

428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave
Parkersburg, WV 26101
304.422.2203

121 E Main St
St. Clairsville, OH 43950
740.695.1569



**LAUREL TOWNSHIP
HOCKING COUNTY**

Regular Audit

For the Years Ended December 31, 2014 and 2013

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Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Laurel Township, Hocking County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2013 through December 31, 2014. 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. The Laurel Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 15, 2015

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Laurel Township
Hocking County

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Laurel Township
Hocking County

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INDEPENDENT AUDITOR'S REPORT

April 30, 2015

Laurel Township
Hocking County
26971 Wildcat Road
Rockbridge, OH 43149

To the Board of Trustees:

Report on the Financial Statements

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, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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Opinion

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, 2014 and 2013, and the respective changes in cash financial position and the budgetary comparison for the General, Road & Bridge and Gasoline Tax Funds thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Other Information

We applied no procedures to the Management's Discussion and Analysis presented on pages 3 – 8 of the report, and accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2015, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

Laurel Township, Hocking County
Management's Discussion and Analysis
For the Years Ended December 31, 2014 and 2013
Unaudited

This discussion and analysis of Laurel Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2013 and 2014, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2014 and 2013 are as follows:

Net position of governmental activities increased \$64,687, or 16 percent, in 2014, and decreased \$20,062, or 6 percent, in 2013.

The Township's general receipts are primarily property and permissive sales (lodging) taxes. These receipts represent respectively 89 percent in 2014, and 90 percent in 2013, of the total cash received for governmental activities during the year.

Using the Basic Financial Statements

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

Report Components

The Statement of Net Position and the Statement of Activities provide information about the cash activities of the Township as a whole.

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

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

Basis of Accounting

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

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

Reporting the Township as a Whole

The Statement of Net Position and the Statement of Activities reflect how the Township did financially during 2014 and 2013, within the limitations of cash basis accounting. The Statement of Net Position 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 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 Position 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, Gasoline Tax, and Road and Bridge Funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Laurel Township, Hocking County
Management's Discussion and Analysis
For the Years Ended December 31, 2014 and 2013
Unaudited

The Township as a Whole

Table 1 provides a summary of the Township's Net Position for 2014 compared to 2013 and 2012 on a cash basis:

(Table 1)
Net Position

	Governmental Activities			Variance	Variance
	2014	2013	2012	13-'14	12-'13
Assets					
Cash and Cash Equivalents	\$ 403,713	\$ 339,026	\$ 359,088	\$ 64,687	\$ (20,062)
Total Assets	<u>\$ 403,713</u>	<u>\$ 339,026</u>	<u>\$ 359,088</u>	<u>\$ 64,687</u>	<u>\$ (20,062)</u>
Net Position					
Restricted for:					
Capital Projects	\$ 2,222	\$ 120	\$ -	\$ 120	\$ 2,102
Other Purposes	223,963	137,982	127,492	(10,490)	(85,981)
Unrestricted	177,528	200,924	231,596	30,648	23,396
Total Net Position	<u>\$ 403,713</u>	<u>\$339,026</u>	<u>\$ 359,088</u>	<u>\$ 20,158</u>	<u>\$ (62,585)</u>

As mentioned previously, Net Position of governmental activities increased 16% in 2014 and decreased 6% in 2013.

Laurel Township, Hocking County
Management's Discussion and Analysis
For the Years Ended December 31, 2014 and 2013
Unaudited

Table 2 reflects the changes in Net Position on a cash basis in 2014 and 2013 for governmental activities.

