
ALGER & ASSOCIATES, LLC



EAST UNION TOWNSHIP
WAYNE COUNTY, OHIO

A&A
REGULAR AUDIT

For The Year
Ended December 31, 2008



Mary Taylor, CPA
Auditor of State

Board of Trustees
East Union Township
P.O. Box 222
Apple Creek, Ohio 44606

We have reviewed the *Independent Accountants' Report* of East Union Township, Wayne County, prepared by Alger and Associates, LLC, for the audit period January 1, 2008 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. East Union Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 30, 2010

**EAST UNION TOWNSHIP
WAYNE COUNTY**

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ALGER & ASSOCIATES, LLC

Certified Public Accountants

INDEPENDENT ACCOUNTANTS' REPORT

East Union Township
Wayne County
P.O. Box 222
Apple Creek, OH 44606

To the Board of Trustees:

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the East Union Township, Wayne County, Ohio, as of December 31, 2008, and the respective changes in cash financial position and the respective budgetary comparison for the General, Gasoline Tax, Road & Bridge and Fire District funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2010, 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.

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Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Alger & Associates, LLC
June 4, 2010

East Union Township
Wayne County
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

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

Highlights

Key highlights for 2008 are as follows:

Net assets of governmental activities increased \$30,618, or 4 percent, from the prior year. The fund most affected by the increase in cash and cash equivalents was the Road and Bridge Fund, which realized the greatest increase of funds in 2008; however, the General Fund experienced a decrease in its fund balance.

The Township's general receipts are primarily property taxes. These receipts represent respectively \$460,741 or 71 percent of the total cash received for governmental activities during the year. Property tax receipts for 2008 changed very little compared to 2007 as development within the Township has slowed.

The Township's main project for 2008 was the maintenance and repair of the roadways and bridges.

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 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.

East Union Township
Wayne County
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

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

Reporting the Township as a Whole

The Statement of Net Assets and the Statement of Activities reflect how the Township did financially during 2008, 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.

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 has one type of activity:

Governmental activities. Most of the Township's basic services are reported here, including fire, streets and parks. State and federal 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 are all governmental.

Governmental Funds - All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns.

East Union Township
Wayne County
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

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, and the Fire District 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.

The Township as a Whole

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

(Table 1)
Net Assets

	Governmental Activities	
	2008	2007
Assets		
Cash and Cash Equivalents	\$484,563	\$408,890
Investments	250,115	295,172
Total Assets	\$734,678	\$704,062
Net Assets		
Restricted for:		
Other Purposes	611,998	548,929
Unrestricted	122,680	155,133
Total Net Assets	\$734,678	\$704,062

As mentioned previously, net assets of governmental activities increased \$30,618 or 4 percent during 2008. The primary reasons contributing to the increases in cash balances are as follows:

- No paving of roadways was done in 2008. All roadwork performed was chip and seal only.
- No major equipment purchases were done in any funds in 2008.
- The Fire Station was paid off in 2007; however, payments began on the new pumper truck. The decrease in the debt payments was approximately one half of the previous debt payments for the building.

East Union Township
Wayne County
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

Table 2 reflects the changes in net assets on a cash basis in 2008 and 2007.

(Table 2)
Changes in Net Assets

	Governmental	
	Activities	
	2008	2007
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$10,894	\$4,973
Operating Grants and Contributions	121,274	121,336
Total Program Receipts	<u>132,168</u>	<u>126,309</u>
General Receipts:		
Property and Other Local Taxes	460,741	482,233
Grants and Entitlements Not Restricted to Specific Programs	165,495	137,961
Interest	8,068	24,839
Miscellaneous	7,474	27,914
Total General Receipts	<u>641,778</u>	<u>672,947</u>
Total Receipts	<u>773,946</u>	<u>799,256</u>
Disbursements:		
General Government	196,500	244,048
Public Safety	54,257	54,063
Public Works	401,726	436,463
Health	24,863	23,924
Human Services	1,822	1,811
Conservation - Recreation	2,909	3,253
Capital Outlay	13,446	257,627
Principal Retirement	20,578	82,574
Interest and Fiscal Charges	27,227	3,667
Total Disbursements	<u>743,328</u>	<u>1,107,430</u>
Increase (Decrease) in Net Assets	30,618	(308,174)
Net Assets, January 1, 2008	<u>704,060</u>	<u>1,012,236</u>
Net Assets, December 31, 2008	<u>\$734,678</u>	<u>\$704,062</u>

Program receipts represent only 17 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

East Union Township
Wayne County
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

General receipts represent 82 percent of the Township's total receipts, and of this amount, over 71 percent are local taxes. State and federal grants and entitlements make up most of the remaining balance of the Township's general receipts.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Government activities. These include the costs of board of trustees and fiscal officer. Since these costs do not represent direct services to residents, we try to limit these costs.

