



Mary Taylor, CPA
Auditor of State

**PORTER TOWNSHIP
SCIOTO COUNTY**

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SCIOTO COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Porter Township
Scioto County
1535 Dogwood Ridge Road
P.O. Box 427
Wheelersburg, Ohio 45694

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 Porter Township, Scioto 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 opinions on these financial statements based on our audit.

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

As discussed in Note 2, the accompanying financial statements and notes follow the modified 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 modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Porter Township, Scioto County, Ohio, as of December 31, 2008 and 2007, and the respective changes in modified cash financial position and the respective budgetary comparisons for the General, Road and Bridge, Fire and Emergency Medical Services Funds 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 November 12, 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.

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

Mary Taylor, CPA
Auditor of State

November 12, 2009

Porter Township, Scioto County
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007

This discussion and analysis of Porter Township's (the Township) financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2008 and 2007, within the limitations of the Township's modified cash basis of 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 are as follows:

- Net assets of governmental activities decreased \$296,299, or 22.59 percent, in 2008. The fund most affected by the increase in cash and cash equivalents in 2008 was the Emergency Medical Services Fund, which realized the greatest decrease in revenue in 2008.
- The Township's general receipts are primarily property taxes. These receipts represent 65.86 percent of the total cash received for governmental activities during 2008. Property tax receipts for 2008 changed little as development within the Township has slowed.

Key highlights for 2007 are as follows:

- Net assets of governmental activities increased \$96,880, or 7.98 percent in 2007. The fund most affected by the increase in 2007 was the Fire Fund, which realized the greatest excess of receipts over disbursements in 2007.
- The Township's general receipts are primarily property taxes. These receipts represent 66.71 percent of the total cash received for governmental activities during 2007. Property tax receipts for 2007 changed little as development within the Township has slowed.

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 government-wide 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 determines 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.

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's end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function 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 represent 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 condition of 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 and gasoline taxes.

In the statement of net assets and the statement of activities, the Township has only governmental type activities:

Governmental activities. All of the Township's basic services are reported here. State and federal grants and property and gasoline 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 are all governmental.

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 non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. For 2008, the Township's major governmental funds are the General Fund, Road and Bridge Fund, Fire Fund, and Emergency Medical Services Fund. For 2007, the Township's major governmental funds are the General Fund, Road and Bridge Fund, Fire Fund, and Emergency Medical Services Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The Township as a Whole

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

(Table 1)

Net Assets

	Governmental Activities		
	2008	2007	2006
Assets			
Cash and Cash Equivalents	\$87,795	\$259,617	\$163,392
Investments	926,830	1,051,707	1,051,052
Total Assets	\$1,014,625	\$1,311,324	\$1,214,444
Net Assets			
Restricted for:			
Other Purposes	\$606,631	\$904,115	\$763,523
Unrestricted	407,994	407,209	450,921
Total Net Assets	\$1,014,625	\$1,311,324	\$1,214,444

As mentioned previously, net assets of governmental activities decreased \$296,299, or 22.59 percent during 2008 and increased \$96,880, or 7.98 percent during 2007.

Porter Township, Scioto County
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007

Table 2 reflects the changes in net assets in 2008 and 2007 and the comparisons to fiscal year 2006. Listed below is a comparative analysis of government-wide data.

(Table 2)
Change in Net Assets

	Governmental Activities 2008	Governmental Activities 2007	Governmental Activities 2006
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$89,615	\$107,093	\$82,273
Operating Grants and Contributions & Interest	151,153	143,043	256,325
Capital Grants and Contributions		62,684	261,250
Total Program Receipts	<u>240,768</u>	<u>312,820</u>	<u>599,848</u>
General Receipts:			
Property and Other Local Taxes	1,709,924	1,733,494	1,829,911
Grants and Entitlements Not Restricted to Specific Programs	453,227	394,160	104,742
Cable Franchise Fees	147,328	82,270	0
Earnings on Investments	29,388	66,196	64,980
Miscellaneous	15,533	9,512	72,964
Total General Receipts	<u>2,355,400</u>	<u>2,285,632</u>	<u>2,072,597</u>
Total Receipts	<u>2,596,168</u>	<u>2,598,452</u>	<u>2,672,445</u>
Disbursements:			
General Government	447,480	426,973	399,817
Public Safety	1,474,815	1,164,062	1,114,648
Public Works	526,552	397,089	378,380
Health	312,099	308,281	153,088
Conservation - Recreation	70,439	91,520	76,076
Capital Outlay	61,482	113,647	328,336
Total Disbursements	<u>2,892,867</u>	<u>2,501,572</u>	<u>2,450,345</u>
Increase (Decrease) in Net Assets	(296,699)	96,880	222,100
Net Assets, January 1	<u>1,311,324</u>	<u>1,214,444</u>	<u>992,344</u>
Net Assets, December 31	<u>\$1,014,625</u>	<u>\$1,311,324</u>	<u>\$1,214,444</u>