(Table 2)
Changes in Net Position

	Governmental Activities		
	2014	2013	2012
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$ 750	\$ -	\$ -
Operating Grants and Contributions	108,999	108,739	108,161
Capital Grants and Contributions	10,218	11,307	40,472
Total Program Receipts	<u>119,967</u>	<u>120,046</u>	<u>148,633</u>
General Receipts:			
Property and Other Local Taxes	153,710	149,033	149,615
Other Taxes	141,170	122,290	127,983
Grants and Entitlements Not Restricted to Specific Programs	22,386	17,356	39,041
Sale of Fixed Assets	-	20	14,151
Interest	722	1,957	2,699
Miscellaneous	13,129	1,590	2,062
Extraordinary item	-	10,875	-
Total General Receipts	<u>331,117</u>	<u>303,121</u>	<u>335,551</u>
Total Receipts	<u>451,084</u>	<u>423,167</u>	<u>484,184</u>
Disbursements:			
General Government	128,745	135,064	129,467
Public Safety:	22,973	23,158	22,512
Public Health Services	4,005	4,305	3,849
Conservation-Recreation	12,276	17,982	14,429
Public Works	112,691	171,530	262,700
Capital Outlay	<u>105,707</u>	<u>91,190</u>	<u>86,350</u>
Total Disbursements	<u>386,397</u>	<u>443,229</u>	<u>519,307</u>
Change in Net Position	64,687	(20,062)	(35,123)
Net Position, January 1	<u>339,026</u>	<u>359,088</u>	<u>394,211</u>
Net Position, December 31	<u>\$ 403,713</u>	<u>\$ 339,026</u>	<u>\$ 359,088</u>

Program receipts represent 27, 28, and 31 percent in '14, '13, and '12 respectively, of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 73, 72, and 69 percent in '14, '13, and '12 respectively, of the Township's total receipts, and of this amount, 89, 90 and 83 percent are local taxes in '14, '13 and '12. State and federal grants and entitlements make up 7, 6 and 12 percent in '14, '13 and '12 while sale of fixed assets, interest and miscellaneous receipts make up the balance of the Township's general receipts (4% in '14, 5% in '13, and 6% in '12).

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.

Laurel Township, Hocking County
Management's Discussion and Analysis
For the Years Ended December 31, 2014 and 2013
Unaudited

Governmental Activities

The first column Statement of Activities on pages 10 and 17 list 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 33 and 62 percent respectively in '14 and 30 and 69 percent respectively in '13, of all governmental disbursements. Capital outlay also represents a significant cost in 2014 and 2013, about 27 and 21 percent 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 2014	Net Cost of Services 2014	Total Cost of Services 2013	Net Cost of Services 2013
General Government	\$ 128,745	\$ 128,745	\$ 135,064	\$ 135,064
Public Safety	22,973	21,986	23,158	20,863
Public Works	112,691	(3,373)	171,530	56,003
Health	4,005	3,255	4,305	4,305
Conservation-Recreation	12,276	10,110	17,981	15,757
Capital Outlay	105,707	105,707	91,190	91,190
Total Expenses	\$ 386,397	\$ 266,430	\$ 443,228	\$ 323,182

The Township's Funds

Total governmental funds had receipts of \$451,084 and disbursements of \$386,397 in 2014 and receipts of \$412,291 and disbursements of \$443,228 in 2013. The greatest change within governmental funds occurred within the fund.

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 2014 and 2013, the Township amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were less than original budgeted receipts due to unexpected increase in lodging and property tax receipts. The difference between final budgeted receipts and actual receipts was \$21,737 in 2014 and \$9,089 in 2013.

Final disbursements were budgeted at \$290,799 in 2014 and \$311,753 in 2013 while actual disbursements were \$246,890 and \$239,329 respectively.

Laurel Township, Hocking County
Management's Discussion and Analysis
For the Years Ended December 31, 2014 and 2013
Unaudited

Capital Position and Debt Administration

Capital Position

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 Position - Cash Basis
December 31, 2014

	<u>Governmental Activities</u>
Equity in Pooled Cash and Cash Equivalents	<u>\$ 403,713</u>
Net Position	
Restricted for:	
Capital Projects	\$ 2,222
Other Purposes	223,963
Unrestricted	<u>177,528</u>
<i>Total Net Position</i>	<u>\$ 403,713</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, 2014

