,493	107,216	15,277
Public Works	850	1,060	889	171
Public Safety	11,500	11,500	11,300	200
Health	5,200	5,200	1,600	3,600
Capital Outlay	45,000	52,000	44,531	7,469
<i>Total Disbursements</i>	<u>185,652</u>	<u>192,253</u>	<u>165,536</u>	<u>26,717</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(24,852)</u>	<u>(31,453)</u>	<u>19,795</u>	<u>51,248</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets	-	-	305	305
Transfers Out	(32,000)	(25,000)	(1,824)	23,176
<i>Total Other Financing Sources (Uses)</i>	<u>(32,000)</u>	<u>(25,000)</u>	<u>(1,519)</u>	<u>23,481</u>
<i>Net Change in Fund Balance</i>	(56,852)	(56,453)	18,276	74,729
<i>Fund Balance Beginning of Year</i>	<u>154,657</u>	<u>154,657</u>	<u>154,657</u>	<u>-</u>
Prior Year Encumbrances Appropriated	<u>399</u>	<u>399</u>	<u>390</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 98,204</u>	<u>\$ 98,603</u>	<u>\$ 173,323</u>	<u>\$ 74,729</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, 2007

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$ 75,000	\$ 75,000	\$ 88,980	\$ 13,980
Interest	2,500	2,500	3,480	980
<i>Total receipts</i>	<u>77,500</u>	<u>77,500</u>	<u>92,460</u>	<u>14,960</u>
Disbursements				
Current:				
Public Works	103,992	103,992	89,342	14,650
<i>Total Disbursements</i>	<u>103,992</u>	<u>103,992</u>	<u>89,342</u>	<u>14,650</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(26,492)</u>	<u>(26,492)</u>	<u>3,118</u>	<u>29,610</u>
<i>Fund Balance Beginning of Year</i>	<u>83,831</u>	<u>83,831</u>	<u>83,831</u>	<u>-</u>
Prior Year Encumbrances Appropriated	<u>1,655</u>	<u>1,655</u>	<u>1,655</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 58,994</u>	<u>\$ 58,994</u>	<u>\$ 88,604</u>	<u>\$ 29,610</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, 2007

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 42,000	\$ 42,000	\$ 43,508	\$ 1,508
Intergovernmental	4,500	4,500	4,783	283
Other	-	-	336	336
<i>Total receipts</i>	<u>46,500</u>	<u>46,500</u>	<u>48,627</u>	<u>2,127</u>
Disbursements				
Current:				
Public Works	59,500	59,500	47,941	11,559
<i>Total Disbursements</i>	<u>59,500</u>	<u>59,500</u>	<u>47,941</u>	<u>11,559</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(13,000)</u>	<u>(13,000)</u>	<u>686</u>	<u>13,686</u>
<i>Fund Balance Beginning of Year</i>	<u>22,798</u>	<u>22,798</u>	<u>22,798</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 9,798</u>	<u>\$ 9,798</u>	<u>\$ 23,484</u>	<u>\$ 13,686</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, 2008 AND 2007**

Note 1 – Reporting Entity

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

A. Primary Government

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

The Township participates in no jointly governed organizations and one 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

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

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

**LAUREL TOWNSHIP
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

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 and investment balances 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 activity is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

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

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.

**LAUREL TOWNSHIP
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

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

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 tax budget, 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 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 certificated of estimated resources in effect at the time final appropriations were passed by the Township.

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

**LAUREL TOWNSHIP
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

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”.

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 2008 was \$6,913 which includes \$4,157 assigned from other Township funds. In 2007, interest receipts credited to the General Fund was \$11,365 which includes \$4,784 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. The Township does not have any long term obligations.