Program receipts represent only 9.27 percent of total receipts in 2008 and 12.04 percent of total receipts in 2007 and are primarily comprised of restricted intergovernmental receipts such as charges for services and grants and contributions.

General receipts represent 90.73 percent of the Township's total receipts for 2008 and 87.96 percent of the Township's total receipts for 2007, and of this amount, 72.59 percent are property and other local taxes in 2008 and 75.84 percent are property and other local taxes in 2007. Grants and entitlements not restricted to Specific Programs, Cable Franchise Fees, Earnings on Investments and Miscellaneous receipts make up the balance of the Township's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities.

Governmental Activities

If you look at the Statements of Activities on pages 10 and 19, you will see that the first column 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, public safety and public works, which account for 84.65 and 79.48 percent of all government disbursements, for 2008 and 2007 respectively. The next three columns of the Statement entitled Program Cash 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	Net Cost	Total Cost	Net Cost
	Of Services	of Services	Of Services	of Services
	2008	2008	2007	2007
General Government	\$447,480	\$443,330	\$426,973	\$424,023
Public Safety	1,474,815	1,451,590	1,164,062	1,070,826
Public Works	526,552	382,149	397,089	254,046
Health	312,099	308,299	308,281	302,281
Conservation - Recreation	70,439	5,249	91,520	23,930
Capital Outlay	61,482	61,482	113,647	113,647
Total Expenses	<u>\$2,892,867</u>	<u>\$2,652,099</u>	<u>\$2,501,572</u>	<u>\$2,188,753</u>

The Township's Funds

In 2008, total governmental funds had receipts of \$2,596,168 and disbursements of \$2,892,867. The Emergency Medical Services Fund decreased \$212,732 as the result of increased payroll from payroll error concerning overtime compensation.

In 2007, total governmental funds had receipts of \$2,598,452 and disbursements of \$2,501,572. The Fire Fund increased \$50,437 in 2007 as the result of increases in levy monies and a decrease in expenditures.

General Fund receipts and expenditures are closely monitored as the receipts are limited and somewhat unpredictable such as inheritance tax and interest.

General Fund Budgeting Highlights

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

During 2008 and 2007, General Fund budget basis actual receipts were \$929,945 and \$855,322, respectively. Total actual disbursements on the budget basis (cash disbursements plus encumbrances) for 2008 were \$929,899, \$46 over cash receipts. Total actual disbursements on the budget basis (cash disbursements plus encumbrances) for 2007 were \$899,034, \$43,712 under cash receipts.

Porter Township, Scioto County
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007

During 2008, the General Fund final budgeted receipts varied to the original budgeted receipts as there were amendments during the year. In 2008, the difference between final budgeted receipts and actual receipts was significant, with actual receipts exceeding budgeted receipts by \$159,245. Final disbursements were budgeted at \$958,909 while actual disbursements were \$929,899. Although receipts exceeded expectations, appropriations were not amended. The result is the increase in fund balance of \$46 for 2008.

During 2007, the difference between final budgeted receipts and actual receipts was significant, with actual receipts exceeding budgeted receipts by \$30,322. Final disbursements were budgeted at \$1,155,921 while actual disbursements were \$899,034. Although receipts exceeded expectations, appropriations were not amended. The result is the decrease in fund balance of \$43,712 for 2007.

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure other than taking an inventory of what is on hand in January of each year. The current liability and property insurance policy keeps an accurate record of Township property, equipment and vehicles.

Debt

At December 31, 2008, the Township had no debt outstanding.

Current Financial Related Activities

Porter Township is strong financially. As the preceding information shows, the Township heavily depends on its taxpayers. However, financially the future is not without challenges.

Contacting the Township Fiscal Officer

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 Ted Adams, Fiscal Officer, Porter Township, 1535 Dogwood Ridge Road, Wheelersburg, Ohio 45694.

