



*UNION TOWNSHIP, ROSS COUNTY*

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**Regular Audit**

**For the Years Ended  
December 31, 2008 and 2007**

**J.L. UHRIG**  
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS







Mary Taylor, CPA  
Auditor of State

Board of Trustees  
Union Township  
9254 Williamsport Pike  
Chillicothe, Ohio 45601

We have reviewed the *Independent Auditor's Report* of Union Township, Ross County, prepared by J.L. Uhrig and Associates, Inc., for the audit period January 1, 2007 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

April 14, 2009

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*For the Years Ended December 31, 2008 and 2007*

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## Independent Auditor's Report

Board of Trustees  
Union Township, Ross County  
9254 Williamsport Pike  
Chillicothe, OH 45601

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Union Township (the Township), Ross County as of and for the years ended December 31, 2008 and 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the accompanying financial statements and notes follow the cash basis of accounting. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township as of December 31, 2008 and 2007, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and Gasoline Tax, Road and Bridge, Fire and Emergency Service funds for the years then ended in conformity with the cash basis of accounting presented in Note 2.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 11, 2009 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. While we do 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* and should be read in conjunction with this report when considering the results of our audit.

Board of Trustees  
Union Township, Ross County  
Independent Auditor's Report

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.

February 11 , 2009



UNION TOWNSHIP, ROSS COUNTY  
Management's Discussion and Analysis  
For the Years Ended December 31, 2008 and 2007  
Unaudited

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This discussion and analysis of the Union Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2008 and 2007, within the limitations of the Township's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

**Highlights**

Key highlights for 2008 and 2007 are as follows:

In 2008, net assets of governmental activities decreased \$3,251, or 1.1 percent, not a significant change from the prior year.

In 2007, net assets of governmental activities decreased \$35,282, or 10.8 percent, a significant change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the Building Fund and Fire Fund. The Building Funds net assets decreased by \$22,854 which resulted in several capital improvement projects during 2007. The Township built a storage building and made several improvements to the fire department buildings and the parking lot of Fire Station #2. Also, the Fire Fund decreased in net assets by \$22,356 due to a 23% increase in the cost workers compensation (\$5,501), a 95% increase in training fire and ems personnel (\$10,638) and the increase in costs to repair vehicles, utilities, and fuel for the vehicles.

The Township's general receipts are primarily property taxes and grants and entitlement not restricted to specific programs. These receipts represent respectively 53.9 and 21.9 percent of the total cash received in 2008 for governmental activities during the year. Property tax receipts for 2008 changed very little compared to 2007 (2.4% increase) as development within the Township has remained relatively unchanged.

For 2007, property taxes and grants and entitlements not restricted to specific programs represent respectively 56.9 and 15.5 percent of the total cash received for governmental activities during the year. Property tax receipts for 2007 changed very little compared to 2006 (3.35% increase) as development within the Township has remained relatively unchanged.

### **Using the Basic Financial Statements**

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

#### **Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

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

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

#### **Basis of Accounting**

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

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

### **Reporting the Township as a Whole**

The statement of net assets and the statement of activities reflect how the Township did financially during 2008 and 2007, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

UNION TOWNSHIP, ROSS COUNTY  
Management's Discussion and Analysis  
For the Years Ended December 31, 2008 and 2007  
Unaudited

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These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, the Township consists of one type of activity:

***Governmental Activities.*** All of the Township's basic services are reported here, including fire and Township roads. State grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**Reporting the Township's Most Significant Funds**

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township consist of one category: governmental.

***Governmental Funds*** – All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Fire Fund, and Emergency Service Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

UNION TOWNSHIP, ROSS COUNTY  
Management's Discussion and Analysis  
For the Years Ended December 31, 2008 and 2007  
Unaudited

**The Township as a Whole**

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

(Table 1)  
**Net Assets**

	Governmental Activities		
	2008	2007	2006
<b>Assets</b>			
Cash and Cash Equivalents	\$285,833	\$289,084	\$324,214
Total Assets	\$283,833	\$289,084	\$324,214
<b>Net Assets</b>			
<i>Restricted for:</i>			
Debt Service	\$34	\$0	\$0
<i>Permanent Fund:</i>			
Expendable	263	199	156
Nonexpendable	2,000	2,000	2,000
Other Purposes	170,964	169,396	210,851
Unrestricted	112,572	117,489	111,207
Total Net Assets	\$285,833	\$289,084	\$324,214

As mentioned previously, net assets of governmental activities decreased by only \$3,251, or 1.1 percent during 2008. Net assets of governmental activities decreased \$35,282, or 10.8 percent during 2007. The primary reasons contributing to the significant decreases in cash balances for 2007 are as follows:

- The Township completed several capital improvement projects during 2007 including building a storage building and construction improvements to the fire department buildings and resurfacing the parking lot in front of the bay doors of Fire Station #2 with concrete.
- In 2007, workers compensation premiums increased for the Fire and EMS Department by 23% or \$5,501, Also the training for fire and ems personnel increased by \$10,638 or 95%. The cost to repair and fuel emergency vehicles has increased

UNION TOWNSHIP, ROSS COUNTY  
Management's Discussion and Analysis  
For the Years Ended December 31, 2008 and 2007  
Unaudited

Table 2 reflects the changes in net assets in 2008, 2007, and 2006.

	Governmental Activities		
	2008	2007	2006
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$87,961	\$71,821	83,145
Operating Grants and Contributions	149,338	142,053	130,923
Capital Grants and Contributions	0	18,750	0
Total Program Receipts	<u>237,299</u>	<u>232,624</u>	<u>214,068</u>
General Receipts:			
Property and Other Local Taxes	555,809	541,910	524,295
Grants and Entitlements Not Restricted	226,292	147,824	25,506
Earnings on Investments	7,999	14,213	14,210
Miscellaneous	2,986	15,104	2,561
Sale of Capital Assets	1,000	1,245	2,000
Proceeds from Sale of Notes	0	30,920	256,584
Total General Receipts	<u>794,086</u>	<u>751,216</u>	<u>1,005,156</u>
Total Receipts	<u>1,031,385</u>	<u>983,840</u>	<u>1,219,224</u>
Disbursements:			
General Government	151,678	156,272	146,318
Public Safety	375,198	344,035	615,221
Public Works	386,869	336,169	403,210
Health	18,768	24,233	24,023
Capital Outlay	33,073	80,444	28,332
Principal Retirement	54,205	62,740	40,145
Interest and Fiscal Charges	14,845	15,229	4,520
Total Disbursements	<u>1,034,635</u>	<u>1,019,122</u>	<u>1,261,769</u>
Increase (Decrease) in Net Assets	(3,251)	(35,282)	(42,545)
Net Assets, January 1, (Restated)	<u>289,084</u>	<u>324,366</u>	<u>366,759</u>
Net Assets, December 31,	<u>\$285,833</u>	<u>\$289,084</u>	<u>\$324,214</u>

Program receipts represent only 23 percent of total receipts during 2008 and 23 percent of total receipts during 2007. Program receipts are comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, charges to for emergency medical services and fire services under contracts.

