



Mary Taylor, CPA  
Auditor of State



**UNION TOWNSHIP  
CLERMONT COUNTY**

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# Mary Taylor, CPA

Auditor of State

Union Township  
Clermont County  
4350 Aicholtz Road  
Cincinnati, Ohio 45245

To the Board of Trustees:

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

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

**Mary Taylor, CPA**  
Auditor of State

June 23, 2008

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Union Township  
Clermont County  
4350 Aicholtz Road  
Cincinnati, Ohio 45245

To the Board of Trustees:

We have audited the accompanying financial statements of Union Township, Clermont County, Ohio (the Township), as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

The Township did not prepare and maintain sufficient evidence supporting the financial activity of their contract postal unit (CPU), which is recorded as other non-operating cash receipts and disbursements in the Agency Fund. Without a full accountability over the revenue received and disbursed out of the CPU, we could not assure ourselves regarding the validity of the CPU's receipts and disbursements or satisfy ourselves regarding the validity of receipts and disbursements through other audit procedures. The CPU's receipts and disbursements represent 100% of the non-operating receipts and disbursements recorded in the Agency Fund Type.

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

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2006 and 2005, or its changes in financial position for the years then ended.

Also, in our opinion, except for adjustments, if any, as might have been determined to be necessary had we been able to obtain sufficient evidence to support the amount recorded as other non-operating receipts and disbursements in the Agency Fund, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Union Township, Clermont County, Ohio as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2008, 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.



**Mary Taylor, CPA**  
Auditor of State

June 23, 2008

**UNION TOWNSHIP  
CLERMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$1,131,275	\$12,060,647	\$0	\$0	\$13,191,922
Service Payments in Lieu of Taxes	0	562,195	0	0	562,195
Charges for Services	0	293,618	0	0	293,618
Licenses, Permits, and Fees	460,827	221,676	0	0	682,503
Fines and Forfeitures	108,142	18,084	0	0	126,226
Intergovernmental	645,079	2,153,590	0	0	2,798,669
Special Assessments	0	37,854	0	0	37,854
Earnings on Investments	517,045	75,570	0	217,066	809,681
Miscellaneous	390,922	285,543	0	0	676,465
<b>Total Cash Receipts</b>	<u>3,253,290</u>	<u>15,708,777</u>	<u>0</u>	<u>217,066</u>	<u>19,179,133</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	2,809,890	107,235	0	0	2,917,125
Public Safety	0	11,832,563	0	0	11,832,563
Public Works	0	2,037,830	0	0	2,037,830
Health	437,247	194,882	0	0	632,129
Conservation - Recreation	76,424	0	0	0	76,424
Capital Outlay	360,846	2,252,016	0	2,638,864	5,251,726
Debt Service:					
Redemption of Principal	0	103,760	710,300	0	814,060
Interest and Other Fiscal Charges	0	16,741	627,948	0	644,689
<b>Total Cash Disbursements</b>	<u>3,684,407</u>	<u>16,545,027</u>	<u>1,338,248</u>	<u>2,638,864</u>	<u>24,206,546</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(431,117)</u>	<u>(836,250)</u>	<u>(1,338,248)</u>	<u>(2,421,798)</u>	<u>(5,027,413)</u>
<b>Other Financing Receipts / (Disbursements):</b>					
Sale of Notes	0	1,564,502	0	0	1,564,502
Transfers-In	0	0	1,338,248	0	1,338,248
Transfers-Out	(410,449)	(927,799)	0	0	(1,338,248)
Other Financing Sources	66,137	67,800	0	0	133,937
<b>Total Other Financing Receipts / (Disbursements)</b>	<u>(344,312)</u>	<u>704,503</u>	<u>1,338,248</u>	<u>0</u>	<u>1,698,439</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(775,429)</u>	<u>(131,747)</u>	<u>0</u>	<u>(2,421,798)</u>	<u>(3,328,974)</u>
<b>Fund Cash Balances, January 1</b>	<u>4,297,934</u>	<u>10,367,864</u>	<u>36,473</u>	<u>6,034,264</u>	<u>20,736,535</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$3,522,505</b></u>	<u><b>\$10,236,117</b></u>	<u><b>\$36,473</b></u>	<u><b>\$3,612,466</b></u>	<u><b>\$17,407,561</b></u>
<b>Reserve for Encumbrances, December 31</b>	<u><b>\$11,670</b></u>	<u><b>\$130,464</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$142,134</b></u>

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

**UNION TOWNSHIP  
CLERMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Agency</u>
<b>Non-Operating Cash Receipts:</b>	
Other Non-Operating Cash Receipts	<u>\$126,366</u>
<b>Non-Operating Cash Disbursements:</b>	
Other Non-Operating Cash Disbursements	<u>155,291</u>
Net Receipts Over/(Under) Disbursements	(28,925)
Fund Cash Balances, January 1	<u>28,925</u>
<b>Fund Cash Balances, December 31</b>	<u><u><b>\$0</b></u></u>

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

**UNION TOWNSHIP  
CLERMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$1,027,123	\$11,908,809	\$0	\$0	\$12,935,932
Service Payments in Lieu of Taxes	0	119,359	0	0	119,359
Charges for Services	0	277,115	0	0	277,115
Licenses, Permits, and Fees	463,285	219,827	0	0	683,112
Fines and Forfeitures	109,056	0	0	0	109,056
Intergovernmental	647,037	1,756,090	0	0	2,403,127
Special Assessments	0	28,517	0	0	28,517
Earnings on Investments	374,725	89,739	0	172,037	636,501
Miscellaneous	141,722	677,685	0	0	819,407
<b>Total Cash Receipts</b>	<u>2,762,948</u>	<u>15,077,141</u>	<u>0</u>	<u>172,037</u>	<u>18,012,126</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	2,048,654	114,258	0	0	2,162,912
Public Safety	0	9,991,651	0	0	9,991,651
Public Works	0	2,098,460	0	0	2,098,460
Health	397,779	190,578	0	0	588,357
Conservation - Recreation	48,908	0	0	0	48,908
Other	0	99,757	0	0	99,757
Capital Outlay	166,526	1,628,020	0	735,495	2,530,041
Debt Service:					
Redemption of Principal	59,557	173,060	620,443	0	853,060
Interest and Other Fiscal Charges	0	46,978	648,182	0	695,160
<b>Total Cash Disbursements</b>	<u>2,721,424</u>	<u>14,342,762</u>	<u>1,268,625</u>	<u>735,495</u>	<u>19,068,306</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>41,524</u>	<u>734,379</u>	<u>(1,268,625)</u>	<u>(563,458)</u>	<u>(1,056,180)</u>
<b>Other Financing Receipts / (Disbursements):</b>					
Sale of Fixed Assets	18,686	0	0	0	18,686
Transfers-In	0	0	1,268,625	0	1,268,625
Transfers-Out	(693,812)	(574,813)	0	0	(1,268,625)
Other Financing Sources	0	77,400	0	0	77,400
<b>Total Other Financing Receipts / (Disbursements)</b>	<u>(675,126)</u>	<u>(497,413)</u>	<u>1,268,625</u>	<u>0</u>	<u>96,086</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	(633,602)	236,966	0	(563,458)	(960,094)
Fund Cash Balances, January 1 (As restated, See Note 2)	4,931,536	10,130,898	36,473	6,597,722	21,696,629
<b>Fund Cash Balances, December 31</b>	<u><b>\$4,297,934</b></u>	<u><b>\$10,367,864</b></u>	<u><b>\$36,473</b></u>	<u><b>\$6,034,264</b></u>	<u><b>\$20,736,535</b></u>
Reserve for Encumbrances, December 31	<u>\$7,099</u>	<u>\$40,129</u>	<u>\$0</u>	<u>\$0</u>	<u>\$47,228</u>