Public Safety is the costs of fire protection; Public Health Services is the health department; Conservation and Recreation are the costs of maintaining the parks and playing fields; the Public Works is the costs of upkeep on Township road and other related projects.

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 for general government, public works, and public safety 26%, 54% and 7% percent of all governmental disbursements, respectively. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
General Government	\$196,500	\$196,500	\$244,048	\$244,048
Public Safety	\$54,257	\$43,363	\$54,063	\$49,090
Public Works	401,726	280,452	436,463	315,127
Health	24,863	24,863	23,924	23,924
Human Services	1,822	1,822	1,811	1,811
Conservation-Recreation	2,909	2,909	3,253	3,253
Capital Outlay	13,446	13,446	257,627	257,627
Principal Retirement	20,578	20,578	82,574	82,574
Interest and Fiscal Charges	27,227	27,227	3,667	3,667
Total Expenses	\$743,329	\$611,160	\$1,107,430	\$981,121

Table 3 illustrates the reliance the Township places on general receipts such as property taxes.

East Union Township
Wayne County
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

The Township's Funds

Total governmental funds had receipts of \$773,946 and disbursements of \$743,328. The greatest change within Township funds occurred within the General Fund. The fund balance of the General Fund decreased \$32,452 as the result of increased costs for insurance and continued monies necessary for the Apple Creek Developmental Property.

General Fund receipts were less than disbursements by \$32,452 indicating that the General Fund is in a deficit spending situation. It was the recommendation of the fiscal officer that a reduction in disbursements was preferable to requesting additional funds from the taxpayers. Some of these reductions have already been implemented for 2008 including cuts in heating at the Apple Creek Developmental Property. These cuts will not eliminate the need for additional funds (or additional cuts) in the future if the growth in property taxes remains stagnant.

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.

Final budgeted receipts were above original budgeted receipts due to higher than expected estate taxes. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements for 2008 for the General Fund were budgeted at \$309,200 while actual disbursements were \$225,981.

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2009, the Township's outstanding debt including interest is \$430,254 in capital leases for a fire truck tanker from Supthen, Inc. For further information regarding the Township's debt, refer to Note 9 to the basic financial statements.

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. Our newly prepared financial forecast predicts a slight increase for 2008; therefore, the fiscal officer and the trustees are looking at strategies to delay any deficits in any funds. We reviewed our sources of revenue and determined that increases were unlikely. We then reviewed the disbursement history of the Government.

East Union Township
Wayne County
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

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 Valorie L. Lewis, Fiscal Officer, East Union Township, P.O. Box 222, Apple Creek, Ohio 44606.

EAST UNION TOWNSHIP, WAYNE COUNTY

Statement of Net Assets - Cash Basis

December 31, 2008

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$734,678
<i>Total Assets</i>	<u>734,678</u>
Net Assets	
Restricted for:	
Gasoline Tax	116,895
Road and Bridge	321,287
Fire District	32,274
Other Governmental Funds	141,542
Unrestricted	122,680
<i>Total Net Assets</i>	<u>734,678</u>

See accompanying notes to the basic financial statements.

EAST UNION TOWNSHIP, WAYNE COUNTY

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

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Total Governmental Activities
Governmental Activities				
General Government	\$196,500	\$0	\$0	(\$196,500)
Public Safety	54,257	10,894	0	(\$43,363)
Public Works	401,726	0	121,274	(\$280,452)
Health	24,863	0	0	(\$24,863)
Human Services	1,822	0	0	(\$1,822)
Conservation-Recreation	2,909	0	0	(\$2,909)
Capital Outlay	13,446	0	0	(\$13,446)
Debt Service:				
Principal	20,578	0	0	(\$20,578)
Interest	27,227	0	0	(\$27,227)
<i>Total Governmental Activities</i>	<u>743,328</u>	<u>10,894</u>	<u>121,274</u>	<u>(611,160)</u>
General Receipts				
Property Taxes				452,142
Other Taxes				8,599
Grants and Entitlements not Restricted to Specific Programs				165,495
Earnings on Investments				8,068
Miscellaneous				7,474
<i>Total General Receipts</i>				<u>641,778</u>
Change in Net Assets				30,618
<i>Net Assets Beginning of Year</i>				<u>704,060</u>
<i>Net Assets End of Year</i>				<u>\$734,678</u>

See accompanying notes to the basic financial statements.