UNION TOWNSHIP, ROSS COUNTY  
Management's Discussion and Analysis  
For the Years Ended December 31, 2008 and 2007  
Unaudited

General receipts represent 77 percent in 2008 and 76 percent in 2007 of the Township's total receipts, and of this amount, over 53.9 percent in 2008 and 55 percent in 2007 are local taxes. State and federal grants and entitlements make up 36.4 percent in 2008 and 29.5 percent in 2007 of the Township's total receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Township represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of Trustees, Fiscal Officer, and other general activities, as well as internal services such as payroll and purchasing. Since these costs do not represent direct service to residents, we try to limit these costs.

Public safety are costs associated with fire protection and emergency services. Public works are costs associated with maintaining Township roads.

**Governmental Activities**

If you look at the Statement of Activities you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are public works and public safety, which account for \$762,067 or 73.66 percent in 2008 and \$680,204 or 68.83 percent in 2007 of all governmental disbursements, respectively. General government also represents a significant cost, about 14.66 percent in 2008 and 15.8 percent in 2007. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net receipt (disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the statement. A comparison between the total cost of services and the net cost during 2008 and 2007 is presented in Table 3.

(Table 3)

	<b>Governmental Activities</b>					
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services	Total Cost Of Services	Net Cost Of Services
	2008	2008	2007	2007	2006	2006
General Government	\$151,678	\$148,878	\$156,272	\$156,272	\$146,318	\$146,318
Public Safety	375,198	339,937	344,035	326,489	615,221	593,409
Public Workds	386,869	203,581	336,169	131,857	403,210	230,152
Health	18,768	2,818	24,233	13,467	24,023	4,825
Capital Outlay	33,073	33,073	80,444	80,444	28,332	28,332
Principal Retirement	54,205	54,205	62,740	62,740	40,145	40,145
Interest and Fiscal Charges	14,845	14,845	15,229	15,229	4,520	4,520
<b>Total Expenses</b>	<b>\$1,034,636</b>	<b>\$797,337</b>	<b>\$1,019,122</b>	<b>\$786,498</b>	<b>\$1,261,769</b>	<b>\$1,047,701</b>

The dependence upon property and income tax receipts is apparent as over 53.7 percent in 2008, 54.8 percent in 2007 of governmental activities are supported through these general receipts.

UNION TOWNSHIP, ROSS COUNTY  
Management's Discussion and Analysis  
For the Years Ended December 31, 2008 and 2007  
Unaudited

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**The Township's Funds**

Total governmental funds had receipts of \$1,031,385 in 2008 and \$952,920 in 2007 and disbursements of \$1,034,636 in 2008 and \$988,202 in 2007. The greatest change within governmental funds occurred within the Fire Fund. The fund balance of the Fire Fund decreased \$19,677 as the result of decreased receipts for 2008. The fund balance of the Fire Fund increased \$22,356 as the result of increased receipts and decreased disbursements for 2007.

**General Fund Budgeting Highlights**

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

During 2008, the Township amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts increased \$45,529 or 26.17 percent from the original budgeted receipts due to growth in the intergovernmental receipts. The difference between final budgeted receipts and actual receipts was not significant.

During 2007, the Township amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts increased \$3,548 or 2.22 percent from the original budgeted receipts due to growth in the intergovernmental receipts. The difference between final budgeted receipts and actual receipts was not significant.

During 2008, General Fund final disbursements were budgeted at \$186,079 while actual disbursements were \$142,220. Final budgeted disbursements decreased \$25,921 or 12.22 percent from the original budgeted disbursements, which is the result of a cut in spending.

During 2007, General Fund final disbursements were budgeted at \$207,000 while actual disbursements were \$141,562. Final budgeted disbursements decreased \$8,000 or 3.72 percent from the original budgeted disbursements, which is the result of a cut in spending.

**Debt Administration**

At December 31, 2008, the Township's outstanding debt included \$239,715 in notes payable. For further information regarding the Township's debt, refer to Note 10 to the basic financial statement.

**Current Issues**

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited funding. As indicated in the preceding financial information, the Township relies heavily on local taxes and intergovernmental receipts to operate at the current level of services.

UNION TOWNSHIP, ROSS COUNTY  
Management's Discussion and Analysis  
For the Years Ended December 31, 2008 and 2007  
Unaudited

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**Contacting the Township's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Karen Rittinger Gossman, Fiscal Officer, Union Township, Ross County, 9254 Williamsport Pike, Chillicothe, Ohio 45601.



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**UNION TOWNSHIP, ROSS COUNTY**

*Statement of Net Assets*

*December 31, 2008*

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	<u>Governmental Activities</u>
<b><u>Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$285,833</u>
<i>Total Assets</i>	<u>285,833</u>
<b><u>Net Assets:</u></b>	
<i>Restricted for:</i>	
Debt Service	34
<i>Permanent Fund: For Improvements</i>	
Expendable	263
Nonexpendable	2,000
Other Purposes	170,964
Unrestricted	<u>112,572</u>
<i>Total Net Assets</i>	<u><u>\$285,833</u></u>

See accompanying notes to the basic financial statements.