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

**UNION TOWNSHIP  
CLERMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Agency</u>
<b>Non-Operating Cash Receipts:</b>	
Other Non-Operating Cash Receipts	<u>\$195,501</u>
<b>Non-Operating Cash Disbursements:</b>	
Other Non-Operating Cash Disbursements	<u>166,576</u>
Net Receipts Over/(Under) Disbursements	28,925
Fund Cash Balances, January 1	<u>0</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$28,925</u></u></b>

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

**UNION TOWNSHIP  
CLERMONT COUNTY**

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

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

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

The Township participates in the Ohio Government Risk Management Plan public entity risk pool. Note 8 to the financial statements provide additional information for this entity. This organization is a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services.

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

**B. Accounting Basis**

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

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

**C. Cash Deposits**

The Township's funds are pooled into a checking account with a local commercial bank. The Township values certificates of deposit at cost.

**D. Fund Accounting**

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

**1. General Fund**

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

**UNION TOWNSHIP  
CLERMONT COUNTY**

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

**1. Summary of Significant Accounting Policies (Continued)**

**2. Special Revenue Funds**

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

Police Fund - This fund receives property tax and intergovernmental monies for the operation of the Township Police Department.

Fire Fund - This fund receives property tax and intergovernmental monies for the operation of the Township Fire Department.

Safety Service Fund - This fund receives property tax and intergovernmental monies for the operation of the Township EMS Department.

**3. Debt Service Funds**

This fund accounts for resources the Township accumulates to pay bond and note debt. The Township had the following significant Debt Service Fund:

General Bond Retirement Fund – This fund is used to repay the bonds for the Township Civic Center, Capital Improvements, and Barg Salt Run Road project.

**4. Capital Project Fund**

This fund account for receipts restricted to acquiring or constructing major capital projects. The Township had the following significant capital project fund:

Capital Projects Fund – This fund received money from the sale of bonds to construct a new Township Civic Center, the development of the Gallenstein School site, the Beechwood Road connector project, construction of the new Southeast Fire Station, and the construction of the Water Tower Fire House.

**5. Fiduciary Funds**

Fiduciary funds include private purpose trust funds and agency funds. During the audit period the township only had an agency fund.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township's agency fund accounts for those transactions related to the operations of the Township's Contract Postal Unit for the period January 1, 2005 to May 12, 2006 (See Note 10).

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**UNION TOWNSHIP  
CLERMONT COUNTY**

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

**1. Summary of Significant Accounting Policies (Continued)**

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Township did not encumber all commitments required by Ohio law.

A summary of 2006 and 2005 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

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

**G. Accumulated Leave**

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

**2. Restatement of Fund Balance**

The fund balance of the Special Revenue and Non-Expendable Trust Funds were restated from amounts previously reported. The restatements were for those reasons stated below and resulted in changes to balances reported at December 31, 2004 as follows:

	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Fiduciary Fund</u>
Fund Balance at December 31, 2004 (as reported)	\$9,619,052	\$7,087,334	\$22,234
Restatement – Cemetery fund reclassified from non-expendable trust to Special Revenue fund since there was no binding trust agreement	22,234	-	(22,234)

**UNION TOWNSHIP  
CLERMONT COUNTY**

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

**2. Restatement of Fund Balance (Continued)**

	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Fiduciary Fund</u>
Restatement – Barg Salt Run Road project in prior audit capital expenditures occurred in the Special Revenue fund (Permissive Motor Vehicle License Fund) However, proceeds to pay those expenses were in Capital Project Fund. Adjustment made to opening balance to match proceeds of debt with related disbursements.	<u>489,612</u>	<u>(489,612)</u>	<u>      -</u>
Fund Balance at December 31, 2004 (as restated)	<u>\$10,130,898</u>	<u>\$6,597,722</u>	<u>\$      0</u>

**3. Equity in Pooled Cash and Deposits**

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

	<u>2005</u>	<u>2006</u>
Demand deposits	<u>\$10,965,460</u>	<u>\$16,607,561</u>
Certificates of deposit	<u>9,800,000</u>	<u>800,000</u>
Total deposits	<u>\$20,765,460</u>	<u>\$17,407,561</u>

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

**4. Budgetary Activity**

Budgetary activity for the years ending December 31, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,751,000	\$3,319,427	\$568,427
Special Revenue	14,300,730	17,341,079	3,040,349
Debt Service	1,323,625	1,338,248	14,623
Capital Projects	8,000	217,066	209,066
Total	<u>\$18,383,355</u>	<u>\$22,215,820</u>	<u>\$3,832,465</u>

**UNION TOWNSHIP  
CLERMONT COUNTY**

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

**4. Budgetary Activity (Continued)**

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$7,928,727	\$4,106,526	\$3,822,201
Special Revenue	24,307,649	17,603,290	6,704,359
Debt Service	1,395,645	1,338,248	57,397
Capital Projects	5,530,860	2,638,864	2,891,996
Total	<u>\$39,162,881</u>	<u>\$25,686,928</u>	<u>\$13,475,953</u>

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,517,000	\$2,781,634	\$264,634
Special Revenue	14,132,611	15,154,541	1,021,930
Debt Service	1,323,625	1,268,625	(55,000)
Capital Projects	80,000	172,037	92,037
Total	<u>\$18,053,236</u>	<u>\$19,376,837</u>	<u>\$1,323,601</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$7,950,463	\$3,422,335	\$4,528,128
Special Revenue	24,261,580	14,957,704	9,303,876
Debt Service	1,360,098	1,268,625	91,473
Capital Projects	6,177,721	735,495	5,442,226
Total	<u>\$39,749,862</u>	<u>\$20,384,159</u>	<u>\$19,365,703</u>

**5. Property Tax**

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

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

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

**UNION TOWNSHIP  
CLERMONT COUNTY**

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

**5. Property Tax (Continued)**

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

**6. Debt**

Debt outstanding at December 31, 2006 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Fire Equipment Note (2000)	\$166,324	5.64%
Civic Center Bond (2002)	6,975,000	1.50%
Barg Salt Run Road Improvement (2004)	340,000	4.00%
Capital Improvements (2004)	7,480,000	2.00-4.50%
Lease Purchase Equipment (2006)	<u>1,563,580</u>	4.08%
Total	<u><u>\$16,524,904</u></u>	

The General Obligation Fire Equipment Note (2000) relates to fire equipment purchased by the Township. The notes were issued in March 2000 in the amount of \$748,458. The notes will be repaid in annual installments of \$83,162, including interest, over nine years, collateralized solely by the Township's taxing authority.