PORTER TOWNSHIP
SCIOTO COUNTY
Statement of Net Assets - Modified Cash Basis
December 31, 2008

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$87,795
Investments	<u>926,830</u>
<i>Total Assets</i>	<u><u>\$1,014,625</u></u>
Net Assets	
Restricted for:	
Other Purposes	\$606,631
Unrestricted	<u>407,994</u>
<i>Total Net Assets</i>	<u><u>\$1,014,625</u></u>

See accompanying notes to the basic financial statements

**PORTER TOWNSHIP
SCIOTO COUNTY**

*Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2008*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions & Interest	Governmental Activities
Governmental Activities				
General Government	\$447,480	\$4,150		(\$443,330)
Public Safety	1,474,815	16,475	6,750	(1,451,590)
Public Works	526,552		144,403	(382,149)
Health	312,099	3,800		(308,299)
Conservation-Recreation	70,439	65,190		(5,249)
Capital Outlay	61,482			(61,482)
<i>Total Governmental Activities</i>	<u>\$2,892,867</u>	<u>\$89,615</u>	<u>\$151,153</u>	<u>(2,652,099)</u>
		General Receipts		
		Property and Other Local Taxes		1,709,924
		Grants and Entitlements not Restricted to Specific Programs		453,227
		Cable Franchise Fees		147,328
		Earnings on Investments		29,388
		Miscellaneous		15,533
		<i>Total General Receipts</i>		<u>2,355,400</u>
		Change in Net Assets		(296,699)
		<i>Net Assets Beginning of Year</i>		<u>1,311,324</u>
		<i>Net Assets End of Year</i>		<u>\$1,014,625</u>

See accompanying notes to the basic financial statements

**PORTER TOWNSHIP
SCIOTO COUNTY**

*Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2008*

	General	Road and Bridge Fund	Fire Fund	Emergency Medical Services Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$35,306	\$5,669	\$29,782	\$14,180	\$2,858	\$87,795
Investments	372,688	59,891	314,372	149,683	30,196	926,830
Total Assets	\$407,994	\$65,560	\$344,154	\$163,863	\$33,054	\$1,014,625
Fund Balances						
Reserved:						
Reserved for Encumbrances	\$739	\$627	\$566	\$1,413		\$3,345
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	407,255					407,255
Special Revenue Funds		64,933	343,588	162,450	33,054	604,025
Total Fund Balances	\$407,994	\$65,560	\$344,154	\$163,863	\$33,054	\$1,014,625

See accompanying notes to the basic financial statements

PORTER TOWNSHIP
SCIOTO COUNTY
Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2008

	General	Road and Bridge Fund	Fire Fund	Emergency Medical Services Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$448,866	\$252,682	\$339,677	\$493,524	\$175,175	\$1,709,924
Charges for Services	73,140			16,475		89,615
Licenses, Permits and Fees	147,328					147,328
Intergovernmental	223,087	46,292	66,095	95,663	171,696	602,833
Earnings on Investments	29,388				1,547	30,935
Miscellaneous		252	3,453	3,692		7,397
<i>Total Receipts</i>	<u>921,809</u>	<u>299,226</u>	<u>409,225</u>	<u>609,354</u>	<u>348,418</u>	<u>2,588,032</u>
Disbursements						
Current:						
General Government	447,480					447,480
Public Safety	95,114		356,745	816,006	206,950	1,474,815
Public Works		355,189			171,363	526,552
Health	312,099					312,099
Conservation-Recreation	70,439					70,439
Capital Outlay	4,028	50,569	805	6,080		61,482
<i>Total Disbursements</i>	<u>929,160</u>	<u>405,758</u>	<u>357,550</u>	<u>822,086</u>	<u>378,313</u>	<u>2,892,867</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(7,351)</u>	<u>(106,532)</u>	<u>51,675</u>	<u>(212,732)</u>	<u>(29,895)</u>	<u>(304,835)</u>
Other Financing Sources (Uses)						
Other Financing Sources	8,136					8,136
<i>Total Other Financing Sources (Uses)</i>	<u>8,136</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,136</u>
<i>Net Change in Fund Balances</i>	785	(106,532)	51,675	(212,732)	(29,895)	(296,699)
<i>Fund Balances Beginning of Year</i>	<u>407,209</u>	<u>172,092</u>	<u>292,479</u>	<u>376,595</u>	<u>62,949</u>	<u>1,311,324</u>
<i>Fund Balances End of Year</i>	<u>\$407,994</u>	<u>\$65,560</u>	<u>\$344,154</u>	<u>\$163,863</u>	<u>\$33,054</u>	<u>\$1,014,625</u>