**UNION TOWNSHIP, ROSS COUNTY**

*Statement of Activities*

*For the Year Ended December 31, 2008*

	<u>Program Receipts</u>			Net (Disbursements) Receipts and Changes in Net Assets
	Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b><u>Governmental Activities:</u></b>				
General Government	\$151,678	\$2,800	\$0	(\$148,878)
Public Safety	375,198	25,261	10,000	(339,937)
Public Works	386,869	43,950	139,338	(203,581)
Health	18,768	15,950	0	(2,818)
Capital Outlay	33,073	0	0	(33,073)
<i>Debt Service:</i>				
Principal Retirement	54,205	0	0	(54,205)
Interest and Fiscal Charges	14,845	0	0	(14,845)
<i>Total Governmental Activities</i>	<u>\$1,034,636</u>	<u>\$87,961</u>	<u>\$149,338</u>	<u>(797,337)</u>
<b><u>General Receipts:</u></b>				
Property Taxes				551,863
Other Taxes				3,946
Grants and Entitlements not Restricted to Specific Programs				226,292
Sale of Capital Assets				1,000
Earnings on Investments				7,999
Miscellaneous				2,986
<i>Total General Receipts</i>				<u>794,086</u>
Change in Net Assets				(3,251)
<i>Net Assets at Beginning of Year</i>				<u>289,084</u>
<i>Net Assets at End of Year</i>				<u>\$285,833</u>

See accompanying notes to the basic financial statements.

**UNION TOWNSHIP, ROSS COUNTY**

*Balance Sheet*

*Governmental Funds*

*December 31, 2008*

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	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>
<b><u>Assets:</u></b>			
Equity in Pooled Cash and Cash Equivalents	\$112,571	\$17,405	\$45,581
<i>Total Assets</i>	<u>\$112,571</u>	<u>\$17,405</u>	<u>\$45,581</u>
<b><u>Fund Balances:</u></b>			
Reserved for Encumbrances	\$0	\$0	\$0
<i>Unreserved:</i>			
General Fund	112,571	0	0
Special Revenue Funds	0	17,405	45,581
Debt Service Fund	0	0	0
Permanent Fund	0	0	0
<i>Total Fund Balances</i>	<u>\$112,571</u>	<u>\$17,405</u>	<u>\$45,581</u>

See accompanying notes to the basic financial statements.

<u>Fire</u>	<u>Emergency Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$31,178	\$45,810	\$33,288	\$285,833
<u>\$31,178</u>	<u>\$45,810</u>	<u>\$33,288</u>	<u>\$285,833</u>
\$9,532	\$0	\$0	\$9,532
0	0	0	112,571
21,646	45,810	30,991	161,433
0	0	34	34
<u>0</u>	<u>0</u>	<u>2,263</u>	<u>2,263</u>
<u>\$31,178</u>	<u>\$45,810</u>	<u>\$33,288</u>	<u>\$285,833</u>

**UNION TOWNSHIP, ROSS COUNTY**  
*Statement of Receipts, Disbursements and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended December 31, 2008*

	General	Gasoline Tax	Road and Bridge
<b><u>Receipts:</u></b>			
Property Taxes and Other Local Taxes	\$98,125	\$0	\$100,717
Charges for Services	0	0	0
Licenses, Permits and Fees	0	0	0
Intergovernmental	113,657	114,644	43,058
Earnings on Investments	7,160	219	0
Miscellaneous	2,810	10	0
<i>Total Receipts</i>	<u>221,752</u>	<u>114,873</u>	<u>143,775</u>
<b><u>Disbursements:</u></b>			
<i>Current:</i>			
General Government	141,190	0	0
Public Safety	0	0	0
Public Works	0	112,636	205,029
Health	0	0	0
Capital Outlay	1,030	0	0
<i>Debt Service:</i>			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Disbursements</i>	<u>142,220</u>	<u>112,636</u>	<u>205,029</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>79,532</u>	<u>2,237</u>	<u>(61,254)</u>
<b><u>Other Financing Sources (Uses):</u></b>			
Sale of Capital Assets	0	0	0
Transfers In	0	0	75,000
Transfers Out	(84,450)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(84,450)</u>	<u>0</u>	<u>75,000</u>
<i>Net Change in Fund Balances</i>	(4,918)	2,237	13,746
<i>Fund Balances at Beginning of Year</i>	<u>117,489</u>	<u>15,168</u>	<u>31,835</u>
<i>Fund Balances at End of Year</i>	<u><u>\$112,571</u></u>	<u><u>\$17,405</u></u>	<u><u>\$45,581</u></u>

See accompanying notes to the basic financial statements.

Fire	Emergency Services	Other Governmental Funds	Total Governmental Funds
\$121,554	\$136,892	\$142,472	\$599,760
12,357	12,444	0	24,801
60	0	7,050	7,110
37,189	27,219	29,863	365,630
0	0	538	7,917
3,200	0	19,147	25,167
<u>174,360</u>	<u>176,555</u>	<u>199,070</u>	<u>1,030,385</u>
0	0	10,488	151,678
195,037	170,161	10,000	375,198
0	0	69,204	386,869
0	0	18,768	18,768
0	0	32,043	33,073
0	0	54,205	54,205
0	0	14,845	14,845
<u>195,037</u>	<u>170,161</u>	<u>209,553</u>	<u>1,034,636</u>
<u>(20,677)</u>	<u>6,394</u>	<u>(10,483)</u>	<u>(4,251)</u>
1,000	0	0	1,000
0	0	9,450	84,450
0	0	0	(84,450)
<u>1,000</u>	<u>0</u>	<u>9,450</u>	<u>1,000</u>
(19,677)	6,394	(1,033)	(3,251)
<u>50,855</u>	<u>39,416</u>	<u>34,321</u>	<u>289,084</u>
<u>\$31,178</u>	<u>\$45,810</u>	<u>\$33,288</u>	<u>\$285,833</u>

**UNION TOWNSHIP, ROSS COUNTY**  
*Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
General Fund  
For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Receipts:</u></b>				
Property Taxes and Other Local Taxes	\$98,248	\$98,248	\$98,125	(\$123)
Intergovernmental	66,420	111,085	113,657	2,572
Earnings on Investments	9,000	7,341	7,160	(181)
Miscellaneous	287	2,810	2,810	0
<i>Total Receipts</i>	173,955	219,484	221,752	2,268
<b><u>Disbursements:</u></b>				
<i>Current:</i>				
General Government	212,000	184,699	141,190	43,509
Capital Outlay	0	1,380	1,030	350
<i>Total Disbursements</i>	212,000	186,079	142,220	43,859
<i>Excess of Receipts Over (Under) Disbursements</i>	(38,045)	33,405	79,532	46,127
<b><u>Other Financing Sources (Uses):</u></b>				
Transfers Out	(13,000)	(84,450)	(84,450)	0
<i>Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses</i>	(51,045)	(51,045)	(4,918)	46,127
<i>Fund Balance at Beginning of Year</i>	117,489	117,489	117,489	0
<i>Fund Balance at End of Year</i>	\$66,444	\$66,444	\$112,571	\$46,127

See accompanying notes to the basic financial statements.