The General Obligation Civic Center Bonds (2002) relate to the Township's building of a new Civic Center. The bonds were issued in December 2002 in the amount of \$8,345,000. The bonds will be repaid over twenty years, collateralized solely by the Township's taxing authority.

The Barg Salt Run Road Improvement Bonds (2004) relate to Township's Road improvement plan for Barg Salt Run Road. The bonds were issued in January 2004 in the amount of \$590,000. The bonds will be repaid in annual installments of \$85,000, including interest, over six years, collateralized solely by the Township's taxing authority.

The General Obligation Capital Improvement Bonds (2004) relate to the Township's capital improvements to its infrastructure, including a new firehouse, firehouse water tower and road improvements. The bonds were issued in September 2004 in the amount of \$8,070,000. The bonds will be repaid over twenty years, collateralized solely by the Township's taxing authority.

The equipment capital lease (2004) related to the financing of certain equipment. The lease was entered into in January 2006 in the amount of \$1,563,580. The lease will be repaid in annual installments of \$193,544, including interest, over 10 years.

**UNION TOWNSHIP  
CLERMONT COUNTY**

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

**6. Debt (Continued)**

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

Year ending December 31:	Fire Equipment Note (2000)	Barg Salt Run Road Improve (2004)	Civic Center Bond (2002)	Capital Improvement Bond (2004)	Equipment Capital Lease (2006)
2007	\$92,543	\$98,600	\$622,105	\$605,983	\$193,544
2008	87,853	95,200	617,355	604,577	193,544
2009		91,800	621,630	606,673	193,544
2010		88,400	619,555	607,713	193,544
2011			622,130	607,647	193,544
2012 – 2016			3,097,405	3,026,582	967,719
2017 – 2021			3,097,825	3,026,315	
2022 – 2026			617,435	1,816,437	
Total	<u>\$180,396</u>	<u>\$374,000</u>	<u>\$9,915,440</u>	<u>\$10,901,927</u>	<u>\$1,935,439</u>

**7. Retirement Systems**

The Township's certified Fire Fighters and full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2006 and 2005, OP&F participants contributed 10% of their wages. For 2006 and 2005, the Township contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters' wages, respectively. For 2006 and 2005, OPERS members contributed 9 and 8.5%, respectively, of their gross salaries and the Township contributed an amount equaling 13.7 and 13.55%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2006.

**8. Risk Management**

**Risk Pool Membership**

The Government belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 Ohio governments ("Members").

**UNION TOWNSHIP  
CLERMONT COUNTY**

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

**8. Risk Management (Continued)**

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

	<b>2006</b>	<b>2005</b>
Assets	\$9,620,148	\$8,219,430
Liabilities	(3,329,620)	(2,748,639)
Members' Equity	\$6,290,528	\$5,470,791

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**9. Related Party Transactions**

A Township Trustee who was in office during the period of January 1, 2005 through March 31, 2006 and became the Township Administrator as of April 1, 2006 has a son who is the President of Professional Engineering Group, LLC. During 2005 and 2006, the Township made payments to Professional Engineering Group, LLC totaling \$108,120 and \$214,938 respectively.

In 2007, the Township entered into a Joint Economic Development District (JEDD) and an intergovernmental agreement with the Clermont County Transportation District. Carl Walker, Township Administrator is also a member of the governing board of the Clermont County Transportation District, and per their contract he is the Secretary, a non-voting position with the JEDD.

**UNION TOWNSHIP  
CLERMONT COUNTY**

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

**10. Contract Postal Unit**

For the period January 1, 2005 through May 12, 2006, the Township operated a post office in which the Township sold stamps and other postage supplies that were the property of the United States Postal Service (USPS). The Township collected revenue from the sales of the USPS's inventory and remitted all collections to the USPS. The USPS then sent the Township an 11% commission via an electronic funds transfer based on postage sold. The 11% commission revenue is recorded on the financial statements as miscellaneous cash receipts in the General Fund. The operations of the post office are presented in an Agency Fund for this period since these funds were held for the USPS. The receipts from the sale of postal products are presented as other non-operating cash receipts and the amounts remitted to the USPS are presented as other non-operating cash disbursements.

For the period May 12, 2006 through December 31, 2006, the Township entered into a new contract with the USPS. Under the new contract the Township purchased their stamps and other postage supplies from stamp fulfillment services. The Township owned this inventory and was then responsible for the proceeds from the sale of the inventory. During this time period the Township also did still receive the 11% commission from the USPS which was recorded as miscellaneous cash receipts in the General Fund. The proceeds from the sale of the inventory is recorded as miscellaneous cash receipts in the General Fund and purchases of postage supplies is recorded as general government expenses in the General Fund.

**11. Tax Increment Financing Agreements**

In December 2003, the Township adopted resolutions 2003-12 and 2003-13, creating six tax incentive districts. The Township entered into the Tax Increment Financing (TIF) agreements in December 2003 with West Clermont Local School District and Milford Exempted Village School District. The Tax Incentive District's were created pursuant to Ohio Revised Code Section 5709.73(C). The Township declared that the Districts were necessary and appropriate and that certain public improvements relating to the TIF Districts are a public purpose and are to be made to benefit or serve the development of the TIF Districts. These improvements are exempt from real property taxation for thirty (30) years through December 31, 2033. The Township agreed to act as a participant in these agreements, wherein they are required to establish a fund to collect all payments in lieu of taxes. The School Districts waived their right, for any year or portion thereof in which it would have received property tax payments derived from the Exempted Property. However, the Township has agreed to provide the transfer of a developable lot for an elementary school to each School District within one of the tax incentive districts at no cost to the School Districts.

In December 2005, the Township adopted resolutions 2005-20 through 2005-27 and 2005-29, creating nine residential incentive districts. The Township entered into the Tax Increment Financing (TIF) agreements in December 2005 with West Clermont Local School District and Milford Exempted Village School District. The Township declared that the Districts were necessary and appropriate and that certain public infrastructure improvements relating to the Districts are a public purpose and are to be made to benefit or serve the development of the District. These improvements are exempt from real property taxation for thirty (30) years through December 31, 2035. The Township agreed to act as a participant in these agreements, wherein they are required to establish a fund to collect all payments in lieu of taxes and make annual payments to West Clermont Local School District and Milford Exempted Village School District.

**UNION TOWNSHIP  
CLERMONT COUNTY**

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

**11. Tax Increment Financing Agreements (Continued)**

In December 2006, the Township adopted resolutions 2006-33, creating a tax incentive district. The Township entered into the Tax Increment Financing (TIF) agreements in February 2007 with West Clermont Local School District. The Tax Incentive District's were created pursuant to Ohio Revised Code Section 5709.73(B). The Township declared that the Districts were necessary and appropriate and that certain public improvements relating to the Ivy Pointe TIF District are a public purpose and are to be made to benefit or serve the development of the TIF District. These improvements are exempt from real property taxation for thirty (30) years through December 31, 2036. The Township agreed to act as a participant in this agreement, wherein they are required to establish a fund to collect all payments in lieu of taxes and make annual payments to West Clermont Local School District.