	Program Cash Receipts				Net (Disbursements)
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Receipts and Changes in Net Position
					Governmental Activities
Governmental Activities					
Current:					
General Government	\$ 128,745	\$ -	\$ -	\$ -	\$ (128,745)
Public Safety	22,973	-	987	-	(21,986)
Public Works	112,691	-	105,846	10,218	3,373
Health	4,005	750	-	-	(3,255)
Conservation-Recreation	12,276	-	2,166	-	(10,110)
Capital Outlay	105,707	-	-	-	(105,707)
<i>Total Governmental Activities</i>	<u>\$ 386,397</u>	<u>\$ 750</u>	<u>\$ 108,999</u>	<u>\$ 10,218</u>	<u>(266,430)</u>
General Receipts					
Property Taxes					153,710
Other Taxes					141,170
Grants and Entitlements not Restricted to Specific Programs					22,386
Earnings on Investments					722
Miscellaneous					13,129
<i>Total General Receipts</i>					<u>331,117</u>
Change in Net Position					64,687
<i>Net Position Beginning of Year</i>					<u>339,026</u>
<i>Net Position End of Year</i>					<u>\$ 403,713</u>

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

**LAUREL TOWNSHIP
HOCKING COUNTY**
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2014

	General	Gasoline Tax	Road and Bridge	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 179,750	\$ 63,312	\$ 48,277	\$ 112,374	\$ 403,713
Fund Balances					
Restricted	\$ -	\$ 62,452	\$ 47,934	\$ 112,319	\$ 222,705
Committed	1,609	860	343	55	2,867
Unassigned	178,141	-	-	-	178,141
<i>Total Fund Balances</i>	<u>\$ 179,750</u>	<u>\$ 63,312</u>	<u>\$ 48,277</u>	<u>\$ 112,374</u>	<u>\$ 403,713</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 Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2014*

	General	Gasoline Tax	Road and Bridge	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$ 197,636	\$ -	\$ 48,400	\$ 48,844	\$ 294,880
Intergovernmental	22,387	86,862	5,198	27,156	141,603
Earnings on Investments	603	76	-	43	722
Other	3,361	3,504	1,519	5,495	13,879
<i>Total Receipts</i>	<u>223,987</u>	<u>90,442</u>	<u>55,117</u>	<u>81,538</u>	<u>451,084</u>
Disbursements					
Current:					
General Government	124,363	-	-	4,382	128,745
Public Safety	12,300	-	-	10,673	22,973
Public Works	8,779	54,832	29,363	19,717	112,691
Health	1,560	-	-	2,445	4,005
Conservation/Recreation	-	-	-	12,276	12,276
Capital Outlay	98,280	-	-	7,427	105,707
<i>Total Disbursements</i>	<u>245,282</u>	<u>54,832</u>	<u>29,363</u>	<u>56,920</u>	<u>386,397</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(21,295)	35,610	25,754	24,618	64,687
<i>Fund Balances Beginning of Year</i>	<u>201,044</u>	<u>27,701</u>	<u>22,524</u>	<u>87,757</u>	<u>339,026</u>
<i>Fund Balances End of Year</i>	<u>\$ 179,749</u>	<u>\$ 63,311</u>	<u>\$ 48,278</u>	<u>\$ 112,375</u>	<u>\$ 403,713</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, 2014

	<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	\$ 178,000	\$ 178,000	\$ 197,636	\$ 19,636
Intergovernmental	22,250	22,250	22,387	137
Earnings on investments	1,500	1,500	603	(897)
Other	500	500	3,361	2,861
<i>Total Receipts</i>	<u>202,250</u>	<u>202,250</u>	<u>223,987</u>	<u>21,737</u>
Disbursements				
Current:				
General Government	147,349	146,949	125,971	20,978
Public Safety	12,400	12,400	12,300	100
Public Works	15,950	16,350	8,779	7,571
Health	4,100	4,100	1,560	2,540
Capital Outlay	111,000	111,000	98,280	12,720
<i>Total Disbursements</i>	<u>290,799</u>	<u>290,799</u>	<u>246,890</u>	<u>43,909</u>
<i>Net Change in Fund Balance</i>	(88,549)	(88,549)	(22,903)	65,646
<i>Unencumbered Fund Balance Beginning of Year</i>	200,526	200,526	200,526	-
Prior Year Encumbrances Appropriated	519	519	519	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 112,496</u>	<u>\$ 112,496</u>	<u>\$ 178,142</u>	<u>\$ 65,646</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, 2014

