



Mary Taylor, CPA
Auditor of State

**UNION TOWNSHIP
MIAMI COUNTY**

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Mary Taylor, CPA
Auditor of State

Union Township
Miami County
9497 Markley Road, P.O. Box E
Laura, Ohio 45337

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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

November 12, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Union Township
Miami County
9497 Markley Road, P.O. Box E
Laura, Ohio 45337

To the Board of Trustees:

We have audited the accompanying financial statements of Union Township, Miami County, (the Township) as of and for the years ended December 31, 2007 and 2006. 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

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, 2007 and 2006 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, 2007 and 2006, or its changes in financial position or cash flows, where applicable for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Union Township, Miami County, as of December 31, 2007 and 2006, 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.

During 2006, the Township changed its financial statement presentation method to conform to presentation methods the Auditor of State prescribes or permits.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 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

November 12, 2008

**UNION TOWNSHIP
MIAMI COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Property and Other Local Taxes	\$96,302	\$306,680		\$402,982
Licenses, Permits, and Fees	12,539	59,202		71,741
Intergovernmental	88,422	144,810		233,232
Special Assessments		730		730
Earnings on Investments	15,412	11,014	\$829	27,255
Miscellaneous	44,448	17,871		62,319
Total Cash Receipts	<u>257,123</u>	<u>540,307</u>	<u>829</u>	<u>798,259</u>
Cash Disbursements:				
Current:				
General Government	222,591			222,591
Public Safety		301,388		301,388
Public Works		132,802		132,802
Health	35,410	69,588		104,998
Capital Outlay	22,433	89,059		111,492
Total Cash Disbursements	<u>280,434</u>	<u>592,837</u>		<u>873,271</u>
Total Receipts Over/(Under) Disbursements	<u>(23,311)</u>	<u>(52,530)</u>	<u>829</u>	<u>(75,012)</u>
Fund Cash Balances, January 1	<u>40,974</u>	<u>379,919</u>	<u>17,418</u>	<u>438,311</u>
Fund Cash Balances, December 31	<u>\$17,663</u>	<u>\$327,389</u>	<u>\$18,247</u>	<u>\$363,299</u>
Reserve for Encumbrances, December 31	<u>\$8,336</u>	<u>\$5,099</u>		<u>\$13,435</u>

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

**UNION TOWNSHIP
MIAMI COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise Fund</u>	<u>Private Purpose Trust</u>	
Operating Cash Receipts:			
Charges for Services	\$226,766		\$226,766
Total Operating Cash Receipts	<u>226,766</u>		<u>226,766</u>
Operating Cash Disbursements:			
Salaries	9,818		9,818
Employee Fringe Benefits	1,511		1,511
Purchased Services	204,933		204,933
Supplies and Materials		\$165	165
Other	5,448		5,448
Total Operating Cash Disbursements	<u>221,710</u>	<u>165</u>	<u>221,875</u>
Operating Income/(Loss)	<u>5,056</u>	<u>(165)</u>	<u>4,891</u>
Non-Operating Cash Receipts:			
Licenses, Permits, and Fees	49,133		49,133
Earnings on Investments		520	520
Total Non-Operating Cash Receipts	<u>49,133</u>	<u>520</u>	<u>49,653</u>
Net Receipts Over/(Under) Disbursements	54,189	355	54,544
Fund Cash Balances, January 1	<u>83,951</u>	<u>10,685</u>	<u>94,636</u>
Fund Cash Balances, December 31	<u><u>138,140</u></u>	<u><u>11,040</u></u>	<u><u>149,180</u></u>
Reserve for Encumbrances, December 31	<u><u>\$59,863</u></u>	<u><u>\$0</u></u>	<u><u>\$59,863</u></u>

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

**UNION TOWNSHIP
MIAMI 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>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Property and Other Local Taxes	\$94,940	\$256,970		\$351,910
Licenses, Permits, and Fees		51,523		51,523
Intergovernmental	103,969	139,351		243,320
Special Assessments		783		783
Earnings on Investments	12,667	9,940	\$653	23,260
Miscellaneous	33,435	27,948		61,383
Total Cash Receipts	<u>245,011</u>	<u>486,515</u>	<u>653</u>	<u>732,179</u>
Cash Disbursements:				
Current:				
General Government	202,643			202,643
Public Safety		248,568		248,568
Public Works		53,582		53,582
Health	35,170	89,037		124,207
Capital Outlay	2,889	7,433		10,322
Total Cash Disbursements	<u>240,702</u>	<u>398,620</u>		<u>639,322</u>
Total Receipts Over/(Under) Disbursements	<u>4,309</u>	<u>87,895</u>	<u>653</u>	<u>92,857</u>
Other Financing Receipts / (Disbursements):				
Transfers-In		3,849		3,849
Transfers-Out	(3,849)			(3,849)
Advances-In		5,000		5,000
Advances-Out	(5,000)			(5,000)
Other Financing Sources	12,125			12,125
Total Other Financing Receipts / (Disbursements)	<u>3,276</u>	<u>8,849</u>		<u>12,125</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	7,585	96,744	653	104,982
Fund Cash Balances, January 1	<u>33,389</u>	<u>283,175</u>	<u>16,765</u>	<u>333,329</u>
Fund Cash Balances, December 31	<u>40,974</u>	<u>379,919</u>	<u>17,418</u>	<u>438,311</u>
Reserve for Encumbrances, December 31	<u>\$8,480</u>	<u>\$4,201</u>		<u>\$12,681</u>