See accompanying notes to the basic financial statements

**PORTER TOWNSHIP
SCIOTO COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$393,057	\$395,784	\$448,866	\$53,082
Charges for Services			73,140	73,140
Licenses, Permits and Fees	123,312	122,099	147,328	25,229
Intergovernmental	161,847	161,103	223,087	61,984
Earnings on Investments	23,121	24,356	29,388	5,032
Miscellaneous	61,656	60,615		(60,615)
<i>Total Receipts</i>	<u>762,993</u>	<u>763,957</u>	<u>921,809</u>	<u>157,852</u>
Disbursements				
Current:				
General Government	598,209	598,209	448,219	149,990
Public Safety	11,000	11,000	95,114	(84,114)
Health	232,000	232,000	312,099	(80,099)
Conservation-Recreation	106,700	106,700	70,439	36,261
Capital Outlay	11,000	11,000	4,028	6,972
<i>Total Disbursements</i>	<u>958,909</u>	<u>958,909</u>	<u>929,899</u>	<u>29,010</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(195,916)</u>	<u>(194,952)</u>	<u>(8,090)</u>	<u>186,862</u>
Other Financing Sources (Uses)				
Other Financing Sources	7,707	6,743	8,136	1,393
<i>Total Other Financing Sources (Uses)</i>	<u>7,707</u>	<u>6,743</u>	<u>8,136</u>	<u>1,393</u>
<i>Net Change in Fund Balance</i>	(188,209)	(188,209)	46	188,255
<i>Fund Balance Beginning of Year</i>	407,209	407,209	407,209	0
<i>Fund Balance End of Year</i>	<u>\$219,000</u>	<u>\$219,000</u>	<u>\$407,255</u>	<u>\$188,255</u>

See accompanying notes to the basic financial statements

**PORTER TOWNSHIP
SCIOTO COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$268,200	\$268,723	\$252,682	(\$16,041)
Intergovernmental	29,800	29,026	46,292	17,266
Miscellaneous		251	252	1
<i>Total Receipts</i>	<u>298,000</u>	<u>298,000</u>	<u>299,226</u>	<u>1,226</u>
Disbursements				
Current:				
Public Works	420,092	420,092	355,815	64,277
Capital Outlay	50,000	50,000	50,569	(569)
<i>Total Disbursements</i>	<u>470,092</u>	<u>470,092</u>	<u>406,384</u>	<u>63,708</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(172,092)</u>	<u>(172,092)</u>	<u>(107,158)</u>	<u>64,934</u>
<i>Net Change in Fund Balance</i>	(172,092)	(172,092)	(107,158)	64,934
<i>Fund Balance Beginning of Year</i>	172,092	172,092	172,092	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$64,934</u>	<u>\$64,934</u>

See accompanying notes to the basic financial statements

**PORTER TOWNSHIP
SCIOTO COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire Fund
For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$361,340	\$361,511	\$339,677	(\$21,834)
Intergovernmental	36,540	38,335	66,095	27,760
Miscellaneous	8,120	6,154	3,453	(2,701)
<i>Total Receipts</i>	<u>406,000</u>	<u>406,000</u>	<u>409,225</u>	<u>3,225</u>
Disbursements				
Current:				
Public Safety	697,479	697,479	357,311	340,168
Capital Outlay	1,000	1,000	805	195
<i>Total Disbursements</i>	<u>698,479</u>	<u>698,479</u>	<u>358,116</u>	<u>340,363</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(292,479)</u>	<u>(292,479)</u>	<u>51,109</u>	<u>343,588</u>
<i>Net Change in Fund Balance</i>	(292,479)	(292,479)	51,109	343,588
<i>Fund Balance Beginning of Year</i>	292,479	292,479	292,479	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$343,588</u>	<u>\$343,588</u>