**12. Subsequent Events**

The Township entered into the Joint Economic Development District 1 (JEDD) contract with the City of Milford in March 2007 to create the Ivy Pointe Joint Economic Development District. This contract was entered into pursuant to the authority of Ohio Revised Code 715.72 through 715.81. The contracting parties are creating the JEDD for the purpose of facilitating economic development to create jobs and employment opportunities and to improve the economic welfare of the people in Union Township, the City of Milford, Clermont County, the State of Ohio and in the area of the contracting parties.

In September 2007, the Township issued Tax Increment Revenue Bond Anticipation Notes, Series 2007 for \$33,500,000. The Series 2007 Notes were issued for the purpose of (a) advance refunding the \$6,975,000 of outstanding Civic Center General Obligation Bonds Series 2002; (b) advance refunding the \$7,480,000 of outstanding Capital Improvement General Obligation Bonds Series 2004; (c) paying part of the cost of various capital improvements to the infrastructure of the Township, including township park improvements, fire station improvements and road improvements; (d) funding a debt service reserve fund and paying certain costs related to the issuance of the Series 2007 Notes, together with other permissible costs under the Uniform Public Securities Law of Ohio, including the costs of printing the Series 2007 Notes and/or related materials and other assorted costs and expenses relating to the issuance thereof.

In December 2007, the Township entered into an intergovernmental agreement with the Clermont County Transportation Improvement District (CCTID). The CCTID, is assisting and cooperating with local project sponsors, including Union Township, Miami Township, Clermont County, and coordinating with the Ohio Department of Transportation, in the development of specific transportation improvement projects, including the long-term financial strategy for the transportation improvement program, within the Townships and the County, as well as Hamilton County with respect to the inter-county Eastern Corridor Multi-Modal Project. The Township is to provide an aggregate amount of One Million Dollars which shall be contributed on an annual basis for ten years. The CCTID will apply the Township's share of funding for the sole purpose of paying costs and expenses related to projects, including but not limited to, the debt service on any loans obtained or bonds issued by the CCTID to finance the development and construction of projects. The first annual installment is due in February 2008.

The Township authorized resolution 07-22 to enter into a contract to purchase 19.517 acres of property in the Ivy Pointe Joint Economic Development District to facilitate economic development by providing infrastructure including, but not limited to, roadways, parks, walking trails, and green space.



# 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*

Union Township  
Clermont County  
4350 Aicholtz Road  
Cincinnati, Ohio 45245

To the Township Board of Trustees:

We have audited the financial statements of Union Township, Clermont County, Ohio (the Township), as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated June 23, 2008, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also qualified our opinion for the lack of evidential matter supporting recorded non-operating receipts and disbursements of the Agency fund type. 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 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 internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

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 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 internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2006-001, 2006-002, 2006-006, and 2006-008.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe finding numbers 2006-002 and 2006-006 are also a material weakness.

We also noted certain internal control matters that we reported to the Township management in a separate letter dated June 23, 2008.

### **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 instances of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as items 2006-001 through 2006-009.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 23, 2008.

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

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



**Mary Taylor, CPA**  
Auditor of State

June 23, 2008

**UNION TOWNSHIP  
CLERMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2006-001**

**Material Noncompliance / Significant Deficiency**

**Ohio Rev. Code, Section 2921.42(A)(1)**, states that no public official shall knowingly authorize or employ the authority or influence of his office to secure authorization of any public contract in which he, a member of his family, or any of his business associates has an interest.

**Ohio Rev. Code, Section 2921.42(A)(4)**, states that no public official shall knowingly have an interest in the profits or benefits of a public contract entered into by or for the use of the political subdivision or governmental agency or instrumentality with which he is connected.

**Ohio Rev. Code, Section 102.03(D)**, states that no public official or employee shall use or authorize the use of the authority or influence of office or employment to secure anything of value or the promise or offer of anything of value that is of such a character as to manifest a substantial and improper influence upon the public official or employee with respect to that person's duties.

The following issues were noted during 2005 and 2006:

- Carl Douglas Walker's son, Mark Walker, is the President of Professional Engineering Group, LLC, an engineering and surveying company. Carl Douglas Walker was a Township Trustee until March 31, 2006, and was then appointed Township Administrator. Professional Engineering Group, LLC, received \$108,120 in direct payments from Union Township during 2005 that included work for professional services rendered on Township street condition surveys and evaluations and engineering services on the Little Miami Corridor Alignment Study. Trustee Carl Douglas Walker did not abstain from approving any payments to Professional Engineering Group, LLC, during 2005.
- Carl Douglas Walker's son, Mark Walker, is the President of Professional Engineering Group, LLC, engineering and surveying company. Carl Douglas Walker was a Township Trustee until March 31, 2006, and was then appointed Township Administrator. Township procedures for approving payment to vendors include completion by the Township Administrator of a field on the purchase order labeled "approved by." However, the Township has not documented the specific purpose of the "approved by" field on the purchase order. Due to the lack of documentation, there are no clearly defined restrictions on the Administrator's discretionary authority to approve payment by completing the "approved by" field. As, Administrator, Carl Douglas Walker completed the "approved by" field on a total of \$266,800 in purchase orders during 2006 related to direct payments made to Professional Engineering Group, LLC. Additionally, Carl Douglas Walker completed the "approved by" field on a total of \$424,650 in purchase orders January 1, 2007 through July 12, 2007 related to direct payments made to Professional Engineering Group, LLC.
- Mark Walker, is a member of the Union Township Board of Zoning Appeals. Carl Douglas Walker was a Township Trustee until March 31, 2006, and was then appointed Township Administrator. In

**FINDING NUMBER 2006-001  
(Continued)**

2005 and 2006, the Township Board of Trustees approved that compensation for the Zoning Commission and Board of Appeals members to be \$250 monthly effective January 1, 2005 and 2006 respectively. Trustee Carl Douglas Walker did not abstain from approving this compensation. Also, it was determined that Mark Walker was appointed to the Board of Zoning Appeals for a five year term on January 8, 2002, by the Township's Board of Trustees. Trustee Carl Douglas Walker did not abstain from approving this appointment.

- Elected Township Fiscal Officer, Rozanne Evans, was also employed by the Township to the position of custodian, a full-time exempt position with the Township during 2005 and 2006. On March 30, 2005, the Township adopted a resolution of wages. The wages for the custodian position for Rozanne Evans totaled \$51,586. On March 29, 2006, the Township adopted a resolution of wages. The wages for the custodian position for Rozanne Evans totaled \$53,649.

We recommend the Township, with the assistance of its legal counsel, develop a conflict of interest policy, and require its employees and elected officials to sign an annual statement stating he/she has received a copy of the conflict of interest policy, has read and understands the policy, has agreed to comply with the policy, and disclose affiliations which may represent a potential conflict of interest. Designated township management should review these statements to help reduce the likelihood of conflicts of interest or undisclosed related party transactions. We also recommend the Township clearly document the procedures for the approval of purchase orders and related payments, specifically defining the responsibility and authority of indicated by completion of various fields on the purchase orders and vouchers during the contracting and payment process.