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

**UNION TOWNSHIP
MIAMI COUNTY**

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise Fund</u>	<u>Private Purpose Trust</u>	
Operating Cash Receipts:			
Charges for Services	\$157,750		\$157,750
Total Operating Cash Receipts	<u>157,750</u>		<u>157,750</u>
Operating Cash Disbursements:			
Salaries	11,576		11,576
Employee Fringe Benefits	987		987
Purchased Services	164,347		164,347
Supplies and Materials		\$195	195
Other	2,906		2,906
Total Operating Cash Disbursements	<u>179,816</u>	<u>195</u>	<u>180,011</u>
Operating Income/(Loss)	<u>(22,066)</u>	<u>(195)</u>	<u>(22,261)</u>
Non-Operating Cash Receipts:			
Licenses, Permits, and Fees	25,532		25,532
Earnings on Investments		482	482
Total Non-Operating Cash Receipts	<u>25,532</u>	<u>482</u>	<u>26,014</u>
Net Receipts Over/(Under) Disbursements	3,466	287	3,753
Fund Cash Balances, January 1	<u>80,485</u>	<u>10,398</u>	<u>90,883</u>
Fund Cash Balances, December 31	<u><u>83,951</u></u>	<u><u>10,685</u></u>	<u><u>94,636</u></u>
Reserve for Encumbrances, December 31	<u><u>\$45,442</u></u>	<u><u>\$0</u></u>	<u><u>\$45,442</u></u>

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

**UNION TOWNSHIP
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Union Township, Miami County, (the Township) is a body corporate and 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 provides road maintenance, and cemetery maintenance. The Township contracts with the Laura Fire Company, Ludlow Falls Fire Company and West Milton Fire Company to provide emergency service and has one seat on the five-member Southwest District Ambulance Board that provides ambulance services through the Union Township Life Squad.

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 and 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 disbursements, respectively.

Certificates of deposit valued at cost.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments 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.

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:

Motor Vehicle License Tax – The fund receives license plate taxes for constructing, maintaining, and repairing Township roads and bridges.

**UNION TOWNSHIP
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Cemetery – This fund receives money from the sale of grave plots and burials to manage the cemetery.

Fire Voted Levy Fund – This fund receives proceeds from a property tax levy to provide fire protection services.

Fire District – Inside Millage – This fund receives property taxes to provide fire protection services. This is not voted on.

Permissive Motor Vehicle Tax – This fund receives tax money to pay for maintaining, constructing, and repairing township roads.

3. Permanent Funds

This fund accounts for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Township's programs. The Township had the following significant permanent fund:

Miami Conservancy Fund – This nonexpendable trust fund was established for rehabilitation of cemeteries in case of flooding.

4. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

Private Purpose Trust Funds – These non-expendable trust funds are for the benefit of specified individuals.

5. Proprietary Funds

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Township had the following significant Enterprise Funds:

Garbage and Waste District Fund – This fund receives fees from township residents to provide trash pickup service.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

**UNION TOWNSHIP
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(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.

A summary of 2007 and 2006 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

G. Accumulated Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2007</u>	<u>2006</u>
Demand deposits	\$483,254	\$504,703
Certificates of deposit	29,225	28,244
Total deposits	<u>\$512,479</u>	<u>\$532,947</u>

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

**UNION TOWNSHIP
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2007 and 2006 were as follows:

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$255,040	\$257,123	\$2,083
Special Revenue	519,098	540,307	21,209
Permanent	450	829	379
Enterprise	260,176	275,899	15,723
Fiduciary	250	520	270
Total	<u>\$1,035,014</u>	<u>\$1,074,678</u>	<u>\$39,664</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$296,490	\$288,770	\$7,720
Special Revenue	846,130	597,936	248,194
Permanent	0	0	0
Enterprise	290,766	281,573	9,193
Fiduciary	450	165	285
Total	<u>\$1,433,836</u>	<u>\$1,168,444</u>	<u>\$265,392</u>

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$254,810	\$257,136	\$2,326
Special Revenue	476,522	495,364	18,842
Permanent	450	653	203
Enterprise	165,000	183,282	18,282
Fiduciary	250	482	232
Total	<u>\$897,032</u>	<u>\$936,917</u>	<u>\$39,885</u>

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$293,085	\$258,031	\$35,054
Special Revenue	700,729	402,821	297,908
Permanent	300	0	300
Enterprise	238,859	225,258	13,601
Fiduciary	200	195	5
Total	<u>\$1,233,173</u>	<u>\$886,305</u>	<u>\$346,868</u>

**UNION TOWNSHIP
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

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

5. RETIREMENT Systems

The Township's elected officials and employees belong to the Public Employees retirement system (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OPERS members contributed 9.5 and 9%, respectively, of their gross salaries and the Township contributed an amount equaling 13.85 and 13.7%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2007 and 2006.