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 Recreation, Roads, and Fire protection. 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, 2008 AND 2007
(Continued)**

Note 2 – Summary of Significant Accounting Policies (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)). The encumbrances outstanding at year end (budgetary basis) amounted to \$1,055 for the general fund, \$324 in the gasoline fund for 2008. For 2007 they amounted to \$962 in the General Fund and \$256 in the Gasoline Fund. There were no outstanding advances at 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, 2008 AND 2007
(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 Township's deposits was \$365,464 and \$386,501 and the bank balance was \$359,595 and \$376,379 at December 31, 2008 and December 31, 2007, 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, 2008 AND 2007
(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 2008 (2007) represent the collection of 2007 (2006) taxes. Real property taxes received in 2008 (2007) were levied after October 1, 2007 (2006), on the assessed values as of January 1, 2007 (2006), the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2008 (2007) represent the collection of 2007 (2006) taxes. Public utility real and tangible personal property taxes received in 2008 (2007) became a lien on December 31, 2007 (2006), were levied after October 1, 2007 (2006), and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2008 (2007) (other than public utility property) represent the collection of 2007 (2006) taxes. Tangible personal property taxes received in 2008 (2007) were levied after October 1, 2007 (2006), on the true value as of December 31, 2007 (2006). 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, 2008 (2007), was \$3.90 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 (2006) property tax receipts were based are as follows:

Real Property	2007	2006
Residential	\$ 24,616,390	\$ 20,808,770
Agricultural	4,802,060	4,128,520
Commercial/Industrial/Mineral	1,371,650	1,370,360
Tangible Personal Property		
Business	518,570	1,302,120
Public Utility	9,694,440	10,131,640
Total Assessed Value	\$ 41,003,110	\$ 37,741,410

**LAUREL TOWNSHIP
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 6 – Risk Management

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

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 townships 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 \$350,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$350,000, up to \$2,650,000 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.

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 stop-loss coverage based upon the combined members' total insurable value. 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.

**LAUREL TOWNSHIP
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 6 – Risk Management (Continued)

Financial Position

OTARMA’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net assets at December 31, 2007 and 2006 (the most current years available).

	<u>2007</u>	<u>2006</u>
Assets	\$43,210,703	\$42,042,275
Liabilities	<u>(13,357,837)</u>	<u>(12,120,661)</u>
Net Assets	<u>\$18,141,062</u>	<u>\$29,921,614</u>

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, 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 \$5,853. This payable includes the subsequent year’s contribution due if the Township terminates participation, as described in the last paragraph below.

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>Township Contributions to OTARAMA</u>	
2006	\$6,520
2007	\$5,401
2008	\$5,252

After completing one year of membership, 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 contributions, minus the subsequent year’s 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 was incurred or reported prior to the withdrawal.

**LAUREL TOWNSHIP
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 7 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

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

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, 2008 (2007), the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 10 (9.5) percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2008 was 14 (13.85) percent. 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, 2008, 2007, and 2006 were \$9,598.84, \$8,594.90, and \$8,697.17 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 Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2008 (2007) local government employer contribution rate was 14 (13.85) percent of covered payroll. The amount of the employer contributions which was allocated to fund postemployment healthcare was 5 percent of covered payroll from January 1 through June 30, 2007, and 6 percent from July 1 to December 31, 2007.

**LAUREL TOWNSHIP
HOCKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007
(Continued)**

Note 8 - Postemployment Benefits (Continued)

A. Ohio Public Employees Retirement System (Continued)

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 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

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

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 \$3,153.22. 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.

Note 9 – Interfund Transfers

During 2008 and 2007 the following transfers were made:

Transfers from the General Fund to:	2008	2007
Cemetery Fund	\$ 3,010	\$ 1,824
Total Transfers from the General Fund	\$ 3,010	\$ 1,824

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 use interest from investments for cemetery upkeep.

Note 10 – Construction and Contractual Commitments

There are no outstanding Construction or contractual commitments.

Note 11 – Contingent Liabilities

The Township is not party to any litigation.

Perry & Associates
Certified Public Accountants, A.C.

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(304) 422-2203

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(740) 373-0056

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

March 4, 2009

Laurel Township
Hocking County
26971 Wildcat Road
Rockbridge, Ohio 43149

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 **Laurel Township, Hocking County, (the Township)** as of and for the years ended December 31, 2008 and 2007, which collectively comprise the Township's basic financial statements and have issued our report thereon dated March 4, 2009. 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 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.

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 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 the audit committee, management, and the Board of Trustees. We intend it for no one other than these specified parties.

Respectfully Submitted,

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." in a cursive script.

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 7, 2009