EAST UNION TOWNSHIP, WAYNE COUNTY

Statement of Cash Basis Assets and Fund Balances

Governmental Funds

December 31, 2008

	GENERAL	GASOLINE TAX	ROAD AND BRIDGE	FIRE DISTRICT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets						
Equity in Pooled Cash and Cash Equivalents	\$122,680	\$116,895	\$321,287	\$32,274	\$141,542	\$734,678
<i>Total Assets</i>	<u>122,680</u>	<u>116,895</u>	<u>321,287</u>	<u>32,274</u>	<u>141,542</u>	<u>734,678</u>
Fund Balances						
Unreserved:						
Undesignated Reported in:						
General Fund	122,680	0	0	0	0	122,680
Gasoline Tax	0	116,895	0	0	0	116,895
Road and Bridge	0	0	321,287	0	0	321,287
Fire District	0	0	0	32,274	0	32,274
Other Governmental Funds	0	0	0	0	141,542	141,542
<i>Total Fund Balances</i>	<u>\$122,680</u>	<u>\$116,895</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$734,678</u>

See accompanying notes to the basic financial statements.

EAST UNION TOWNSHIP, WAYNE COUNTY
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2008

	GENERAL	GASOLINE TAX	ROAD AND BRIDGE	FIRE DISTRICT	OTHER GOVERNMENTAL FUNDS	TOTAL
Receipts						
Property and Other Local Taxes	\$69,078	\$0	\$290,483	\$101,180	\$0	\$460,741
Licenses, Permits and Fees	54	0	0	0	10,840	10,894
Intergovernmental	114,027	89,722	37,443	14,025	31,552	286,769
Earnings on Investments	7,801	158	0	0	109	8,068
Miscellaneous	2,569	0	4,905	0	0	7,474
Total Receipts	193,529	89,880	332,831	115,205	42,501	773,946
Disbursements						
Current:						
General Government	196,500	0	0	0	0	196,500
Public Safety	442	0	0	49,857	3,958	54,257
Public Works	0	77,485	298,847	0	25,394	401,726
Health	24,863	0	0	0	0	24,863
Human Services	167	0	1,655	0	0	1,822
Conservation-Recreation	2,909	0	0	0	0	2,909
Capital Outlay	1,100	0	6,131	6,215	0	13,446
Debt Service:						
Principal Retirement	0	0	0	20,578	0	20,578
Interest and Fiscal Charges	0	0	0	27,227	0	27,227
Total Disbursements	225,981	77,485	306,633	103,877	29,352	743,328
Net Change in Fund Balances	(32,452)	12,395	26,198	11,328	13,149	30,618
Fund Balances Beginning of Year	155,132	104,500	295,089	20,946	128,393	704,060
Fund Balances End of Year	<u>\$122,680</u>	<u>\$116,895</u>	<u>\$321,287</u>	<u>\$32,274</u>	<u>\$141,542</u>	<u>\$734,678</u>

See accompanying notes to the basic financial statements.