**UNION TOWNSHIP, ROSS COUNTY**  
*Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Gasoline Tax Fund  
For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Receipts:</u></b>				
Intergovernmental	\$105,961	\$114,644	\$114,644	\$0
Earnings on Investments	150	207	219	12
Miscellaneous	0	10	10	0
<i>Total Receipts</i>	106,111	114,861	114,873	12
<b><u>Disbursements:</u></b>				
<i>Current:</i>				
Public Works	121,279	121,279	112,636	8,643
<i>Total Disbursements</i>	121,279	121,279	112,636	8,643
<i>Excess of Receipts Over (Under) Disbursements</i>	(15,168)	(6,418)	2,237	8,655
<i>Fund Balance at Beginning of Year</i>	15,168	15,168	15,168	0
<i>Fund Balance at End of Year</i>	\$0	\$8,750	\$17,405	\$8,655

See accompanying notes to the basic financial statements.

**UNION TOWNSHIP, ROSS COUNTY**  
*Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Road and Bridge Fund  
For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Receipts:</u></b>				
Property Taxes and Other Local Taxes	\$101,719	\$100,717	\$100,717	\$0
Intergovernmental	38,321	40,765	43,058	2,293
Miscellaneous	1,442	0	0	0
<i>Total Receipts</i>	141,482	141,482	143,775	2,293
<b><u>Disbursements:</u></b>				
<i>Current:</i>				
Public Works	155,000	230,000	205,029	24,971
<i>Total Disbursements</i>	155,000	230,000	205,029	24,971
<i>Excess of Receipts Over (Under) Disbursements</i>	(13,518)	(88,518)	(61,254)	27,264
<b><u>Other Financing Sources (Uses):</u></b>				
Transfers In	0	75,000	75,000	0
<i>Total Other Financing Sources (Uses)</i>	0	75,000	75,000	0
<i>Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses</i>	(13,518)	(13,518)	13,746	27,264
<i>Fund Balance at Beginning of Year</i>	31,835	31,835	31,835	0
<i>Fund Balance at End of Year</i>	\$18,317	\$18,317	\$45,581	\$27,264

See accompanying notes to the basic financial statements.

**UNION TOWNSHIP, ROSS COUNTY**  
*Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
**Fire Fund**  
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Receipts:</u></b>				
Property Taxes and Other Local Taxes	\$120,194	\$121,554	\$121,554	\$0
Charges for Services	5,000	12,357	12,357	0
Licenses, Permits and Fees	100	60	60	0
Intergovernmental	27,831	37,189	37,189	0
Miscellaneous	11,278	3,200	3,200	0
<i>Total Receipts</i>	164,403	174,360	174,360	0
<b><u>Disbursements:</u></b>				
<i>Current:</i>				
General Government	182,551	211,433	204,569	6,864
<i>Excess of Receipts Over (Under) Disbursements</i>	(18,148)	(37,073)	(30,209)	6,864
<b><u>Other Financing Sources (Uses):</u></b>				
Proceeds from the Sale of Capital Assets	1,000	1,000	1,000	0
<i>Total Other Financing Sources (Uses)</i>	1,000	1,000	1,000	0
<i>Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses</i>	(17,148)	(36,073)	(29,209)	6,864
<i>Fund Balance at Beginning of Year</i>	50,855	50,855	50,855	0
<i>Fund Balance at End of Year</i>	\$33,707	\$14,782	\$21,646	\$6,864

See accompanying notes to the basic financial statements.

**UNION TOWNSHIP, ROSS COUNTY**  
*Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Emergency Services Fund  
For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Receipts:</u></b>				
Property Taxes and Other Local Taxes	\$136,522	\$136,891	\$136,891	\$0
Charges for Services	1,470	12,444	12,444	0
Intergovernmental	19,517	24,946	27,219	2,273
<i>Total Receipts</i>	<u>157,509</u>	<u>174,281</u>	<u>176,554</u>	<u>2,273</u>
<b><u>Disbursements:</u></b>				
<i>Current:</i>				
Public Safety	153,525	170,297	170,161	136
<i>Total Disbursements</i>	<u>153,525</u>	<u>170,297</u>	<u>170,161</u>	<u>136</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>3,984</u>	<u>3,984</u>	<u>6,393</u>	<u>2,409</u>
<i>Fund Balance at Beginning of Year</i>	<u>39,416</u>	<u>39,416</u>	<u>39,416</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$43,400</u>	<u>\$43,400</u>	<u>\$45,809</u>	<u>\$2,409</u>

See accompanying notes to the basic financial statements.

**UNION TOWNSHIP, ROSS COUNTY**

*Statement of Net Assets*

*December 31, 2007*

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	<u>Governmental Activities</u>
<b><u>Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$289,084</u>
<i>Total Assets</i>	<u>289,084</u>
<b><u>Net Assets:</u></b>	
<i>Restricted for:</i>	
<i>Permanent Fund: For Improvements</i>	
Expendable	199
Nonexpendable	2,000
Other Purposes	169,395
Unrestricted	<u>117,490</u>
<i>Total Net Assets</i>	<u><u>\$289,084</u></u>

See accompanying notes to the basic financial statements.

**UNION TOWNSHIP, ROSS COUNTY**  
*Statement of Activities*  
For the Year Ended December 31, 2007

	Program Receipts			Net (Disbursements) Receipts and Changes in Net Assets	
	Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b><u>Governmental Activities:</u></b>					
General Government	\$156,272	\$0	\$0	\$0	(\$156,272)
Public Safety	344,035	17,546	0	0	(326,489)
Public Works	336,169	43,509	142,053	18,750	(131,857)
Health	24,233	10,766	0	0	(13,467)
Capital Outlay	80,444	0	0	0	(80,444)
<i>Debt Service:</i>					
Principal Retirement	62,740	0	0	0	(62,740)
Interest and Fiscal Charges	15,229	0	0	0	(15,229)
<i>Total Governmental Activities</i>	<u>\$1,019,122</u>	<u>\$71,821</u>	<u>\$142,053</u>	<u>\$18,750</u>	<u>(786,498)</u>
 <b><u>General Receipts:</u></b>					
Property Taxes					534,567
Other Taxes					7,343
Grants and Entitlements not Restricted to Specific Programs					147,824
Proceeds from sale of Notes					30,920
Sale of Capital Assets					1,245
Earnings on Investments					14,213
Miscellaneous					15,104
<i>Total General Receipts</i>					<u>751,216</u>
Change in Net Assets					(35,282)
<i>Net Assets at Beginning of Year - As Restated (See Note 3)</i>					<u>324,366</u>
<i>Net Assets at End of Year</i>					<u>\$289,084</u>

See accompanying notes to the basic financial statements.