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$ 85,000	\$ 85,000	\$ 86,862	\$ 1,862
Interest	100	100	76	(24)
Other	-	-	3,504	3,504
<i>Total Receipts</i>	<u>85,100</u>	<u>85,100</u>	<u>90,442</u>	<u>5,342</u>
Disbursements				
Current:				
Public Works	82,406	82,406	55,692	26,714
<i>Total Disbursements</i>	<u>82,406</u>	<u>82,406</u>	<u>55,692</u>	<u>26,714</u>
<i>Net Change in Fund Balance</i>	2,694	2,694	34,750	32,056
<i>Unencumbered Fund Balance Beginning of Year</i>	26,167	26,167	26,167	-
Prior Year Encumbrances Appropriated	<u>1,534</u>	<u>1,534</u>	<u>1,534</u>	<u>-</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 30,395</u>	<u>\$ 30,395</u>	<u>\$ 62,451</u>	<u>\$ 32,056</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 Fund
For the Year Ended December 31, 2014*

	<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	\$ 49,210	\$ 49,210	\$ 48,400	\$ (810)
Intergovernmental	5,000	5,000	5,198	198
Other	-	-	1,519	1,519
<i>Total Receipts</i>	<u>54,210</u>	<u>54,210</u>	<u>55,117</u>	<u>907</u>
Disbursements				
Current:				
Public Works	<u>55,842</u>	<u>55,842</u>	<u>29,707</u>	<u>26,135</u>
<i>Total Disbursements</i>	<u>55,842</u>	<u>55,842</u>	<u>29,707</u>	<u>26,135</u>
<i>Net Change in Fund Balance</i>	(1,632)	(1,632)	25,410	27,042
<i>Unencumbered Fund Balance Beginning of Year</i>	17,382	17,382	17,382	-
Prior Year Encumbrances Appropriated	<u>5,142</u>	<u>5,142</u>	<u>5,142</u>	<u>-</u>
<i>Unencumbered Fund Balance End of Year</i>	<u><u>\$ 20,892</u></u>	<u><u>\$ 20,892</u></u>	<u><u>\$ 47,934</u></u>	<u><u>\$ 27,042</u></u>

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

LAUREL TOWNSHIP
HOCKING COUNTY
Statement of Net Position - Cash Basis
December 31, 2013

	<u>Governmental Activities</u>
Equity in Pooled Cash and Cash Equivalents	<u>\$ 339,026</u>
Net Position	
Restricted for:	
Capital Projects	\$ 120
Other Purposes	137,982
Unrestricted	<u>200,924</u>
<i>Total Net Position</i>	<u><u>\$ 339,026</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, 2013

	Program Cash Receipts			Net (Disbursements)
	Cash Disbursements	Operating Grants and Contributions	Capital Grants and Contributions	Receipts and Changes in Net Position Governmental Activities
Governmental Activities				
Current:				
General Government	\$ 135,064	\$ -	\$ -	\$ (135,064)
Public Safety	23,158	988	1,307	(20,863)
Public Works	171,530	105,527	10,000	(56,003)
Health	4,305	-	-	(4,305)
Conservation-Recreation	17,981	2,224	-	(15,757)
Capital Outlay	91,190	-	-	(91,190)
Total Governmental Activities	\$ 443,228	\$ 108,739	\$ 11,307	(323,182)
General Receipts				
Property Taxes				149,033
Other Taxes				122,290
Grants and Entitlements not Restricted to Specific Programs				17,354
Sale of Fixed Assets				20
Earnings on Investments				1,957
Miscellaneous				1,590
Extraordinary Item				10,875
Total General Receipts and Extraordinary Item				303,119
Change in Net Position				(20,063)
<i>Net Position Beginning of Year</i>				<u>359,089</u>
<i>Net Position End of Year</i>				<u>\$ 339,026</u>