See accompanying notes to the basic financial statements

**PORTER TOWNSHIP
SCIOTO COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Emergency Medical Services Fund
For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$539,400	\$536,566	\$493,524	(\$43,042)
Charges for Services	18,600	16,763	16,475	(288)
Intergovernmental	55,800	58,845	95,663	36,818
Miscellaneous	6,200	7,826	3,692	(4,134)
<i>Total Receipts</i>	620,000	620,000	609,354	(10,646)
Disbursements				
Current:				
Public Safety	876,595	876,595	817,419	59,176
Capital Outlay	120,000	120,000	6,080	113,920
<i>Total Disbursements</i>	996,595	996,595	823,499	173,096
<i>Excess of Receipts Over (Under) Disbursements</i>	(376,595)	(376,595)	(214,145)	162,450
<i>Net Change in Fund Balance</i>	(376,595)	(376,595)	(214,145)	162,450
<i>Fund Balance Beginning of Year</i>	376,595	376,595	376,595	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$162,450	\$162,450

See accompanying notes to the basic financial statements

PORTER TOWNSHIP
SCIOTO COUNTY
Statement of Net Assets - Modified Cash Basis
December 31, 2007

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$259,617
Investments	<u>1,051,707</u>
<i>Total Assets</i>	<u><u>\$1,311,324</u></u>
Net Assets	
Restricted for:	
Other Purposes	\$904,115
Unrestricted	<u>407,209</u>
<i>Total Net Assets</i>	<u><u>\$1,311,324</u></u>

See accompanying notes to the basic financial statements

PORTER TOWNSHIP
SCIOTO COUNTY
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2007

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions & Interest	Capital Grants and Contributions	
Governmental Activities					
General Government	\$426,973	\$2,950			(\$424,023)
Public Safety	1,164,062	34,052		59,184	(1,070,826)
Public Works	397,089		\$143,043		(254,046)
Health	308,281	6,000			(302,281)
Conservation-Recreation	91,520	64,091		3,500	(23,929)
Capital Outlay	113,647				(113,647)
<i>Total Governmental Activities</i>	<u>\$2,501,572</u>	<u>\$107,093</u>	<u>\$143,043</u>	<u>\$62,684</u>	<u>(2,188,752)</u>
		General Receipts			
		Property and Other Local Taxes			1,733,494
		Grants and Entitlements not Restricted to Specific Programs			394,160
		Cable Franchise Fees			82,270
		Earnings on Investments			66,196
		Miscellaneous			9,512
		<i>Total General Receipts</i>			<u>2,285,632</u>
		Change in Net Assets			96,880
		<i>Net Assets Beginning of Year</i>			<u>1,214,444</u>
		<i>Net Assets End of Year</i>			<u>\$1,311,324</u>

See accompanying notes to the basic financial statements

**PORTER TOWNSHIP
SCIOTO COUNTY**

*Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007*

	General	Road and Bridge Fund	Fire Fund	Emergency Medical Services Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$80,633	\$34,066	\$57,906	\$74,555	\$12,457	\$259,617
Investments	326,576	138,026	234,573	302,040	50,492	1,051,707
Total Assets	\$407,209	\$172,092	\$292,479	\$376,595	\$62,949	\$1,311,324
Fund Balances						
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	\$407,209					\$407,209
Special Revenue Funds		\$172,092	\$292,479	\$376,595	\$62,949	904,115
Total Fund Balances	\$407,209	\$172,092	\$292,479	\$376,595	\$62,949	\$1,311,324

See accompanying notes to the basic financial statements

PORTER TOWNSHIP
SCIOTO COUNTY
Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	General	Road and Bridge Fund	Fire Fund	Emergency Medical Services Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$423,581	\$262,649	\$352,620	\$513,354	\$181,290	\$1,733,494
Charges for Services	73,041			34,052		107,093
Licenses, Permits and Fees	82,270					82,270
Intergovernmental	207,752	37,502	51,855	75,058	223,962	596,129
Earnings on Investments	66,196				2,758	68,954
Donations					1,000	1,000
Miscellaneous		274	3,259	3,498		7,031
<i>Total Receipts</i>	<u>852,840</u>	<u>300,425</u>	<u>407,734</u>	<u>625,962</u>	<u>409,010</u>	<u>2,595,971</u>
Disbursements						
Current:						
General Government	426,973					426,973
Public Safety	54,021		340,744	568,949	200,348	1,164,062
Public Works		270,658			126,431	397,089
Health	308,281					308,281
Conservation-Recreation	88,020				3,500	91,520
Capital Outlay	21,738	1,208	16,553	14,964	59,184	113,647
<i>Total Disbursements</i>	<u>899,033</u>	<u>271,866</u>	<u>357,297</u>	<u>583,913</u>	<u>389,463</u>	<u>2,501,572</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(46,193)</u>	<u>28,559</u>	<u>50,437</u>	<u>42,049</u>	<u>19,547</u>	<u>94,399</u>
Other Financing Sources (Uses)						
Other Financing Sources	2,481					2,481
<i>Total Other Financing Sources (Uses)</i>	<u>2,481</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,481</u>
<i>Net Change in Fund Balances</i>	(43,712)	28,559	50,437	42,049	19,547	96,880
<i>Fund Balances Beginning of Year</i>	<u>450,921</u>	<u>143,533</u>	<u>242,042</u>	<u>334,546</u>	<u>43,402</u>	<u>1,214,444</u>
<i>Fund Balances End of Year</i>	<u>\$407,209</u>	<u>\$172,092</u>	<u>\$292,479</u>	<u>\$376,595</u>	<u>\$62,949</u>	<u>\$1,311,324</u>