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**UNION TOWNSHIP, ROSS COUNTY**

*Balance Sheet*

*Governmental Funds*

*December 31, 2007*

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	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>
<b><u>Assets:</u></b>			
Equity in Pooled Cash and Cash Equivalents	\$117,490	\$15,168	\$31,835
<i>Total Assets</i>	<u>\$117,490</u>	<u>\$15,168</u>	<u>\$31,835</u>
<b><u>Fund Balances:</u></b>			
<i>Unreserved:</i>			
General Fund	\$117,490	\$0	\$0
Special Revenue Funds	0	15,168	31,835
Permanent Fund	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Fund Balances</i>	<u>\$117,490</u>	<u>\$15,168</u>	<u>\$31,835</u>

See accompanying notes to the basic financial statements.



<u>Fire</u>	<u>Emergency Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$50,855	\$39,416	\$34,320	\$289,084
<u>\$50,855</u>	<u>\$39,416</u>	<u>\$34,320</u>	<u>\$289,084</u>
\$0	\$0	\$0	\$117,490
50,855	39,416	32,121	169,395
<u>0</u>	<u>0</u>	<u>2,199</u>	<u>2,199</u>
<u>\$50,855</u>	<u>\$39,416</u>	<u>\$34,320</u>	<u>\$289,084</u>

**UNION TOWNSHIP, ROSS COUNTY**  
*Statement of Receipts, Disbursements and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended December 31, 2007*

	General	Gasoline Tax	Road and Bridge
<b><u>Receipts:</u></b>			
Property Taxes and Other Local Taxes	\$89,182	\$0	\$98,100
Charges for Services	0	0	0
Licenses, Permits and Fees	0	0	0
Intergovernmental	63,444	116,935	36,814
Earnings on Investments	12,670	286	0
Miscellaneous	548	0	3,558
<i>Total Receipts</i>	<u>165,844</u>	<u>117,221</u>	<u>138,472</u>
<b><u>Disbursements:</u></b>			
<i>Current:</i>			
General Government	141,562	0	0
Public Safety	0	0	0
Public Works	0	122,679	128,207
Health	0	0	0
Capital Outlay	0	2,228	0
<i>Debt Service:</i>			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Disbursements</i>	<u>141,562</u>	<u>124,907</u>	<u>128,207</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>24,282</u>	<u>(7,686)</u>	<u>10,265</u>
<b><u>Other Financing Sources (Uses):</u></b>			
Sale of Capital Assets	0	0	325
Proceeds from sale of Notes	0	0	0
Transfers In	0	0	0
Transfers Out	(18,000)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(18,000)</u>	<u>0</u>	<u>325</u>
<i>Net Change in Fund Balances</i>	6,282	(7,686)	10,590
<i>Fund Balances at Beginning of Year - As Restated (See Note 3)</i>	<u>111,208</u>	<u>22,854</u>	<u>21,245</u>
<i>Fund Balances at End of Year</i>	<u><u>\$117,490</u></u>	<u><u>\$15,168</u></u>	<u><u>\$31,835</u></u>

See accompanying notes to the basic financial statements.

Fire	Emergency Services	Other Governmental Funds	Total Governmental Funds
\$110,094	\$139,811	\$148,233	\$585,420
3,544	13,032	0	16,576
169	0	6,166	6,335
25,726	18,252	47,456	308,627
0	0	1,257	14,213
7,908	0	8,490	20,504
<u>147,441</u>	<u>171,095</u>	<u>211,602</u>	<u>951,675</u>
0	0	14,710	156,272
170,298	173,737	0	344,035
0	0	85,283	336,169
0	0	24,233	24,233
0	0	78,216	80,444
0	0	62,740	62,740
0	0	15,229	15,229
<u>170,298</u>	<u>173,737</u>	<u>280,411</u>	<u>1,019,122</u>
<u>(22,857)</u>	<u>(2,642)</u>	<u>(68,809)</u>	<u>(67,447)</u>
500	0	420	1,245
0	0	30,920	30,920
0	0	18,000	18,000
0	0	0	(18,000)
<u>500</u>	<u>0</u>	<u>49,340</u>	<u>32,165</u>
(22,357)	(2,642)	(19,469)	(35,282)
<u>73,212</u>	<u>42,058</u>	<u>53,789</u>	<u>324,366</u>
<u>\$50,855</u>	<u>\$39,416</u>	<u>\$34,320</u>	<u>\$289,084</u>

**UNION TOWNSHIP, ROSS COUNTY**  
*Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
General Fund  
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Receipts:</u></b>				
Property Taxes and Other Local Taxes	\$87,031	\$87,031	\$89,182	\$2,151
Intergovernmental	63,485	63,485	63,444	(41)
Earnings on Investments	9,000	12,000	12,670	670
Miscellaneous	0	548	548	0
<i>Total Receipts</i>	159,516	163,064	165,844	2,780
<b><u>Disbursements:</u></b>				
<i>Current:</i>				
General Government	215,000	207,000	141,562	65,438
<i>Total Disbursements</i>	215,000	207,000	141,562	65,438
<i>Excess of Receipts Over (Under) Disbursements</i>	(55,484)	(43,936)	24,282	68,218
<b><u>Other Financing Sources (Uses):</u></b>				
Transfers Out	(10,000)	(18,000)	(18,000)	0
<i>Total Other Financing Sources (Uses)</i>	(10,000)	(18,000)	(18,000)	0
<i>Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses</i>	(65,484)	(61,936)	6,282	68,218
<i>Fund Balance at Beginning of Year</i>	111,208	111,208	111,208	0
<i>Fund Balance at End of Year</i>	\$45,724	\$49,272	\$117,490	\$68,218

See accompanying notes to the basic financial statements.

**UNION TOWNSHIP, ROSS COUNTY**  
*Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Gasoline Tax Fund  
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Receipts:</u></b>				
Intergovernmental	\$105,911	\$115,911	\$116,935	\$1,024
Earnings on Investments	200	200	286	86
<i>Total Receipts</i>	106,111	116,111	117,221	1,110
<b><u>Disbursements:</u></b>				
<i>Current:</i>				
Public Works	125,000	132,772	122,679	10,093
Capital Outlay	0	2,228	2,228	0
<i>Total Disbursements</i>	125,000	135,000	124,907	10,093
<i>Excess of Receipts Over (Under) Disbursements</i>	(18,889)	(18,889)	(7,686)	11,203
<i>Fund Balance at Beginning of Year</i>	22,854	22,854	22,854	0
<i>Fund Balance at End of Year</i>	\$3,965	\$3,965	\$15,168	\$11,203

See accompanying notes to the basic financial statements.