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

**LAUREL TOWNSHIP
HOCKING COUNTY**
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2013

	General	Gasoline Tax	Road and Bridge	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 201,044	\$ 27,701	\$ 22,524	\$ 87,757	\$ 339,026
Fund Balances					
Restricted	\$ -	\$ 27,701	\$ 22,524	\$ 87,757	\$ 137,982
Assigned	120	-	-	-	120
Unassigned	200,924	-	-	-	200,924
<i>Total Fund Balances</i>	<u>\$ 201,044</u>	<u>\$ 27,701</u>	<u>\$ 22,524</u>	<u>\$ 87,757</u>	<u>\$ 339,026</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 Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2013

	General	Gasoline Tax	Road and Bridge	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$ 177,207	\$ -	\$ 47,072	\$ 47,044	\$ 271,323
Intergovernmental	17,354	85,392	5,343	29,311	137,400
Earnings on Investments	1,731	117	-	110	1,958
Other	1,072	-	17	501	1,590
<i>Total Receipts</i>	<u>197,364</u>	<u>85,509</u>	<u>52,432</u>	<u>76,966</u>	<u>412,271</u>
Disbursements					
Current:					
General Government	135,064	-	-	-	135,064
Public Safety	12,273	-	-	10,885	23,158
Public Works	840	81,831	48,655	40,203	171,529
Health	1,725	-	-	2,580	4,305
Conservation/Recreation	-	-	-	17,982	17,982
Capital Outlay	88,910	-	-	2,280	91,190
<i>Total Disbursements</i>	<u>238,812</u>	<u>81,831</u>	<u>48,655</u>	<u>73,930</u>	<u>443,228</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(41,448)</u>	<u>3,678</u>	<u>3,777</u>	<u>3,036</u>	<u>(30,957)</u>
Other Financing Sources (Uses)					
Sale of Fixed Assets	20	-	-	-	20
Transfers In	-	1,307	-	-	1,307
Transfers Out	-	-	-	(1,307)	(1,307)
<i>Total Other Financing Sources (Uses)</i>	<u>20</u>	<u>1,307</u>	<u>-</u>	<u>(1,307)</u>	<u>20</u>
Extraordinary Items					
Extraordinary Item (Roof Damage Claim)	10,875	-	-	-	-
<i>Net Change in Fund Balances</i>	<u>(30,553)</u>	<u>4,985</u>	<u>3,777</u>	<u>1,729</u>	<u>(30,937)</u>
<i>Fund Balances Beginning of Year</i>	<u>231,597</u>	<u>22,716</u>	<u>18,747</u>	<u>86,028</u>	<u>359,088</u>
<i>Fund Balances End of Year</i>	<u>\$ 201,044</u>	<u>\$ 27,701</u>	<u>\$ 22,524</u>	<u>\$ 87,757</u>	<u>\$ 339,026</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, 2013

	<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	\$ 172,925	\$ 172,925	\$ 177,207	\$ 4,282
Intergovernmental	14,250	14,250	17,354	3,104
Earnings on investments	1,000	1,000	1,731	731
Other	100	100	1,072	972
<i>Total Receipts</i>	<u>188,275</u>	<u>188,275</u>	<u>197,364</u>	<u>9,089</u>
Disbursements				
Current:				
General Government	150,829	151,828	135,583	16,245
Public Safety	12,500	12,500	12,273	227
Public Works	60,950	45,950	840	45,110
Health	5,100	5,100	1,724	3,376
Capital Outlay	5,000	96,375	88,909	7,466
<i>Total Disbursements</i>	<u>234,379</u>	<u>311,753</u>	<u>239,329</u>	<u>72,424</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(46,104)</u>	<u>(123,478)</u>	<u>(41,965)</u>	<u>81,512</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets	-	-	20	20
Transfers Out	(50,000)	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>(50,000)</u>	<u>-</u>	<u>20</u>	<u>20</u>
Extraordinary Item (Roof Damage Claim)	-	-	10,875	10,875
<i>Net Change in Fund Balance</i>	(96,104)	(123,478)	(31,070)	92,407
<i>Unencumbered Fund Balance Beginning of Year</i>	231,198	231,198	231,198	-
Prior Year Encumbrances Appropriated	399	399	399	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 135,493</u>	<u>\$ 108,119</u>	<u>\$ 200,527</u>	<u>\$ 92,407</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, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$ 80,000	\$ 80,000	\$ 85,392	\$ 5,392
Interest	100	100	117	17
<i>Total Receipts</i>	<u>80,100</u>	<u>80,100</u>	<u>85,509</u>	<u>5,409</u>
Disbursements				
Current:				
Public Works	94,597	94,597	83,365	11,232
<i>Total Disbursements</i>	<u>94,597</u>	<u>94,597</u>	<u>83,365</u>	<u>11,232</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(14,497)</u>	<u>(14,497)</u>	<u>2,144</u>	<u>16,641</u>
Other Financing Sources (Uses)				
Transfers In	-	-	1,307	1,307
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>1,307</u>	<u>1,307</u>
<i>Net Change in Fund Balance</i>	(14,497)	(14,497)	3,451	17,948
<i>Unencumbered Fund Balance Beginning of Year</i>	22,420	22,420	22,420	-
Prior Year Encumbrances Appropriated	297	297	297	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 8,220</u>	<u>\$ 8,220</u>	<u>\$ 26,168</u>	<u>\$ 17,948</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 Fund
For the Year Ended December 31, 2013*