See accompanying notes to the basic financial statements

**PORTER TOWNSHIP
SCIOTO COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$410,000	\$435,487	\$423,581	(\$11,906)
Charges for Services			73,041	73,041
Licenses, Permits and Fees	79,000	79,354	82,270	2,916
Intergovernmental	113,700	173,465	207,752	34,287
Earnings on Investments	60,000	63,849	66,196	2,347
Miscellaneous	55,500	70,451		(70,451)
<i>Total Receipts</i>	<u>718,200</u>	<u>822,606</u>	<u>852,840</u>	<u>30,234</u>
Disbursements				
Current:				
General Government	505,636	491,321	426,973	64,348
Public Safety	70,000	70,000	54,021	15,979
Health	405,000	405,000	308,281	96,719
Conservation-Recreation	186,600	186,600	88,020	98,580
Capital Outlay	3,000	3,000	21,738	(18,738)
<i>Total Disbursements</i>	<u>1,170,236</u>	<u>1,155,921</u>	<u>899,033</u>	<u>256,888</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(452,036)</u>	<u>(333,315)</u>	<u>(46,193)</u>	<u>287,122</u>
Other Financing Sources (Uses)				
Other Financing Sources	2,000	2,394	2,481	87
<i>Total Other Financing Sources (Uses)</i>	<u>2,000</u>	<u>2,394</u>	<u>2,481</u>	<u>87</u>
<i>Net Change in Fund Balance</i>	(450,036)	(330,921)	(43,712)	287,209
<i>Fund Balance Beginning of Year</i>	450,036	450,036	450,036	0
Prior Year Encumbrances Appropriated	885	885	885	0
<i>Fund Balance End of Year</i>	<u>\$885</u>	<u>\$120,000</u>	<u>\$407,209</u>	<u>\$287,209</u>

See accompanying notes to the basic financial statements

**PORTER TOWNSHIP
SCIOTO COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$267,000	\$269,298	\$262,649	(\$6,649)
Intergovernmental	23,000	16,441	37,502	21,061
Miscellaneous	1,000	261	274	13
<i>Total Receipts</i>	<u>291,000</u>	<u>286,000</u>	<u>300,425</u>	<u>14,425</u>
Disbursements				
Current:				
Public Works	431,677	408,533	270,658	137,875
Capital Outlay	2,000	2,000	1,208	792
<i>Total Disbursements</i>	<u>433,677</u>	<u>410,533</u>	<u>271,866</u>	<u>138,667</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(142,677)</u>	<u>(124,533)</u>	<u>28,559</u>	<u>153,092</u>
<i>Net Change in Fund Balance</i>	(142,677)	(124,533)	28,559	153,092
<i>Fund Balance Beginning of Year</i>	142,677	142,677	142,677	0
Prior Year Encumbrances Appropriated	<u>856</u>	<u>856</u>	<u>856</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$856</u></u>	<u><u>\$19,000</u></u>	<u><u>\$172,092</u></u>	<u><u>\$153,092</u></u>