**UNION TOWNSHIP, ROSS COUNTY**  
*Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Road and Bridge Fund  
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Receipts:</u></b>				
Property Taxes and Other Local Taxes	\$94,729	\$97,231	\$98,100	\$869
Intergovernmental	37,386	37,386	36,814	(572)
Miscellaneous	0	3,558	3,558	0
<i>Total Receipts</i>	132,115	138,175	138,472	297
<b><u>Disbursements:</u></b>				
<i>Current:</i>				
Public Works	130,000	136,385	128,207	8,178
<i>Total Disbursements</i>	130,000	136,385	128,207	8,178
<i>Excess of Receipts Over (Under) Disbursements</i>	2,115	1,790	10,265	8,475
<b><u>Other Financing Sources (Uses):</u></b>				
Sale of Capital Assets	0	325	325	0
<i>Total Other Financing Sources (Uses)</i>	0	325	325	0
<i>Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses</i>	2,115	2,115	10,590	8,475
<i>Fund Balance at Beginning of Year</i>	21,245	21,245	21,245	0
<i>Fund Balance at End of Year</i>	\$23,360	\$23,360	\$31,835	\$8,475

See accompanying notes to the basic financial statements.

**UNION TOWNSHIP, ROSS COUNTY**  
*Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
**Fire Fund**  
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Receipts:</u></b>				
Property Taxes and Other Local Taxes	\$103,579	\$109,841	\$110,094	\$253
Charges for Services	800	1,931	3,544	1,613
Licenses, Permits and Fees	100	100	169	69
Intergovernmental	25,218	25,218	25,726	508
Miscellaneous	0	7,908	7,908	0
<i>Total Receipts</i>	129,697	144,998	147,441	2,443
<b><u>Disbursements:</u></b>				
<i>Current:</i>				
Public Safety	167,000	182,500	170,298	12,202
<i>Total Disbursements</i>	167,000	182,500	170,298	12,202
<i>Excess of Receipts Over (Under) Disbursements</i>	(37,303)	(37,502)	(22,857)	14,645
<b><u>Other Financing Sources (Uses):</u></b>				
Proceeds from the Sale of Capital Assets	300	500	500	0
<i>Total Other Financing Sources (Uses)</i>	300	500	500	0
<i>Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses</i>	(37,003)	(37,002)	(22,357)	14,645
<i>Fund Balance at Beginning of Year</i>	73,212	73,212	73,212	0
<i>Fund Balance at End of Year</i>	\$36,209	\$36,210	\$50,855	\$14,645

See accompanying notes to the basic financial statements.

**UNION TOWNSHIP, ROSS COUNTY**  
*Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Emergency Services Fund  
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Receipts:</u></b>				
Property Taxes and Other Local Taxes	\$136,451	\$139,619	\$139,811	\$192
Charges for Services	0	13,032	13,032	0
Intergovernmental	16,359	17,931	18,252	321
<i>Total Receipts</i>	<u>152,810</u>	<u>170,582</u>	<u>171,095</u>	<u>513</u>
<b><u>Disbursements:</u></b>				
<i>Current:</i>				
Public Safety	175,000	179,740	173,737	6,003
<i>Total Disbursements</i>	<u>175,000</u>	<u>179,740</u>	<u>173,737</u>	<u>6,003</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(22,190)	(9,158)	(2,642)	6,516
<i>Fund Balance at Beginning of Year, Restated</i>	<u>42,058</u>	<u>42,058</u>	<u>42,058</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$19,868</u>	<u>\$32,900</u>	<u>\$39,416</u>	<u>\$6,516</u>

See accompanying notes to the basic financial statements.



**Note 1 – Reporting Entity**

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

The Township provides general government services, maintenance of Township roads and bridges, maintenance of cemeteries and fire and emergency protection. The Ross County Sheriff's Department provides the Township with protection at no cost to the Township.

**Note 2 – Summary of Significant Accounting Policies**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

**A. Basis of Presentation**

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

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. The Township has no business-type activities.

The statement of net assets presents the cash and investment balances of the governmental and business-type activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Township's general receipts.

**Note 2 – Summary of Significant Accounting Policies** (continued)

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. Governmental funds focus on the source, uses and balances of the current financial statement.

The following are the Township's major governmental funds:

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

**Gasoline Tax Fund** – This fund is comprised of taxes on the sale of gasoline which is distributed to the Township based upon road mileage determined by the state. The Township uses the Gasoline Tax Fund for the repair and maintenance of Township roads.

**Road and Bridge Fund** – This fund is comprised of property taxes designated for the repair and maintenance of Township roads and bridges. The Township uses the Road and Bridge Fund for the repair and maintenance of Township roads.

**Fire Fund** – This fund is comprised of property tax and contract for services designated to be used for the operation of the Fire and Emergency Service Department.

**Emergency Service Fund** – This fund is comprised of property taxes designated to be used for the salary of paid employees and volunteer members of the Fire and Emergency Service Department.

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

C. Basis of Accounting

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

**Note 2 – Summary of Significant Accounting Policies** (continued)

D. Budgetary Process

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

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

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

E. Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

During 2008 and 2007, the Township invested in nonnegotiable certificates of deposit, and STAR Ohio. The nonnegotiable certificate of deposit is reported at cost.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2008 and 2007.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2008 was \$7,160 which includes \$4,186 assigned from other Township funds. The interest receipts credited to the General Fund during 2007 was \$12,670 which includes \$7,161 assigned from other Township funds.

F. Inventory and Prepaid Items

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

H. Capital Assets

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

**Note 2 – Summary of Significant Accounting Policies** (continued)

**I. Accumulated Leave**

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

**J. Employer Contributions to Cost-Sharing Pension Plans**

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**K. Long-Term Obligations**

The Township’s cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

**L. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for state grants reported in special revenue funds.

The Township’s policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**M. Fund Balance Reserves**

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

**Note 3 – Prior Period Adjustment**

**2007 Prior Period Adjustment**

In February 2007, the Township voided two check issued in 2006 and reissued the checks. This resulted in a restatement of the prior period cash balance.