	<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	\$ 49,650	\$ 49,650	\$ 47,072	\$ (2,578)
Intergovernmental	5,500	5,500	5,343	(157)
Other	-	-	17	17
<i>Total Receipts</i>	<u>55,150</u>	<u>55,150</u>	<u>52,432</u>	<u>(2,718)</u>
Disbursements				
Current:				
Public Works	66,683	66,683	53,797	12,886
<i>Total Disbursements</i>	<u>66,683</u>	<u>66,683</u>	<u>53,797</u>	<u>12,886</u>
<i>Net Change in Fund Balance</i>	(11,533)	(11,533)	(1,365)	10,168
<i>Unencumbered Fund Balance Beginning of Year</i>	18,064	18,064	18,064	-
Prior Year Encumbrances Appropriated	683	683	683	-
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 7,214</u>	<u>\$ 7,214</u>	<u>\$ 17,382</u>	<u>\$ 10,168</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, 2014 and 2013

Note 1 – Reporting Entity

Laurel Township, Hocking County, Ohio (the Township), is a body politic 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 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.

**Laurel Township
Hocking County**

*Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013*

Note 2 – Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net position 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 Position 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 Position 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.

**Laurel Township
Hocking County**

*Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013*

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Fund accounting (Continued)

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- The general fund accounts for and reports all financial resources not accounted for and reported 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- The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township

Road and Bridge Fund- The road and bridge fund accounts for and reports property tax (inside millage) committed for the construction, reconstruction, resurfacing and repair of Township roads and bridges.

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

C. Basis of Accounting

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

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

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, 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, department, 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 Financial Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township Trustees.

**Laurel Township
Hocking County**

*Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013*

Note 2 – Summary of Significant Accounting Policies (Continued)

D. Budgetary Process (Continued)

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 appropriations 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 Trustees during the year, including all supplemental appropriations.

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.

During 2014 and 2013, the Township invested in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit are reported at cost.

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 2014 was \$603 which includes \$268 assigned from other Township funds. In 2013, interest receipts credited to the General Fund was \$1,731 which includes \$660 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.

**Laurel Township
Hocking County**

*Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013*

Note 2 – Summary of Significant Accounting Policies (Continued)

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 Position

Net position is 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 position 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.

L. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable: The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted: Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Township Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned: Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. Assigned amounts represent intended uses established by the Township Trustees. The Township Trustees have authorized the Fiscal Officer to assign fund balance for purchases on order provided those amounts have been lawfully appropriated.

Unassigned: Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

**Laurel Township
Hocking County**

*Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013*

Note 2 – Summary of Significant Accounting Policies (Continued)

L. Fund Balance (Continued)

The Township applies restricted resources first when disbursements are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

M. Extraordinary Items Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence.

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, Gasoline Tax and Road and Bridge Funds 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, which are treated as cash disbursements (budgetary basis) rather than restricted, committed or assigned fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$1,608 for the General Fund, \$860 for the Gasoline Tax Fund and \$344 for the Road and Bridge Fund in 2014. The encumbrances outstanding at year end (budgetary basis) amounted to \$518 for the General Fund, \$1,534 for the Gasoline Tax Fund and \$5,142 for the Road and Bridge Fund in 2013.