EAST UNION TOWNSHIP, WAYNE 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		
Receipts				
Property and Other Local Taxes	\$65,697	\$67,072	\$69,078	\$2,006
Licenses, Permits and Fees	0	0	54	54
Intergovernmental	85,605	80,025	114,027	34,002
Earnings on Investments	10,609	10,927	7,801	(3,126)
Miscellaneous	211	211	2,569	2,358
<i>Total Receipts</i>	<u>162,122</u>	<u>158,235</u>	<u>193,529</u>	<u>35,294</u>
Disbursements				
Current:				
General Government	268,200	267,200	196,500	70,700
Public Safety	1,000	1,000	442	558
Public Works	0	0	0	0
Health	24,500	25,500	24,863	637
Human Services	300	300	167	133
Conservation-Recreation	4,000	4,000	2,909	1,091
Capital Outlay	11,200	11,200	1,100	10,100
<i>Total Disbursements</i>	<u>309,200</u>	<u>309,200</u>	<u>225,981</u>	<u>83,219</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(147,078)</u>	<u>(150,965)</u>	<u>(32,452)</u>	<u>118,513</u>
Other Financing Sources (Uses)				
Transfers Out	(4,100)	(4,100)	0	4,100
<i>Total Other Financing Sources (Uses)</i>	<u>(4,100)</u>	<u>(4,100)</u>	<u>0</u>	<u>4,100</u>
<i>Net Change in Fund Balance</i>	(151,178)	(155,065)	(32,452)	122,613
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>155,132</u>	<u>155,132</u>	<u>155,132</u>	<u>0</u>
<i>Unencumbered Cash Balance End of Year</i>	<u><u>\$3,954</u></u>	<u><u>\$67</u></u>	<u><u>\$122,680</u></u>	<u><u>122,613</u></u>

See accompanying notes to the basic financial statements.

EAST UNION TOWNSHIP, WAYNE 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		
Receipts				
Intergovernmental	\$51,984	\$61,800	\$89,722	\$27,922
Earnings on Investments	685	706	158	(548)
<i>Total Receipts</i>	<u>52,669</u>	<u>62,506</u>	<u>89,880</u>	<u>27,374</u>
Disbursements				
Current:				
Public Works	166,900	166,900	77,485	89,415
<i>Total Disbursements</i>	<u>166,900</u>	<u>166,900</u>	<u>77,485</u>	<u>89,415</u>
<i>Net Change in Fund Balance</i>	(114,231)	(104,394)	12,395	116,789
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>104,500</u>	<u>104,500</u>	<u>104,500</u>	<u>0</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>(\$9,731)</u>	<u>\$106</u>	<u>\$116,895</u>	<u>\$116,789</u>

See accompanying notes to the basic financial statements.

EAST UNION TOWNSHIP, WAYNE 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		
Receipts				
Property and Other Local Taxes	\$273,735	\$281,948	\$290,483	\$8,535
Intergovernmental	35,247	31,556	37,443	5,887
Miscellaneous	1,639	1,688	4,905	3,217
<i>Total Receipts</i>	<u>310,621</u>	<u>315,192</u>	<u>332,831</u>	<u>17,639</u>
Disbursements				
Current:				
Public Works	437,000	447,000	298,847	148,153
Human Services	2,000	2,000	1,655	345
Capital Outlay	171,200	161,200	6,131	155,069
<i>Total Disbursements</i>	<u>610,200</u>	<u>610,200</u>	<u>306,633</u>	<u>303,567</u>
<i>Net Change in Fund Balance</i>	(299,579)	(295,008) #	26,198	321,206
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>295,089</u>	<u>295,089</u>	<u>295,089</u>	<u>0</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>(\$4,490)</u>	<u>\$80</u>	<u>\$321,287</u>	<u>\$321,206</u>

See accompanying notes to the basic financial statements.

EAST UNION TOWNSHIP, WAYNE COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Fire District Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$102,327	\$99,177	\$101,180	\$2,003
Intergovernmental	13,901	10,619	14,025	3,406
Miscellaneous	219	225	0	(225)
<i>Total Receipts</i>	116,447	110,021	115,205	5,184
Disbursements				
Current:				
Public Safety	54,565	54,565	49,857	4,708
Capital Outlay	7,980	7,980	6,215	1,765
Debt Service:				
Principal Retirement	20,578	20,578	20,578	0
Interest and Fiscal Charges	47,806	47,806	27,227	20,579
<i>Total Disbursements</i>	130,929	130,929	103,877	27,052
<i>Net Change in Fund Balance</i>	(14,482)	(20,908)	11,328	32,236
<i>Unencumbered Cash Balance Beginning of Year</i>	20,946	20,946	20,946	0
<i>Unencumbered Cash Balance End of Year</i>	\$6,464	\$38	\$32,274	\$32,236

See accompanying notes to the basic financial statements.

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East Union Township
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2008

Note 1 – Reporting Entity

The East Union Township, Wayne 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 reporting entity is comprised of the primary government.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, cemetery maintenance, and fire and emergency medical services. The Township contracts with the City of Orrville which provides fire protection services to the northeast section of the Township.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township.