See accompanying notes to the basic financial statements

**PORTER TOWNSHIP
SCIOTO COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire Fund
For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$354,000	\$365,067	\$352,620	(\$12,447)
Intergovernmental	33,000	22,808	51,855	29,047
Miscellaneous	10,000	3,125	3,259	134
<i>Total Receipts</i>	<u>397,000</u>	<u>391,000</u>	<u>407,734</u>	<u>16,734</u>
Disbursements				
Current:				
Public Safety	627,863	638,042	340,744	297,298
Capital Outlay	10,000	10,000	16,553	(6,553)
<i>Total Disbursements</i>	<u>637,863</u>	<u>648,042</u>	<u>357,297</u>	<u>290,745</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(240,863)</u>	<u>(257,042)</u>	<u>50,437</u>	<u>307,479</u>
<i>Net Change in Fund Balance</i>	(240,863)	(257,042)	50,437	307,479
<i>Fund Balance Beginning of Year</i>	240,863	240,863	240,863	0
Prior Year Encumbrances Appropriated	<u>1,179</u>	<u>1,179</u>	<u>1,179</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1,179</u>	<u>(\$15,000)</u>	<u>\$292,479</u>	<u>\$307,479</u>

See accompanying notes to the basic financial statements

**PORTER TOWNSHIP
SCIOTO COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Emergency Medical Services Fund
For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$520,000	\$530,357	\$513,354	(\$17,003)
Charges for Services	30,000	32,585	34,052	1,467
Intergovernmental	45,000	32,711	75,058	42,347
Miscellaneous	1,000	3,347	3,498	151
<i>Total Receipts</i>	<u>596,000</u>	<u>599,000</u>	<u>625,962</u>	<u>26,962</u>
Disbursements				
Current:				
Public Safety	918,295	887,776	568,949	318,827
Capital Outlay	10,000	10,000	14,964	(4,964)
<i>Total Disbursements</i>	<u>928,295</u>	<u>897,776</u>	<u>583,913</u>	<u>313,863</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(332,295)</u>	<u>(298,776)</u>	<u>42,049</u>	<u>340,825</u>
<i>Net Change in Fund Balance</i>	(332,295)	(298,776)	42,049	340,825
<i>Fund Balance Beginning of Year</i>	332,295	332,295	332,295	0
Prior Year Encumbrances Appropriated	2,251	2,251	2,251	0
<i>Fund Balance End of Year</i>	<u>\$2,251</u>	<u>\$35,770</u>	<u>\$376,595</u>	<u>\$340,825</u>

See accompanying notes to the basic financial statements

Porter Township
Scioto County, Ohio
Notes to the Basic Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 1 – Reporting Entity

Porter Township, Scioto 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. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Fiscal Officer.

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, fire protection, police protection, emergency services, and cemetery maintenance.

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 modified cash basis of accounting. This modified 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 modified cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange 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 is self-financing on a modified cash basis or draws from the Township's general receipts.

Note 2 – Summary of Significant Accounting Policies (Continued)

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 are all governmental.

Governmental Funds

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

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

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

Fire Fund – This fund receives property tax money to purchase fire equipment and provide fire protection services to residents of the Township.

Emergency Medical Services – This fund receives property tax money to provide ambulatory services to residents of the Township.

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 modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this modified 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.

Note 2 – Summary of Significant Accounting Policies (Continued)

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund level for all funds. ORC Section 5705.38(C) requires the minimum level of control to be at the function level.

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.

E. Cash and Investments

Township records identify the purchase of specific investments by specific funds.

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, respectively.

During 2008 and 2007, the Township invested in STAROhio.

STAROhio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2008.

G. Inventory and Prepaid Items

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

H. Capital Assets

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

Note 2 – Summary of Significant Accounting Policies (Continued)

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

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

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted for Other Purposes is comprised of net assets restricted for grants and construction, maintenance, and repair of Township roadways. 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.

N. Fund Balance Reserves

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

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the general fund and any major special revenue 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 modified cash basis are outstanding year end encumbrances that are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$885 for the General Fund, \$856 for the Road and Bridge Fund, \$1,179 for the Fire Fund, and \$2,251 for the Emergency Services Fund, for the year ended December 31, 2007. There were no encumbrances reported for the year ended December 31, 2008.

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.

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 (STAROhio).

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.

Porter Township
Scioto County, Ohio
Notes to the Basic Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 4 - Deposits and Investments (Continued)

Deposits

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.

Investments

As of December 31, 2008, the Township had the following investments:

	Carrying Value	Maturity
STAROhio	\$926,830	Average
Total Portfolio	\$926,830	

As of December 31, 2007, the Township had the following investments:

	Carrying Value	Maturity
STAROhio	\$1,051,707	Average
Total Portfolio	\$1,051,707	

STAROhio carries a rating of AAAM by Standard and Poor's. The Township's investment policy is limited to requiring compliance with state statutes. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service.