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, 2014 and 2013*

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

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 \$403,713 and \$339,026 and the bank balance was \$414,098 and \$361,254 at December 31, 2014 and December 31, 2013, 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, 2014 and 2013*

Note 4 – Deposits and Investments (Continued)

Investments

As of December 31, 2014, the Township had the following Certificates of Deposit:

	<u>Value</u>
Citizens Bank of Logan Certificate of Deposit	\$ 2,254
Citizens Bank of Logan Certificate of Deposit	3,000
Citizens Bank of Logan Certificate of Deposit	5,375
Citizens Bank of Logan Certificate of Deposit	2,000
Citizens Bank of Logan Certificate of Deposit	6,672
Nelsonville Bank	2,093
Total	<u>\$ 21,394</u>

As of December 31, 2013, the Township had the following Certificates of Deposit:

	<u>Value</u>
Citizens Bank of Logan Certificate of Deposit	\$ 2,229
Citizens Bank of Logan Certificate of Deposit	2,000
Citizens Bank of Logan Certificate of Deposit	3,000
Citizens Bank of Logan Certificate of Deposit	5,375
Citizens Bank of Logan Certificate of Deposit	6,654
Nelsonville Bank	2,086
Total	<u>\$ 21,344</u>

Note 5 – Property Taxes

Property taxes include amounts levied against all real property and public utility property located in the Township. Property tax revenue received during 2014 for real and public utility property taxes represents collections of 2013 taxes. Property tax revenue received during 2013 for real and public utility property taxes represents collections of 2012 taxes.

2014 real property taxes were levied after October 1, 2014, on the assessed value as of January 1, 2014, the lien date. 2013 real property taxes were levied after October 1, 2013, on the assessed value as of January 1, 2013, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2014 real property taxes are collected in and intended to finance 2015 operations. 2013 real property taxes are collected in and intended to finance 2014 operations.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2014 public utility property taxes became a lien on December 31, 2013, were levied after October 1, 2014, and are collected in 2015 with real property taxes. 2013 public utility property taxes became a lien on December 31, 2012, were levied after October 1, 2013, and are collected in 2014 with real property taxes.

**Laurel Township
Hocking County**

*Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013*

Note 5 – Property Taxes (Continued)

The full tax rate for all Township operations for the years ended December 31, 2014 and 2013 was \$3.90 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2014 (2013) and 2013 (2012) property tax receipts were based are as follows:

Real Property	2013	2012
Residential	\$25,164,860	\$26,555,470
Agricultural	5,656,840	5,240,080
Commercial/Industrial/Mineral	1,279,430	1,294,340
Tangible Personal Property		
Business		
Public Utility	11,065,780	10,928,230
Total Assessed Value	43,166,910	44,018,120

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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2013, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

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

**Laurel Township
Hocking County**

*Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013*

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, 2013 and 2012 (the latest information available):

	<u>2013</u>	<u>2012</u>
Assets	\$34,954,286	\$34,771,270
Liabilities	\$8,486,363	\$9,355,082
Net Position	\$26,467,923	\$25,416,188

As of December 31, 2014, the Township's share of these unpaid claims collectible in future years is approximately \$4,000.

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>	
<u>2014</u>	<u>2013</u>
\$7,653	\$7,555

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to 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 occurred or was reported prior to the withdrawal.

Note 7 - Defined Benefit Pension Plan

Ohio Public Employees Retirement System

Plan Description - The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Plan is a costsharing, 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 costsharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

**Laurel Township
Hocking County**

*Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013*

Note 7 - Defined Benefit Pension Plan (Continued)

Ohio Public Employees Retirement System (Continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Pension 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. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14.0 percent of covered payroll for State and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10.0 percent of covered payroll for members in State and local divisions and 12.0 percent for law enforcement and public safety employer units. For the year ended December 31, 2013, members in State and local divisions contributed 10.0 percent of covered payroll while public safety and law enforcement members contributed 12.0 and 12.6 percent, respectively. Effective January 1, 2014, the member contribution rates for law enforcement increased to 13.0 percent. While members in the State and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2013, member and employer contribution rates were consistent across all three plans.