	Governmental Activities	Emergency Services
Net Assets at December 31, 2006	\$324,214	\$41,906
Understatement of Cash and Cash Equivalents	152	152
Adjusted Net Assets at December 31, 2006	\$324,366	\$42,058

**Note 4 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Fire Fund, and Emergency Services Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. There are no differences between the budgetary basis and the cash basis.

**Note 5 – Deposits and Investments**

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Union Township, Ross County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008 and 2007

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**Note 5 – Deposits and Investments** (Continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township’s deposits may not be returned. All deposits are collateralized with eligible securities in amount equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institutions collateral pools at the Federal Reserve Bank, or at member banks of the federal reserve system, in the name of the respective depository bank and pledges as pool of collateral against all of the public deposits in holds or as specific collateral held at the Federal Reserve Bank in the name of the Township.

At December 31, 2008, the carrying amount of all Township deposits was \$181,532. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of December 31, 2008, the Township’s bank balance of \$214,906 was covered by the Federal Deposit Insurance \$250,000 limit effective October 2008.

At December 31, 2007, the carrying amount of all Township deposits was \$70,367. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of December 31, 2007, \$9,729 of the Township bank balance of \$109,729 was exposed to custodial risk is discussed above while \$100,000 was covered by Federal Deposit Insurance. The \$9,729 exposed to custodial risk was collateralized with securities held by the Township or its agency in the Township’s name.

Investments

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

	Fair Value	6 Months or Less
STAR Ohio	\$104,301	\$104,301
Totals	\$104,301	\$104,301

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

	Fair Value	6 Months or Less
STAR Ohio	\$218,717	\$218,717
Totals	\$218,717	\$218,717

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the Township’s investment policy permits limits investment portfolio maturities to five years or less.

Credit Risk: Standard and Poor’s has assigned STAR Ohio an “AAAm” money market rating.

Union Township, Ross County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008 and 2007

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**Note 5 – Deposits and Investments** (Continued)

Custodial Credit Risk: For investments, custodian credit risk is the risk that, in the event of the failure of the counter party, the Township will not be able to recover the value of its investments or collateral securities in the possession of an outside party. Township policy provides that investment collateral is held by the counter party as trust department or agent, and may be held in the name of the Township or not.

**Concentration of Credit Risk** – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in single issuer. The Township has no policy minimizing concentration of credit risk. At this time, the Township invests 100% of available funds in STAR Ohio.

**Note 6 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2008 represent the collection of 2007 taxes. Real property taxes received in 2008 were levied after October 1, 2007, on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

Tangible personal property tax receipts received in 2008 (other than public utility property) represent the collection of 2008 taxes. Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the true value as of December 31, 2007. Tangible personal property is currently assessed at 25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2008 and 2007, was \$7.40 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2008 and 2007 property tax receipts were based are as follows:

Real Property	2008	2007
Residential	91,228,110	79,382,520
Agricultural	13,108,200	9,756,180
Commercial/Industrial/Mineral	2,877,560	2,297,710
Tangible Personal Property	1,390,610	713,580
Public Utility	3,438,180	4,246,320
Total Assessed Value	<u>112,042,660</u>	<u>96,396,310</u>

Union Township, Ross County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008 and 2007

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**Note 7 – Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2008 and 2007, the Township contracted with several companies for various types of insurance coverage as follows:

Company	Type of Coverage	Amount of Coverage	
		2008	2007
Ohio Government Risk Management Plan	Commercial Property	\$ 1,136,734	1,061,180
	General Liability	2,000,000 / 4,000,000	2,000,000 / 4,000,000
	Commercial Crime	2,000,000 / 4,000,000	2,000,000 / 4,000,000
	Inland Marine	790,448	744,782
	Vehicle	2,000,000	2,000,000
	Public Officials	10,000	10,000
	Fire Vehicle RC	2,100,000	1,196,643
	EDP	10,000	10,000

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

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

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

**Note 8 – Defined Benefit Pension Plan**

**A. Ohio Public Employees Retirement System**

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

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.



**Note 8 – Defined Benefit Pension Plan** – (Continued)

For the year ended December 31, 2008, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 10.0 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.10 percent of their annual covered salary; members in public safety contributed 10.1 percent. The Township's contribution rate for pension benefits for 2008 was 14.0 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 17.4 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

For the year ended December 31, 2007, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9.75 percent. The Township's contribution rate for pension benefits for 2007 was 13.85 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 17.17 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$8,922, \$10,204, and \$11,192 respectively. The full amount has been contributed for 2008, 2007 and 2006. Contributions to the member-directed plan for 2008 were \$17,843 and for 2007 were \$16,990.

**Note 9 - Postemployment Benefits**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2008 local government employer contribution rate was 14.0 percent of covered payroll (17.40 percent for public safety and law enforcement); 7.0 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2007 include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between .5 and 4.0 percent annually for the next eight years and 4.00 percent annually after eight years.

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

Union Township, Ross County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008 and 2007

**Note 9 - Postemployment Benefits – (Continued)**

The number of active contributing participants in the traditional and combined plans for December 31, 2008 and December 31, 2007 were 363,503 and 364,076 respectively. Actual employer contributions for 2008 and 2007 which were used to fund postemployment benefits were \$8,922 and \$6,786 respectively. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2007, (the latest information available) were \$12.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.8 billion and \$17.0 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

**Note 10 - Notes Payable**

A summary of the note transactions for the year ended December 31, 2007, follows:

	Interest Rate	Balance December 31, 2006	Additions	Reductions	Balance December 31, 2007
<u>Governmental Activities</u>					
2002 Ambulance	4.00%	\$15,408	\$0	\$15,408	\$0
2003 Ambulance	4.00%	27,349	0	13,420	13,929
2003 Heart Monitors	4.00%	26,399	0	12,936	13,463
2006 Fire Truck	4.94%	256,584	0	20,976	235,608
2007 Roller	5.40%	0	30,920	0	30,920
Total Governmental Activities		<u>\$325,740</u>	<u>\$30,920</u>	<u>\$62,740</u>	<u>\$293,920</u>

A summary of the note transactions for the year ended December 31, 2008, follows:

	Interest Rate	Balance December 31, 2007	Additions	Reductions	Balance December 31, 2008
<u>Governmental Activities</u>					
2003 Ambulance	4.00%	\$13,929	\$0	\$13,929	\$0
2003 Heart Monitors	4.00%	13,463	0	13,463	0
2006 Fire Truck	4.94%	235,608	0	21,262	214,346
2007 Roller	5.40%	30,920	0	5,551	25,369
Total Governmental Activities		<u>\$293,920</u>	<u>\$0</u>	<u>\$54,205</u>	<u>\$239,715</u>

The 2002 Ambulance Note relates to the purchase of an ambulance in 2002. The Note will be repaid in annual installments of \$16,089, including interest. The Note was paid in full at the end of 2007.