This matter will be referred to the Ohio Ethics Commission.

**Officials' Response:**

We received an official response from the Township's Law Director which follows:

This letter is intended as the Union Township Officials' Response to Finding No. 2006-001 contained within the post Audit Draft submitted to Union Township on July 15th. This response will address each of the issues which have been noted within that finding. It is the position of Union Township that none of the issues contained within that finding constitute ethical violations. However, Union Township is firmly committed to ethical government and will with the assistance of legal counsel develop a conflict of interest policy which will be signed annually by all employees and elected officials.

**A. APPROVAL OF PAYMENTS TO PROFESSIONAL ENGINEERING GROUP DURING 2005.**

The first issue raised in the Draft Audit is that during 2005 when Carl Douglas Walker was a Union Township Trustee, he did not abstain from voting on the approval of payments to Professional Engineering Group. Mr. Walker's son, Mark Walker, is the president of Professional Engineering Group which did work for Union Township during that time period. It should be noted that Carl Douglas Walker abstained from voting to award any contract to Professional Engineering Group. The votes in question were votes to approve payment for bills for work which had already been done for the Township. These bills are approved as a group at Township meetings.

**FINDING NUMBER 2006-001  
(Continued)**

Mark Walker is an adult son of Carl Douglas Walker and Carl Walker had no interest in the profits or benefits of the payments made to Professional Engineering Group. The only Ohio Revised Code Section which would apply to this issue is R.C. §2921.42 (A)(1). That section states that no public official shall knowingly authorize or employ the authority or influence of his office to secure authorization of any public contract in which he, a member of his family, or any of his business associates has an interest. As indicated previously, Carl Douglas Walker abstained from voting on the award of any contracts to Professional Engineering Group. His vote to approve the payments was a ministerial act to allow the Township to make payment for work which had been done and for which payment was due. As a result, the prohibitions contained with R.C. §2921.42 would not apply. It is clear Carl Douglas Walker made a good faith effort to comply with the requirements of the Ohio Revised Code since he abstained from voting on the award of the contracts.

**B. “THE APPROVAL” OF CARL DOUGLAS WALKER AS ADMINISTRATOR OF PAYMENTS TO PROFESSIONAL ENGINEERING GROUP, LLC, DURING 2006.**

As Administrator, Carl Douglas Walker had no authority to award a contract or to approve payment. That authority rests solely within the Union Township Trustees. What is being referred to in this finding is the purchase order form which is submitted to the Board of Trustees for work which has been performed. At the suggestion of the Auditor at a former audit, language was placed on that purchase order form to indicate that it had been reviewed by the Administrator and that the Clerk was certifying that the funds were available to pay the money due and owing. The purchase order form contains 3 lines for the members of the Board of Trustees to sign reflecting that they have approved payment of the invoice. The line which says “approved by” and is signed by the Administrator merely signifies that the Administrator has reviewed the invoice and the necessary documentation is in order. Generally speaking the vendors who submit the purchase orders are selected by the department heads and the “approved by” line is to confirm that the Administrator is aware that the proper steps have been followed in accomplishing the work. The Administrator is not approving payment.

Union Township does not believe the signature of the Administrator on the purchase order form constitutes a violation of any ethical statutes. However, since the issue has been raised, the language “approved by” will be changed to “reviewed by” since that is what the signature line for the Administrator actually signifies.

**C. TRUSTEE CARL DOUGLAS WALKER DID NOT ABSTAIN FROM APPROVING THE APPOINTMENT OF HIS SON, MARK WALKER, TO THE BOARD OF ZONING APPEALS AND FROM APPROVING COMPENSATION FOR THE ZONING COMMISSION AND BOARD OF APPEALS MEMBERS.**

This finding relates to the appointment of Mark Walker to the Union Township Board of Zoning Appeals for a five year term beginning January 8, 2002, by the Township Board of Trustees. In addition, Carl Douglas Walker voted to approve compensation of \$250 monthly to the members of the Zoning Commission and the Board of Zoning Appeals. It is the position of Union Township that neither of those acts by Carl Douglas Walker constituted an ethical violation.

**FINDING NUMBER 2006-001  
(Continued)**

Ohio Attorney General Opinion, 1990 Ohio Op. Atty. Gen. #90-040 addressed the precise issue which is the subject of this finding. The question raised to Attorney General Celebrezze in that instance involved a township's trustee who was the wife of a member of the township zoning commission and the daughter-in-law of a member of the township board of zoning appeals. In the opinion, the Attorney General reviewed R.C. §511.13, R.C. §2921.42 and R.C. §102.03. First, the Attorney General noted that township officers and employees are barred by R.C. §511.13 from having any interest in township contracts. The Attorney General then addressed the issue of whether a contract existed and, if so, whether the Township Trustee was deemed to have an interest in a township contract on the basis that members of her family received compensation from the township for services performed on behalf of the township.

The Attorney General noted the general rule in Ohio that public officers do not hold their positions pursuant to contract. *Fuldauer v. City of Cleveland*<sup>1</sup>. The Attorney General thus concluded that township trustees, members of the township zoning commission, and members of the township board of zoning appeals do not hold their positions pursuant to contract.

Having concluded that those officials did not hold their positions by virtue of a contract, the Attorney General addressed the issue of whether any of the statutory prohibitions noted above applied to the situation. The Attorney General stated:

The language of R.C. 511.13, as stated above, only prohibits a township official from having an interest in a contract entered into by the township. Since there is no contractual relationship between the township and the members of a board of township trustees, township zoning commission or township board of zoning appeals, the individuals in question do not have an interest in a township contract based on the fact that members of their family receive compensation from the township for their services performed on behalf of the township.

The Attorney General then analyzed the issue of whether it was improper for a township trustee to authorize compensation for members of a township zoning commission and board of zoning appeals if a family member was a member of one of those agencies. The Attorney General first concluded it was "necessary to determine whether the township trustee had a direct pecuniary interest in either the compensation or the removal of her spouse as a member of the township zoning commission or her father-in-law as member of the township board of zoning appeals." In reaching his decision, the Attorney General wrote:

A township trustee, thus, has a direct pecuniary interest in the compensation or the removal of her spouse as a member of the township zoning commission, if any of the earnings are used for the support of the trustee or the spouse or another dependent of the trustee. Consequently, the township trustee must not vote upon either the compensation to be awarded to, or the removal of her spouse as a member of the township zoning commission, if any of the earnings are used for her support, her husband's support or that of another dependent....

With regard to the type of interest a township trustee has in the amount of compensation or the continued employment of her father-in-law as a member of the township board of zoning appeals, I am of the opinion that no direct pecuniary interest exists.

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<sup>1</sup> 32 Ohio St.2d 114 (1972)

**FINDING NUMBER 2006-001  
(Continued)**

Mark Walker is an adult son of Carl Douglas Walker who is not in any way dependent upon either Carl Douglas Walker or Carl Douglas Walker's wife. As a result, Carl Douglas Walker had no pecuniary interest in either the appointment of Mark Walker to the Board of Zoning Appeals or to his compensation. As a result, Carl Douglas Walker has not violated R.C. §511.13 or R.C. §102.03. Since holding the position of a member of the Board of Zoning Appeal is not a contract, Carl Douglas Walker did not violate R.C. §2921.42.