The Township's 2014 and 2013 contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. For 2014 and 2013, the portion of employer contribution allocated to health care was 1.0 percent for members in the Traditional Plan and the Combined Plan. Effective January 1, 2014, the portion of employer contributions allocated to

health care increased to 2.0 percent. Employer contribution rates are actuarially determined.

The Township's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2014, 2013, and 2012 was \$9,599, \$8,595, and \$8,697, respectively. The full amount has been contributed for all three years. No contributions to the Member-Directed Plan were made.

Note 8 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description - Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan-a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan-a defined contribution plan; and the Combined Plan-a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement.

**Laurel Township
Hocking County**

*Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013*

Note 8 - Postemployment Benefits (Continued)

Ohio Public Employees Retirement System (Continued)

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report, which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy - The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-employment health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014 and 2013, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2013, the portion of employer contributions allocated to health care for members in the Traditional Plan and the Combined Plan was 1.0 percent. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2.0 percent for both plans, as recommended by the OPERS actuary.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Township's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2014, 2013, and 2012 were \$192, \$86, and \$87, respectively. The full amount has been contributed for all three years.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing on January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.0 percent of the employer contributions toward the health care fund after the end of the transition period.

Note 9 – Interfund Transfers

During 2013 \$1,307 was transferred from the FEMA fund to the Gasoline Fund. The reason for the transfer was to reimburse for FEMA monies received.

**Laurel Township
Hocking County**

*Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013*

Note 10 – 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 of any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial. The Township is not party to any litigation

Note 11 – Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below.

2014:

<u>Fund Balances</u>	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Other Governmental</u>	<u>Total</u>
Restricted For:					
Cemetery	\$ -	\$ -	\$ -	\$ 25,470	\$ 25,470
Public Works	-	62,452	47,934	45,607	155,993
Recreation Programs	-	-	-	21,323	21,323
Fire Operations	-	-	-	19,919	19,919
Total Restricted	<u>-</u>	<u>62,452</u>	<u>47,934</u>	<u>112,319</u>	<u>222,705</u>
Committed To:					
Open Purchase Order	-	229	343	-	572
Payroll Taxes	1,609	631	-	55	2,295
Total Committed	<u>1,609</u>	<u>860</u>	<u>343</u>	<u>55</u>	<u>2,867</u>
Unassigned	178,141	-	-	-	178,141
Total Fund Balances	<u>\$ 179,750</u>	<u>\$ 63,312</u>	<u>\$ 48,277</u>	<u>\$ 112,374</u>	<u>\$ 403,713</u>

**Laurel Township
Hocking County**

*Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013*

Note 11 – Fund Balance (Continued)

2013:

Fund Balances	General	Gasoline Tax	Road and Bridge	Other Governmental	Total
Restricted For:					
Cemetery	\$ -	\$ -	\$ -	\$ 27,065	\$ 27,065
Public Works	-	27,701	22,524	22,004	72,229
Recreation Programs	-	-	-	18,571	18,571
Fire Operations	-	-	-	20,117	20,117
Total Restricted	<u>-</u>	<u>27,701</u>	<u>22,524</u>	<u>87,757</u>	<u>137,982</u>
Assigned To:					
Purchases on Order	<u>120</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120</u>
Unassigned	<u>200,924</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,924</u>
Total Fund Balances	<u><u>\$ 201,044</u></u>	<u><u>\$ 27,701</u></u>	<u><u>\$ 22,524</u></u>	<u><u>\$ 87,757</u></u>	<u><u>\$ 339,026</u></u>



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740.373.0056

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

April 30, 2015

Laurel Township
Hocking County
26971 Wildcat Road
Rockbridge, OH 43149

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of **Laurel Township**, Hocking County, (the Township) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated April 30, 2015, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

...*"bringing more to the table"*

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support
Members: American Institute of Certified Public Accountants • Ohio Society of CPAs • West Virginia Society of CPAs



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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated April 30, 2015.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio



Dave Yost • 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
JULY 28, 2015