East Union Township does not operate any component units.

C. Jointly Governed Organizations and Public Entity Risk Pools

A jointly governed organization is a regional government or other multi-governmental arrangement that is governed by representatives from each of the governments that create the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest. The Township and the Village of Apple Creek entered into a Joint Economic Development Agreement for the development of the Apple Creek Development Center as presented in note 11 to the basic financial statements.

The Township participates in one public entity risk pool. This organization is the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio Townships. OTARMA provides property, casualty and liability coverage. Note 6 to the financial statements provide additional information for this entity.

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

East Union Township
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2008

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, 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. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

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

Fund Financial Statements

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

East Union Township
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2008

Note 2 – Summary of Significant Accounting Policies - (Continued)

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 strictly governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General Fund, the Gasoline Tax Fund, the Road and Bridge Fund, and the Fire District Fund. The Gasoline Tax Fund receives monies from the other Governmental Agencies designated specifically for use on road and bridge repair and maintenance. The Road and Bridge Fund receives property tax money to construct, maintain, and repair Township roads and bridges.

The Fire District Fund receives tax revenues from special levies to pay for fire services provided to Township residents. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations 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.

East Union Township
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2008

Note 2 – Summary of Significant Accounting Policies - (Continued)

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 Board of Trustees must annually approve appropriation measure and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

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".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2008, the Township invested in STAR Ohio. 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 are the prices the investment could be sold for on December 31, 2008.

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 \$7,801.

East Union Township
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2008

Note 2 – Summary of Significant Accounting Policies - (Continued)

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent 83% of the Township's assets or \$611,998. The restricted assets are comprised of the Gasoline Tax Fund \$116,895, Road and Bridge Fund \$321,287, Fire District Fund \$32,274, and Other Governmental Funds \$141,542.

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

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

L. 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.

East Union Township
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2008

Note 2 – Summary of Significant Accounting Policies - (Continued)

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for Township road and bridge maintenance and repair and Fire and Ambulance services to the Township residents.

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.

The Township had restricted funds totaling \$611,998 on December 31, 2008.

N. Fund Balance Reserves

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

O. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and the major funds gasoline tax fund, road and bridge fund, and fire district fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis is (are) outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis)).

Note 4 – Deposits and Investments

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

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

East Union Township
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2008

Note 4 – Deposits and Investments - (Continued)

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

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

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

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

East Union Township
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2008

Note 4 – Deposits and Investments - (Continued)

Deposits

At year-end, the Township's bank balance was \$511,245. Of the bank balance \$250,000 was covered by federal depository insurance. Although collateral for the securities was held by the pledging financial institution trust department in the Township's name and all statutory requirements for the deposit of money had been followed, non-compliance with Federal requirements would potentially subject the Township to a successful claim by the FDIC.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

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

	<u>Carrying Value</u>	<u>Maturity</u>
STAR Ohio	\$250,116	Average

STAR Ohio carries a rating of AAAM by Standard and Poor's. The Township's investment policy is limited to requiring compliance with state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Note 5 – 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.

East Union Township
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2008

Note 5 – Property Taxes - (Continued)

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, 2007, 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. In prior years, tangible personal property was assessed at 25 percent of true value for capital assets and 23 percent for inventory. 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. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2008 is 6.25 percent. This will be reduced to zero for 2009.

The full tax rate for all Township operations for the year ended December 31, 2008, was \$9.10 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2008 property tax receipts were based are as follows:

Real Property	\$95,400,010
Public Utility Property	2,335,930
Tangible Personal Property	6,581,470
Total Assessed Values	<u>\$104,317,410</u>

Note 6 – Risk Management

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

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

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

American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

East Union Township
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2008

Note 6 – Risk Management - (Continued)

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2008, OTARMA retained \$350,000 for casualty claims and \$100,000 for property claims. The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the Township.

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

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, 2008 and 2007. (This is based on the latest information available.)

	2008	2007
Assets	\$40,737,740	\$43,210,703
Liabilities	<u>(12,981,818)</u>	<u>(13,357,837)</u>
Net Assets	<u>\$27,755,922</u>	<u>\$29,852,866</u>

At December 31, 2008 and 2007, respectively, liabilities above include approximately \$12.1 and \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.9 and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2008 and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below.