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Property tax receipts received in 2008 for real and public utility property taxes represents collections of the 2007 taxes. Property tax payments received during 2007 (2008) for tangible personal property (other than public utility property) is for 2008 taxes.

2008 real property taxes are levied after October 1, 2008 on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2008 real property taxes are collected in and intended to finance 2009.

Real property taxes are payable annually or semi-annually. 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 tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2008 public utility property taxes which became a lien on December 31, 2007, are levied after October 1, 2008, and are collected in 2009 with real property taxes.

2008 tangible property taxes are levied after October 1, 2007, on the value as of December 31, 2007. Collections are made in 2008. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

Note 5 – Property Taxes (Continued)

The full tax rate for all Township operations for the year ended December 31, 2008, was \$16.92 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2008 property tax receipts were based was \$137,656,360.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

Note 6 – Risk Management

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. 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

For an occurrence prior to January 1, 2006 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. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage 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 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

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. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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 government.

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

Porter Township
Scioto County, Ohio
Notes to the Basic Financial Statements
For the Years Ended December 31, 2008 and 2007

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 retained earnings at December 31, 2007 and 2006 (the latest information 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>\$29,852,866</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 \$62,000. 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>Contributions to OTARMA</u>	
2006	\$30,904
2007	\$25,048
2008	\$26,460

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

Note 7 – Defined Benefit Pension Plans

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, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

For the years ended December 31, 2008 and 2007, the members of all three plans, except those in law enforcement participating in the traditional plan, were required to contribute 10 percent and 9.5 percent, respectively, of their annual covered salaries. The Township's contribution rate for pension benefits for 2008 was 14 percent and 2007 was 13.85 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$177,717, \$146,818 and \$111,209 respectively; 100 percent has been contributed for 2008, 2007 and 2006.

B. Ohio Police and Fire Pension Fund

The Township contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Township is required to contribute 19.5 percent for police officers and 24 percent for firefighters. Contributions are authorized by State statute. The Township's contributions to the Fund for police and firefighters were \$41,943 for the year ended December 31, 2008; \$46,451 for the year ended December 31, 2007 and \$33,253 for the year ended December 31, 2006. The full amount has been contributed for 2008, 2007 and 2006.

Note 8 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. 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 and 2007 local government employer contribution rates were 14 and 13.85 percent, respectively, of covered payroll; 7 percent in 2008 and 5 percent of covered payroll was the portion that was used to fund health care from January 1 through June 30 and 6 percent of covered payroll was the portion used to fund health care from July 1 through December 31.

Benefits are advance-funded using the individual entry age 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 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase between .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

All investments are carried at market value. 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, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. Actual employer contributions for 2008 and 2007, which were used to fund postemployment benefits, were \$1,828 and \$2,348, respectively. The actual contribution and the actuarially required contribution amounts are the same. OPER'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. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 6.75 percent of covered payroll was applied to the postemployment health care program during 2008 and 2007.

Porter Township
Scioto County, Ohio
Notes to the Basic Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 8 - Postemployment Benefits (Continued)

B. Ohio Police and Fire Pension Fund (Continued)

In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The OP&F's total health care expense for the year ended December 31, 2007; (the latest information available) was \$93,205,319, which was net of member contributions of \$56,031,875. The number of OP&F participants eligible to receive health care benefits as of December 31, 2007, was 14,295 for police and 10,583 for firefighters.

Note 9 – Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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Mary Taylor, CPA

Auditor of State

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

Porter Township
Scioto County
1535 Dogwood Ridge Road
P.O. Box 427
Wheelersburg, Ohio 45694

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 Porter Township, Scioto 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 and have issued our report thereon dated November 12, 2009, wherein we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion 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.

We also noted a certain internal control matter that we reported to the Township's management in a separate letter dated November 12, 2009.

Compliance and Other Matters

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

We also noted certain noncompliance or other matters that we reported to the Township's management in a separate letter dated November 12, 2009.

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.



Mary Taylor, CPA
Auditor of State

November 12, 2009

**PORTER TOWNSHIP
SCIOTO COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2006-001	Ohio Rev. Code Section 5705.41(D)(1) – Properly Encumbering	Yes	N/A



Mary Taylor, CPA
Auditor of State

PORTER TOWNSHIP

SCIOTO COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 1, 2009**