

**UNION TOWNSHIP  
TUSCARAWAS COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED  
DECEMBER 31, 2009 AND 2008**





# Dave Yost • Auditor of State

Board of Trustees  
Union Township  
P. O. Box 202  
Dennison, Ohio 44621

We have reviewed the *Independent Auditors' Report* of Union Township, Tuscarawas County, prepared by Willoughby & Company, Inc., for the audit period January 1, 2008 through December 31, 2009. 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.

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

Dave Yost  
Auditor of State

November 29, 2011

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UNION TOWNSHIP  
TUSCARAWAS COUNTY

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# WILLOUGHBY & COMPANY, INC.

*Certified Public Accountants*

216 North Broadway, P.O. Box 1021, New Philadelphia, Ohio 44663  
Phone (330) 602-1322 • Fax (330) 602-2610

## INDEPENDENT AUDITORS' REPORT

Union Township  
Tuscarawas County  
P.O. Box 202  
Dennison, Ohio 44621

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 Union Township, Tuscarawas County, (the Township) as of and for the years ended December 31, 2009 and 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 an opinion on these financial statements based on our audit.

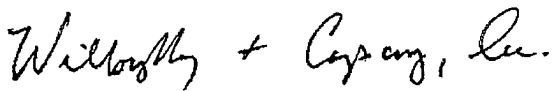
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform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

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 Union Township, Tuscarawas County, as of December 31, 2009 and 2008, and the respective changes in cash financial position and the respective budgetary comparison for the General, Gasoline Tax, and Road and Bridge, and Fire and Ambulance Levy Funds thereof for the years 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 September 27, 2011, 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 accessing the results of our audit.

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 and 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.



Willoughby & Company, Inc. - Certified Public Accountants

September 27, 2011



Union Township, Tuscarawas County  
Management's Discussion and Analysis  
For the Years Ended December 31, 2009 and 2008  
Unaudited

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This discussion and analysis of Union Township, Tuscarawas County, (the Township) financial performance provides an overall review of Union Township's financial activities for the years ended December 31, 2009 and 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 Union Township's financial performance.

### Highlights

Key highlights for 2009 and 2008 are as follows:

Net assets of governmental activities increased by \$17,084 in 2009. The Township purchased a truck to be used in its operations.

Net assets of governmental activities decreased by \$14,569 in 2008.

For both years, the Township's general receipts are primarily property taxes and entitlements.

### 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 Government'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.

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.

Union Township, Tuscarawas County  
Management's Discussion and Analysis  
For the Years Ended December 31, 2009 and 2008  
Unaudited

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**Reporting the Township as a Whole**

The statement of net assets and the statement of activities reflect how the Township did financially during 2009 and 2008, within the limitations of cash basis accounting. The statement of net assets presents the cash balances 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.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of 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 Union Township's financial condition, you should also consider other non financial factors as well such as the Township's property tax base and the need for continued growth in the major local revenue sources such as local property, estate and gasoline taxes.

In the statement of net assets and the statement of activities, we divide the government into governmental activities. All of the Township's basic services are reported here, including road and ditch maintenance and fire protection. Real estate 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 Union Township are all governmental and we have no proprietary funds.

**Governmental Funds** - All of the Township's activities are reported in governmental funds. The Township's 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 non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. For 2009 and 2008, the Township's major governmental funds are the General Fund, Gasoline Tax Fund, Road and Bridge Fund and Fire and Ambulance Levy 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, Tuscarawas County  
 Management's Discussion and Analysis  
 For the Years Ended December 31, 2009 and 2008  
 Unaudited

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**The Township as a Whole**

Table 1 provides a summary of the Township's net assets for 2009 compared to 2008 and 2007 on a cash basis:

(Table 1)  
**Net Assets**

	Governmental Activities		
	2009	2008	2007
<b>Assets</b>			
Cash and Cash Equivalents	\$ 68,128	\$ 51,044	\$ 65,613
<b>Total Assets</b>	<b>\$ 68,128</b>	<b>\$ 51,044</b>	<b>\$ 65,613</b>
<b>Net Assets</b>			
Restricted for:			
Other purposes	\$ 59,064	\$ 48,579	\$ 53,843
Unrestricted	9,064	2,465	11,770
<b>Total Net Assets</b>	<b>\$ 68,128</b>	<b>\$ 51,044</b>	<b>\$ 65,613</b>

Table 2 reflects the changes in net assets in 2009 and 2008 and 2007 (See next page).