By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership. As of the end of 2008 the Township contributed \$11,287.

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

East Union Township
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2008

Note 7 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

Plan Description - The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans.

- The traditional plan is a 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.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2008, members in state and local classifications contributed 14 percent of covered payroll.

The Township's contribution rate for 2008 was 14.0 percent, except for those plan members in public safety, for whom the Township's contribution rate was 17.4 percent of covered payroll. For 2008, a portion of the Township's contribution equal to 7 percent of covered payroll was allocated to fund the post employment healthcare plan. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Township of 14 percent, except for public safety, where the maximum employer contribution rate is 18.1 percent. The Township has no public safety employees covered by OPERS.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007 and 2006 was \$18,516, \$21,140 and \$15,259 respectively. The full amount has been contributed for 2008, 2007 and 2006.

B. Social Security System

Effective July 1, 1991, all employees not otherwise covered by a State Retirement System have an option to choose social security or the appropriate state system. The Township has no employees covered by Social Security.

East Union Township
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2008

Note 8 - Postemployment Benefits

A. Ohio Public Employees Retirement System

Plan Description: The Township participates in the Ohio Public Employees Retirement System (OPERS).

OPERS administers three separate pension plans: The Traditional Pension Plan - A cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan - A defined contribution plan; and the Combined Plan - A cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for health care plan are presented separately in OPERS financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy: The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety employers contributed at 17.4 percent. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for public safety employer units. Active members do not make contributions to the OPEB Plan.

The Traditional Pension Plan and Combined Plans had 363,503 active contributing participants as of December 31, 2008.

East Union Township
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2008

Note 8 - Postemployment Benefits - (Continued)

The amount of \$10.7 billion represents the actuarial funding value of OPERS net assets available for OPEB at December 31, 2008.

Based on the actuarial cost method used, the Actuarial Valuation as of December 31, 2007 (the latest information available), reported the actuarially accrued liability and the unfunded actuarially accrued liability for OPEB at \$29.8 billion and \$17.0 billion, respectively.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2008, the employer contribution allocated to the health care plan was 7.0 percent of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Township's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2008, 2007 and 2006 was \$1,296, \$1,480 and \$1,068 respectively. The full amount has been contributed for 2008, 2007 and 2006.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

Note 9 – Leases

During 2007 the Township entered into a capital financing lease agreement through All Points Financing to purchase a new fire truck tanker with an original principal obligation of \$370,416. The Townships first obligation payment was due in 2008. Future financing payments are as follows:

Year	Amount
2009	\$ 47,806
2010	47,806
2011	47,806
2012	47,806
2013	47,806
2014-2017	191,224
Total	<u>\$430,254</u>

East Union Township
Wayne County

Notes to the Financial Statements
For the Year Ended December 31, 2008

Note 10 – Contingent Liabilities

The Township has no pending lawsuits at this time.

Note 11 – Jointly Governed Organization

The Township entered into a Joint Economic Development agreement with the Village of Apple Creek for the purchase and the development of the Apple Creek Developmental Center property. A separate JEDD Board was approved that consists of one appointed Township Trustee; one appointed Village of Apple Creek Council member and one appointed resident of either the Village of Apple Creek or East Union Township. The Township purchased one half of the property for \$214,000 including closing costs. The Township further put \$7,500 for one half of the beginning operating monies for the Joint Economic Development District formed and approved by the Wayne County Commissioners in 2007.

Note 12 – Related Party Transactions

The Township Fiscal Officer works for Reberland Corporation that does business with the Township. The Township had done business with the corporation prior to the Fiscal Officer taking office.

The Township disbursed \$137.33 in calendar year 2008 to Reberland Corporation.



ALGER & ASSOCIATES, LLC

Certified Public Accountants

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

East Union Township
Wayne County
P.O. Box 222
Apple Creek, OH 44606

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the East Union Township, Wayne County, (the Township) as of and for the year ended December 31, 2008, which collectively comprise the Township's basic financial statements and have issued our report thereon dated June 4, 2010, wherein we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

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.

East Union Township
Wayne County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

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

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

Alger & Associates, LLC
June 4, 2010



Mary Taylor, CPA
Auditor of State

EAST UNION TOWNSHIP

WAYNE 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
SEPTEMBER 9, 2010**