**D. THE ELECTED TOWNSHIP FISCAL OFFICER, ROZANNE EVANS, WAS ALSO EMPLOYED BY THE TOWNSHIP TO THE POSITION OF CUSTODIAN.**

Before the former Township Fiscal Officer, Rozanne Evans, was hired by the Township to perform the duties of custodian, an opinion was requested from the Clermont County Prosecutor. That opinion was issued March 29, 2002, and stated that since the position of janitor would be supervised by the Township Administrator and ultimately the Trustees, and the Clerk would have no supervisory authority or control over that position, that the position of janitor was not incompatible with the position of Clerk. In fact, prior audits have approved that arrangement.

The opinion of the Clermont County Prosecutor approving Ms. Evans' position as janitor was based in large part upon a book issued by the Ohio Attorney General entitled "Compatibility of Public Offices or Positions." In the introduction, the Attorney General listed 7 issues which were important in order to determine whether public offices or positions were compatible. One of those issues was whether there was a conflict of interests between the two positions. In that book, on page 17, the Attorney General listed the position of janitor of public buildings as being compatible with that of township clerk. That is precisely the position which Rozanne Evans was performing in addition to her position as Township Clerk. In fact, the most recent revision of the Compatibility of Public Offices or Positions revised April 1, 2008, continues to list the two positions as compatible.

The book issued by the Attorney General with respect to the compatibility of public positions is sent to local governments throughout the state in order to assist them in avoiding conflicts of interests and ethical violations. In this case, the Township went the further step of consulting with the Clermont County Prosecutor's Office to receive confirmation that the positions were not incompatible. If it is an ethical violation for the Township fiscal officer to hold the position of janitor for the Township, the Attorney General's book is misleading. It was reasonable for Ms. Evans to rely upon the opinions of the Clermont County Prosecutor and the Ohio Attorney General. Prior audits had approved this position. Union Township respectfully submits there was no ethical or statutory violation in Ms. Evans holding the position of Township Clerk and custodian.

**Auditor of State Conclusion:**

Based on Ohio's Ethics Laws and Ohio Ethics Commission (OEC) advisory opinions, sufficient questions of fact exist to warrant referral to the OEC.

**FINDING NUMBER 2006-001**  
**(Continued)**

First, OEC Advisory Op. No. 90-005 indicates that any action by a member of a governing authority to authorize the purchase of items or approve payments, such as voting to approve the payment of bills, is considered "authorization" for purposes of R.C. 2921.42(A)(1). See also OEC Advisory Op. No. 2000-02 (The prohibition contained R.C. 2921.42(A)(1) extends to a situation in which a public official votes to approve payments under a contract that has been entered into by other public officials).

Secondly, the OEC has determined that a public official is considered to have authorized a public contract, for the purposes of R.C. 2921.42, where the contract could not have been awarded without the public official's approval. See OEC Advisory Op. No. 97-004.

Thirdly, the Ohio Attorney General, in Opinion 90-040, did not address the applicability of R.C. 102.03 or 2921.42 to the issue at hand. In fact, the Opinion states that the Ohio Ethics Commission is empowered to render advisory opinions on these sections of the Revised Code and that the Attorney General will abstain from rendering an opinion with respect to these matters since the OEC has statutory authority to render such advisory opinions. Accordingly, the OEC, in Advisory Op. No. 98-003, states that "R.C. 102.03(D) and (E) prohibit a public employee from soliciting or using his authority or influence, formally or informally, to secure anything of value for members of the employee's family, including his children". Furthermore, the OEC definition of "family member" includes children, whether dependent or not. See OEC Advisory Op. No. 80-001.

Finally, the issue involving Ms. Evans is not one of compatibility, but, rather, the ethics prohibitions found in Chps. 2921 and 102 of the Revised Code. As such, the OEC has concluded that "R.C. 2921.42(A)(4) prohibits an elected officer of a political subdivision from simultaneously holding compensated employment with his own political subdivision because an employment relationship between a political subdivision and a public employee is a "public contract" for purposes of R.C. 2921.42". See OEC Advisory Op. No. 99-002.

**FINDING NUMBER 2006-002**

**Material Noncompliance / Material Weakness**

**Ohio Rev. Code, Section 507.07**, requires the Township Clerk to maintain the books of the Township and exhibit accurate statements of all monies received and expended.

In addition, **Ohio Administration Code, Section 117-2-02**, states, in part that

- (A) All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements required by 117-2-03 of the Administrative Code.

**FINDING NUMBER 2006-002**  
**(Continued)**

The Township's Cash Basis Annual Financial Report filed with the Auditor of State and presented for audit for the years ending December 31, 2005 and 2006 had significant misclassifications. These misclassifications included tax revenue, intergovernmental revenue, cable franchise fees, and note proceeds posted to the wrong line items; real estate tax revenue and intergovernmental revenue posted to the wrong funds; and all transfer activity recorded as miscellaneous revenue and co-mingled within disbursement line items. Due to these significant misclassifications the Auditor of State gave the Township an opportunity to review the transactions in the general ledgers and make the necessary reclassifications and corrections to the financial statements.

Upon review of the Township's corrected financial statements, we determined that the Township had the following posting errors which resulted in audit adjustments and reclassifications to the financial statements:

- In 2005, the Township posted TIF rollback revenue to the Police fund, Fire fund, and Safety Services fund totaling \$14,540 rather than the TIF fund. In 2006, the Township posted TIF rollback revenue to the General fund, Road & Bridge fund, Police fund, Fire fund, and Safety Services fund totaling \$66,659 rather than the TIF fund.
- In 2005 and 2006, the Township posted revenue received from the County for excess IRP Comp. Dist. to the General fund rather than the Motor Vehicle License (MVL) fund totaling \$866 and \$1,487 respectively.
- The Township posted HB 66 Personal Property Tax Loss Reimbursement to taxes instead of intergovernmental in 2006 for the General fund, Road and Bridge fund, Police fund, Fire fund, and Safety Services fund totaling \$16,825, \$25,237, \$174,557, \$85,326, and \$84,124 respectively. The Township posted HB 66 Personal Property Tax Loss Reimbursement to miscellaneous instead of intergovernmental in 2006 for the Fire fund totaling \$63,994.
- The Township posted real estate tax revenue to miscellaneous revenue instead of taxes in 2006 for the Fire fund totaling \$225,600.
- In 2005 and 2006, the Township overstated property tax revenue and related expenses in the General fund totaling \$2,508 and \$6,218 respectively.
- In 2005 and 2006, the Township posted estate tax revenue to tax revenue rather than intergovernmental revenue and at net in the General fund totaling \$1,192 and \$3,309 respectively.
- In 2005, the Township posted personal property exemption to tax revenue rather than intergovernmental revenue in the General fund, Road and Bridge fund, Police fund, Fire fund, and Safety Services fund totaling \$2,527, \$6,567, \$45,419, \$38,852, and \$21,889 respectively. In 2006, the Township posted personal property exemption to tax revenue rather than intergovernmental revenue in the General fund, Road and Bridge fund, Police fund, Fire fund, and Safety Services fund totaling \$1,170, \$1,755, \$12,140, \$10,384, and \$5,850 respectively.
- In 2005, the Township posted property tax revenue at net in the Road and Bridge fund, Police fund, Fire fund, and Safety Services fund totaling \$172, \$836, \$724, and \$276 respectively. In 2006, the Township posted property tax revenue at net in the Road and Bridge fund, Police fund, Fire fund, and Safety Services fund totaling \$513, \$3,099, \$2,661, and \$1,110 respectively.