The 2003 Ambulance Note relates to the purchase of an ambulance in 2003. The Note will be repaid in annual installments of \$14,532, including interest. The Note was paid in full at the end of 2008.

Union Township, Ross County  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2008 and 2007

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**Note 10 - Notes Payable** – (Continued)

The 2003 Heart Monitors Note relates to the purchase of three heart monitors in 2003. The Note will be repaid in annual installments of \$14,045, including interest. The Note was paid in full at the end of 2008.

The 2006 Fire Truck Note relates to the purchase of a fire truck in 2006. The Note will be repaid in annual installments of \$33,325, including interest.

The 2007 Roller Note relates to the purchase of a roller in 2007. The Note will be repaid in annual installments of \$7,220, including interest.

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

Year Ending December 31:	2006 Fire Truck		2007 Roller		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	22,350	10,975	5,851	1,370	28,201	12,345
2010	23,495	9,830	6,167	1,054	29,662	10,884
2011	24,698	8,627	6,500	721	31,198	9,348
2012	25,962	7,363	6,851	370	32,813	7,733
2013	27,292	6,033			27,292	6,033
2014-2016	90,549	9,428			90,549	9,428
<b>Total</b>	<b>214,346</b>	<b>52,256</b>	<b>25,369</b>	<b>3,515</b>	<b>295,486</b>	<b>55,771</b>

**Note 11 – Interfund Transfers**

During 2008 the following transfers were made:

Transfers from the General Fund to:	
Major Governmental Fund	\$75,000
Other Governmental Funds	9,450
<b>Total Transfers from the General Fund</b>	<b><u>\$84,450</u></b>

During 2007 the following transfers were made:

Transfers from the General Fund to:	
Other Governmental Funds	\$18,000
<b>Total Transfers from the General Fund</b>	<b><u>\$18,000</u></b>

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. In 2008, the Township received \$43,369 in estate tax which was correctly posted to the general fund. Estate Tax revenue along with other general fund money totaling \$75,000 was transferred to Road and Bridge Fund to purchase a dump truck in 2008.

During 2008 and 2007, \$9,450 and \$18,000 respectively was transferred to the Cemetery Fund from the General Fund due to a decrease in revenue and an increase in cost to maintain the cemeteries. The Cemeteries in Union Township do not support their own activities. In the past, the Cemetery Fund has always been supplemented with money from the General Fund.

**Note 12 – Related Party Transactions**

A volunteer on the Union Township Fire Department is the owner of Southern Ohio Protective Clothing Co. (The Company). The Company sells fire equipment and clothing to the Township. The Trustees approve all purchases made from the Company, but not before cost comparisons with like organizations. The Township purchased items totaling \$1,885 and \$3,013 in fiscal years 2008 and 2007, respectively, from the Company.

The Township also made purchases from Big Dog Customs, which is owned by a volunteer on the Union Township Fire Department. The Trustees approve all disbursements made with the company, but not before cost comparison with like organizations. The Township purchased services totaling \$806 and \$454 in fiscal years 2008 and 2007 respectively, from Big Dog Customs.

The Union Township Board of Trustees purchased a used generator from a volunteer with the Union Township Fire Department, Bryan Smith, for \$250. The Fiscal Officer consulted with the Ross County Prosecutor, the Township's legal council, regarding the legality of this transaction. The Prosecutor advised the Fiscal Officer in writing to pay the transaction.

**Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Required by  
Government Auditing Standards**

Board of Trustees  
Union Township, Ross County  
9254 Williamsport Pike  
Chillicothe, OH 45601

We have audited the accompanying financial statements of Union Township, Ross County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated February 11, 2009. As discussed in Note 2, the Township followed the cash basis of accounting, which is a comprehensive basis other than accounting principles generally accepted in the United States of America. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

**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 to be 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.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Board of Trustees  
Union Township, Ross County  
Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Required by  
Government Auditing Standards

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as items 2008-001.

We noted certain matters that we reported to management of the Township in a separate letter dated February 11, 2009.

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.

This report is intended for the information and use of the Board of Trustees, management, and audit committee, and is not intended to be and should not be used by anyone other than these specified parties.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.

February 11, 2009

**UNION TOWNSHIP, ROSS COUNTY**  
**Schedule of Findings**  
**For the Years Ended December 31, 2008 and 2007**

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**Finding Number 2008-001**

**Financial Reporting - Significant Deficiency**

The fact that the posting errors resulting in adjusting and reclassification entries occurred, indicates a significant deficiency in the internal controls over financial record keeping and reporting. Ohio Administrative Code (OAC) Section 117-2-02(A) directs all public offices to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, and analyze, classify, record, and report its transactions, maintain accountability for the related assets, and prepare financial statements required by Rule 117-2-03 of the OAC.

Although the Township utilizes the Uniform Accounting Network (UAN) System developed and monitored by the Auditor of State, transactions relating to the issuance of debt for the purchase of a roller were not posted to the Township's accounting system. This did not allow the Fiscal Officer to accurately record and report the financial activity of the Township.

This resulted in an adjustment to the Township's financial statements.

We recommend that all transactions relating to the Township be included in the financial statements of the Township at year end.

**Officials Response**

The citation was issued regarding the Township obtaining a loan to purchase a roller for the road department in 2007. In 2007 and 2008 receipts and disbursements were posted on the cash basis of accounting. However, according to the Auditor of State, the loan proceeds from this transaction should have been entered as a memo receipt and the purchase of the roller should have been entered as memo expenditure even though the cash did not flow through the Township's bank accounts. There is no mention of errors in prior audits in which loans obtained to purchase equipment were not recorded in the Township's receipts and expenditures. Therefore, the Township unknowingly failed to meet the requirements of the Ohio Administrative Code Section 117-2-02. In the future the Township will record memo receipts and memo expenditures for transactions which are financed to ensure the Township's compliance.







**Mary Taylor, CPA**  
Auditor of State

**UNION TOWNSHIP**

**ROSS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 7, 2009**