6. RISK MANAGEMENT

A. Risk Pool Membership

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

B. Casualty Coverage

OTARMA retains casualty risks up to \$350,000 per claim, including loss adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$350,000 up to \$2,650,000 per claim and \$10,000,000 in the aggregate per year. Governments can elect additional coverage up to \$10,000,000 with General Reinsurance Corporation, through contacts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$3,000,000.

**UNION TOWNSHIP
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

6. RISK MANAGEMENT (Continued)

C. Property Coverage

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members; total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

D. Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

	2007	2006
Casulty Coverage		
Assets	\$43,210,703	\$42,042,275
Liabilities	(13,357,837)	(12,120,661)
Retained Earnings	\$29,852,866	\$29,921,614

7. NONCOMPLIANCE

Contrary to Ohio law, the Township did not post interest revenue to the private purpose (non-expendable) trust funds for the years ended December 31, 2007 and 2006. Also contrary to Ohio law, at December 31, 2006 the Township incorrectly recorded \$4,070 of the Fiscal Officer's salary in the Garbage and Waste District fund.

8. RESTATEMENT

For 2006, the Township recorded a prior year adjustment to the General and Solid Waste Funds for the inappropriate charge of the Fiscal Officer's salary to the Cemetery and Solid Waste Funds. The aforementioned adjustment had the following effect on the fund balances of the Township at December 31, 2006:

	General Fund	Special Revenue	Solid Waste Fund
12/31/05	\$38,274	\$282,138	\$76,636
Adjustment	(4,885)	1,037	3,849
1/1/06 Restated Fund Balance	\$33,389	\$283,175	\$80,485

9. SUBSEQUENT EVENT

On August 25, 2008, the Township awarded a bid to Tri-State Sterling in the amount of \$63,789 for the purchase of a Non-CDL dump truck.

On August 28, 2008, the Township approved the contract with the Miami County Engineer in the amount of \$120,000 for the resurfacing of Markley Road.



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
Miami County
9497 Markley Road, P.O. Box E
Laura, Ohio 45337

To the Board of Trustees:

We have audited the financial statements of Union Township, Miami County, (the Township) as of and for the years ended December 2007 and 2006, and have issued our report thereon dated November 12, 2008, wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

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

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 certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

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

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**Internal Control over Financial Reporting
(Continued)**

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-001 through 2007-003.

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

Our consideration of 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 2007-001 through 2007-003 are also material weaknesses.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated November 12, 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 are described in the accompanying schedule of findings as items 2007-001 and 2007-002.

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 November 12, 2008.

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



Mary Taylor, CPA
Auditor of State

November 12, 2008

UNION TOWNSHIP
MIAMI COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2007-001

Noncompliance and Material Weakness

Ohio Rev. Code Section 5705.131 states interest earned on the principal of a non-expendable trust fund established to receive donations or contributions that the donor or contributor requires to be maintained intact shall be credited to the non-expendable trust fund to which the principal belongs.

During 2007 and 2006, the Township posted to the general fund interest revenues in the amounts of \$207 and \$128 respectively, and general government expenditures in the amounts of \$165 and \$195 respectively that should have been posted to the fiduciary funds. This resulted in an understatement of revenues and expenditures in the fiduciary funds. The adjustments from above have been reflected in the financial statements presented with this report. The Township should implement controls over the posting of interest revenue and the related expenditures.

FINDING NUMBER 2007-002

Noncompliance and Material Weakness

Ohio Rev. Code Section 5705.41(C) states that no subdivision is to expend money except by a proper warrant drawn against an appropriate fund. In fiscal year 2006, the Township expended \$4,070 from the Garbage and Waste District Fund for the Fiscal Officer's annual salary that should have been expended from the General Fund. An audit adjustment has been posted to correct this error as the General Fund ending cash balance was overstated and the Waste Collection Fund ending cash balance was understated. Per the *Ohio Township Handbook* published by the Ohio Auditor of State's Office, the fiscal officer's annual salary is a general fund expenditure. Additionally, the *Ohio Township Handbook* provides guidance on utilizing cemetery and waste disposal district revenues for the compensation of a township fiscal officer in performing her duties. The Township should pay the Fiscal Officer's annual salary from the general fund. Additional compensation for duties performed in keeping the records of the Township's cemeteries and waste disposal district should be approved by the Board of Trustees and reviewed by the Township's legal counsel to be in compliance with applicable sections of the Ohio Revised Code.

FINDING NUMBER 2007-003

Material Weakness

Enterprise funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges.

During 2007 and 2006, the Township classified the garbage and waste disposal fund as a special revenue fund, even though it charged fees to cover a significant amount of the costs associated with the activities of the fund. This resulted in the Township omitting the proprietary fund type. The Township should reevaluate the classification of the funds that are used by the entity to verify that they are correctly classified on the financial statements.



Mary Taylor, CPA
Auditor of State

UNION TOWNSHIP

MIAMI 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
JANUARY 13, 2009**