**FINDING NUMBER 2006-002  
(Continued)**

- In 2005 and 2006, the Township posted revenue received for a school resource officer at West Clermont Local School District in the Police fund to tax revenue rather than charges for services totaling \$3,579 and \$7,909.
- In 2006, the Township posted revenue received for a state grant in the Permissive Motor Vehicle License fund to tax revenue rather than intergovernmental revenue totaling \$8,400.
- In 2005, the Township posted revenue received from Clermont County for court costs fees in the General fund to intergovernmental revenue rather than fines and forfeitures totaling \$1,928.
- In 2005 and 2006, the Township posted service payments in lieu of taxes to their TIF fund to tax revenue rather than service payments in lieu of taxes totaling \$119,359 and \$562,195 respectively.
- In 2006, the Township posted monies received from a company due to an overpayment in the Permissive Motor Vehicle License fund to tax revenue rather than miscellaneous revenue totaling \$3,092.
- In 2005 and 2006, the Township posted interest earned on their bond proceeds account totaling \$17,596 and \$11,430 respectively to the General fund rather than the Capital Projects fund.
- In 2006, the Township posted interest earned on their lease purchase account totaling \$6,924 to the General fund rather than the Safety Services Levy fund.
- In 2005, the Township posted redemption of principal payments made from the Safety Services Levy fund to public safety rather than redemption of principal totaling \$173,060. The Township posted interest payments made from the Safety Services Levy fund and Fire fund totaling \$45,870 and \$842 respectively to public safety rather than interest and other fiscal charges.
- In 2006, the Township posted redemption of principal payments made from the Fire fund to public safety rather than redemption of principal totaling \$30,898. The Township posted interest payments made from the Fire fund totaling \$8,099 to public safety rather than interest and other fiscal charges.
- In 2005 and 2006, the Township made debt payments for their Barg Salt Run Road Improvement Bonds from the Safety Services fund which was an unallowable fund totaling \$95,370 and \$93,642.

As a result of these errors, receipts for certain line items and funds were incorrectly reported on the Annual Report. Significant reclassifications and adjustments were made to individual line items and funds on the financial statements. We recommend due care be exercised when posting entries to the cash journal to prevent errors and assist in properly reflecting the Township's financial activity in the annual report.

**Officials' Response:**

The posting errors/misclassifications were corrected per the Auditor's request.

#### **FINDING NUMBER 2006-003**

##### **Noncompliance - Finding for Recovery Repaid Under Audit**

Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper "Public Purpose" states that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect. The Bulletin further states that the Auditor of State's Office does not view the expenditure of public funds for alcoholic beverages as a proper public purpose and will issue findings for recovery for such expenditures as manifestly arbitrary and incorrect.

Township Administrator Doug Walker was reimbursed \$7.75 for an alcoholic beverage during FY 2006 while out of town for the National Association of Towns and Townships Annual Conference.

In accordance with the forgoing facts and pursuant to Ohio Revised Code Section 117.28, a finding for recovery for public money illegally expended is hereby issued against Doug Walker, Township Administrator, in the amount of \$7.75, in favor of the General Fund.

When informed of these facts, Mr. Walker agreed to repay the Township. The Township Administrator repaid this amount to the Township on January 16, 2008.

##### **Officials' Response:**

The finding for recovery was repaid immediately by both parties involved. Payments were made on January 16, 2008.

#### **FINDING NUMBER 2006-004**

##### **Noncompliance - Finding for Recovery Repaid Under Audit**

Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper "Public Purpose" states that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect. The Bulletin further states that the Auditor of State's Office does not view the expenditure of public funds for alcoholic beverages as a proper public purpose and will issue findings for recovery for such expenditures as manifestly arbitrary and incorrect.

Township employee Chip Stewart was reimbursed \$3.75 for an alcoholic beverage during FY 2006 while out of town for a conference.

In accordance with the forgoing facts and pursuant to Ohio Revised Code Section 117.28, a finding for recovery for public money illegally expended is hereby issued against Chip Stewart in the amount of \$3.75, in favor of the General Fund.

When informed of these facts, Mr. Stewart agreed to repay the Township. He repaid this amount to the Township on January 16, 2008.

##### **Officials' Response:**

The finding for recovery was repaid immediately by the party involved. Payment was made on January 16, 2008.

**FINDING NUMBER 2006-005**

**Material Noncompliance**

**Ohio Administration Code 117-2-01** states in part that

(C) Internal control consists of the following five interrelated components:

- (1) Control environment sets the tone of an organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure.
- (2) Risk assessment, which is the entity's identification and analysis of relevant risks to the achievement of its objectives, forming a basis for determining how the risks should be managed.
- (3) Control activities, which are policies and procedures that help ensure management directives are carried out.
- (4) Information and communication, which are the identification, capture, and exchange of information in a form and time frame that enable people to carry out their responsibilities.
- (5) Monitoring, which is a process that assesses the quality of internal control performance over time.

During testing of employee reimbursements we noted following deficiencies:

- There were two instances where the Township reimbursed an employee for an alcoholic beverage. These alcohol purchases were subsequently repaid to the Township during the course of the audit period;
- The Township purchased airline tickets for the Administrator and a Trustee to attend the National Association of Towns and Townships Annual Conference in Washington, D.C. during FY 2006. However, the purchased airline tickets also included tickets for the Administrator and Trustees wives who were not employees of the Township. The Administrator and Trustee purchased the tickets in the amount of \$1,428 per ticket on August 10, 2006 and repaid the Township on November 2, 2006 for the airline tickets purchased for their wives on August 10, 2006;
- There were two instances where an employee was reimbursed for meals totaling \$61.25 that were included on their hotel bill which was already paid by the Township; and
- There were several instances where employees were reimbursed for travel expenses and the receipt provided was not detailed.

The Township has "Expense Reimbursement Policy" documented in their Personnel Policy Manual, however, the policy is not very detailed. We recommend that the Township Trustees establish a more descriptive travel reimbursement policy for the payment of travel expenses of Township employees. Detailed receipts should be required by the Township Fiscal Officer prior to payment of the Township credit card monthly statement and to reimburse employees in order to determine that the expenditure was an allowable expenditure of the Township and for a proper public purpose. The Township should not pay for travel expenses for spouses of Township employees.

**FINDING NUMBER 2006-005  
(Continued)**

**Officials' Response:**

The Township's Expense Reimbursement Policy will be reviewed and modified to clarify acceptable uses and to describe acceptable receipt documentation.

**FINDING NUMBER 2006-006**

**Material Noncompliance / Material Weakness**

Contract clause 3.16 of the Township's performance based contract with the United States Postal Service, states that all moneys received from the operation of the Contract Postal Unit (CPU) are the property of the U.S. Postal Service, and not the property of the supplier. Funds received in the operation of the CPU shall be kept separate and apart from all other funds received by the supplier.

During the period of January 1, 2005 through May 12, 2006, the Township posted all credit card sales and cash sales for postal products sold through the contract postal unit to the General fund. Also, the Township processed all payments made to the USPS out of their General fund. This activity was reclassified to the Agency fund.

In May 2006, the Township entered into a Postage Evidencing Device Performance Based Contract with the United States Postal Service and were no longer required to have the funds received kept separate and apart from all other funds. We recommend that the Township familiarize themselves with the contract between them and the United States Postal Service in order to comply with the necessary requirements.

**Ohio Rev. Code, Section 507.07**, requires the Township Clerk to maintain the books of the Township and exhibit accurate statements of all monies received and expended.

In addition, **Ohio Administration Code, Section 117-2-02**, states in part that;

- (A) All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements required by 117-2-03 of the Administrative Code.

The Township did not maintain proper documentation for activity posted to the Township's accounting system related to their contract postal unit as followed:

- Cash sales of postal products collected by the contract postal unit that were posted to the Township's accounting system did not have supporting documentation attached to the receipt. The Township maintained documentation from the contract postal unit's system separately. The AOS was unable to identify the receipts posted by the Township to the documentation maintained from the contract postal units system.
- The Township issued convenience checks from their Fifth Third Bank Business Mastercard Account to make payments to the USPS for the sale of postal products per discussion with the Fiscal Officer. However, there were no canceled checks to verify who the payment was made to and the monthly statement only referenced the purchase as a convenience check. In some instances the Township attached the daily credit card sales report from the Post Office to verify the amount that was remitted to the USPS.

**FINDING NUMBER 2006-006  
(Continued)**

During testing we noted deficiencies in the Township's management of their contract postal unit as followed.

- The Township was charged a monthly finance charge in their Fifth Third Bank Business Mastercard Account based upon the daily balance in the account at an annual percentage rate of 8 – 10%. During FY 2005 and 2006 the Township paid finance charges totaling \$1,381.11 for issuing convenience checks to the USPS.
- In December 2005, the Township issued twenty convenience checks from their Fifth Third Bank Business Mastercard Account that were returned due to non-sufficient funds. The Township paid \$500 in surcharge amounts related to the non-sufficient funds.
- In December 2005, the Township had an audit conducted by the United States Postal Service – Anderson Branch on their stamp stock credit as noted in their agreement with the United States Postal Service. In auditing the Township's stock and related financial documents, it was determined that there was a net shortage of \$4,819.58. A formal demand for restitution was issued by the United States Postal Service and was paid by the Township in December 2005.

Failure to accurately prepare and maintain accounting records reduces the accountability over the Township's contract postal unit (CPU) and reduces the Township's ability to monitor financial activity of the CPU. Without this evidential matter we were unable to determine the complete and accurate financial activity of the CPU.

**Officials' Response:**

Management of the Township's Post Office has moved from performance based to actual ownership and the use of convenience checks and credit cards has been discontinued.

**FINDING NUMBER 2006-007**

**Material Noncompliance / Significant Deficiency**

**Ohio Rev. Code, Section 5705.10(H)**, provides that money paid into a fund shall be used only for the purpose for which fund was established. Therefore, money in a fund may be used to pay debt charges provided the payment of such debt charges is consistent with the purpose for which the fund was established.

The Township paid a portion of their principal and interest payments in 2005 and 2006 totaling \$95,370 and \$93,642 respectively related to their Barg Salt Run Road Improvement Bonds from their Safety Services Levy fund. We recommend that the Township only make disbursements for purposes in which levy funds were established and to make payments for projects from funds that are allowable.

**Officials' Response:**

The Safety Services Levy Fund has been reimbursed.

## FINDING NUMBER 2006-008

### Material Noncompliance

**Ohio Rev. Code, Section 5705.41(D)(1)**, prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **"Then and Now" Certificate** - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrances, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

2. **Blanket Certificate** – Fiscal officers may prepare "blanket" certifications for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. (Prior to September 26, 2003, blanket certificates were limited to \$5,000 and three months.) The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket Certificates** – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Where a continuing contract is to be performed in whole or in part in an ensuing fiscal year, only the amount required to meet those amounts in the fiscal year in which the contract is made need be certified.

### General Non-Payroll Disbursements

In FY 2005 and 2006, sixty-one percent (61%) and forty-nine percent (49%) of the transactions tested respectively did not have certification prior to the obligation date and none of the three exceptions provided above were utilized.

Failure to certify the availability of funds and encumber appropriations can result in overspending funds and negative cash balances.

**FINDING NUMBER 2006-008  
 (Continued)**

Unless the Township uses the exceptions noted above, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that funds are or will be available prior to obligation by the Township. When prior certification is not possible, "then and now" certification should be used.

We recommend the Township officials and employees obtain the Fiscal Officer's certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

**Officials' Response:**

The Township's Purchase Order procedure will be reviewed and modified as necessary to reduce the risk of prior commitments.

**FINDING NUMBER 2006-009**

**Noncompliance Citation**

**Ohio Rev. Code, Section 5705.41(B)**, provides that no subdivision or taxing unit is to expend money unless it has been properly appropriated. Expenditures plus encumbrances exceeded appropriations at 12/31/06 in the following funds:

<b>Fund</b>	<b>Appropriations</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
Police Fund – Training	\$ 41,957	\$ 60,521	\$ (18,564)
Fire Fund – Repairs	224,000	235,935	(11,935)
Tax Increment Financing	259,680	509,988	(250,308)

Expenditures plus encumbrances exceeded appropriations at 10/31/05 in the following fund:

<b>Fund</b>	<b>Appropriations</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
Road & Bridge Fund – Repairs	\$ 80,000	\$ 84,853	\$ (4,853)

Failure to monitor budgetary activity increases the risk of over spending or making unauthorized expenditures. We recommend the Board of Trustees periodically review the budgetary activity of the Township and make amendments as needed to avoid expenditures exceeding appropriations. The Fiscal Officer should deny payment requests exceeding appropriations. The Fiscal Officer may request the Trustees to approve increased expenditure levels by amending estimated resources and increasing appropriations, if necessary

**Officials' Response:**

A review of the Appropriations and Budgetary Expenditures will be performed to reduce or eliminate these types of non-compliances in the future.

**UNION TOWNSHIP  
CLERMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2006 AND 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2004-001	ORC 5705.41(B), expenditures exceeding appropriations	No	Reissued as finding 2006-009
2004-002	ORC 507.09, township clerk overpaid self	Yes	Corrected.





**Mary Taylor, CPA**  
Auditor of State

**UNION TOWNSHIP**

**CLERMONT 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  
AUGUST 14, 2008**