Union Township, Tuscarawas County  
Management's Discussion and Analysis  
For the Years Ended December 31, 2009 and 2008  
Unaudited

Governmental Activities			
	2009	2008	2007
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$ 2,675	\$ 1,125	\$ 1,225
Operating Grants and Contributions	107,059	101,660	102,528
Total Program Receipts	<u>109,734</u>	<u>102,785</u>	<u>103,753</u>
Program Receipts:			
Property and Other Local Taxes	90,754	92,646	80,145
Grants and Entitlements Not Restricted to Specific Programs	57,717	48,256	49,437
Debt Proceeds	26,000	-	30,814
Earnings on Investments	97	144	897
Miscellaneous	20,649	1,263	- 363
Total General Receipts	<u>195,217</u>	<u>142,309</u>	<u>161,656</u>
Total Receipts	<u>304,951</u>	<u>245,094</u>	<u>265,409</u>
Disbursements:			
General Government	69,975	81,457	75,513
Public Safety	19,285	22,933	18,923
Public Works	96,976	139,001	135,835
Health	2,903	9,772	4,483
Capital Outlay	91,890	-	70,814
Debt Service:			
Principal Retirement	6,163	6,163	3,323
Interest	675	337	-
Total Disbursements	<u>287,867</u>	<u>259,663</u>	<u>308,891</u>
Increase/(Decrease)			
In Net Assets	17,084	(14,569)	(43,482)
Net Assets, January 1	51,044	65,613	109,095
Net Assets, December 31	<u>\$ 68,128</u>	<u>\$ 51,044</u>	<u>\$ 65,613</u>

Union Township, Tuscarawas County  
 Management's Discussion and Analysis  
 For the Years Ended December 31, 2009 and 2008  
 Unaudited

For both 2009 and 2008, property taxes and intergovernmental receipts were the primary support for the Township. 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 trustees and the fiscal officer, as well as internal services such as payroll and purchasing.

**Governmental Activities**

If you look at the Statement of Activities, you will see that the first column lists the major services provided by Union Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are general government and public works, which account for 58 percent and 85 percent, respectively, of all governmental disbursements. 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 2009	Net Cost of Services 2009	Total Cost of Services 2008	Net Cost of Services 2008
General Government	\$ 69,975	\$ 69,975	\$ 81,457	\$ 81,457
Public Safety	19,285	19,285	22,933	22,933
Public Works	96,976	(10,083)	139,001	37,341
Health	2,903	228	9,772	8,647
Capital Outlay	91,890	91,890	-	-
Debt Service:				
Principal Retirement	6,163	6,163	6,163	6,163
Interest	675	675	337	337
<b>Total Expenses</b>	<b>\$ 287,867</b>	<b>\$ 178,133</b>	<b>\$ 259,663</b>	<b>\$ 156,878</b>

The dependence upon property tax is apparent as over 65% and 79% for 2009 and 2008 of governmental activities are supported through these general receipts.

**The Township's Funds**

For 2009, total governmental funds had receipts of \$304,951 and disbursements of \$287,867. For 2008, total governmental funds had receipts of \$245,094 and disbursements of \$259,663.

Union Township, Tuscarawas County  
Management's Discussion and Analysis  
For the Years Ended December 31, 2009 and 2008  
Unaudited

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**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 2009 and 2008, the Township amended its appropriation budget and receipts budget to reflect changing circumstances. For 2009 and 2008, actual receipts were greater than budgeted receipts.

Final budgeted disbursements for 2009 and 2008 were \$350,421 and \$303,668, respectively. Actual disbursements for 2009 and 2008 were \$287,868 and \$259,663. The Township kept spending close to budgeted amounts.

**Capital Assets and Debt Administration**

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure in the accompanying financial statements, but record payments for capital assets as disbursements.

Debt

As of December 31, 2009, The Township has outstanding debt in the amount of \$44,588 with \$32,263 due within one year. The debt is a loan used to purchase a backhoe and a truck to be used in operations. Payments are made annually. See Note #10 for more detail.

**Current Issues**

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. Union Township relies heavily on local taxes and has very little industry to support the tax base. As tax revenues fail to keep up with increased expenses, it is the hope that the services the Township provides will not decrease in quality and quantity. The Township has been fortunate to have a solid tax base historically. The threat of annexation and the decrease in state funding are the potential threats to that base. At this time, the Township does not anticipate going to the taxpayers to ask for additional monies.

**Contacting the Government'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 Lona Recchiuti, Fiscal Officer, Union Township, P.O. Box 202, Dennison, Ohio 44621.

**UNION TOWNSHIP**  
**TUSCARAWAS COUNTY**  
Statement of Net Assets - Cash Basis  
December 31, 2009

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	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 68,128
	<u>\$ 68,128</u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes	\$ 59,064
Unrestricted	<u>9,064</u>
<i>Total Net Assets</i>	<u>\$ 68,128</u>

See accompanying notes to the basic financial statements.





**Union Township**  
**Tuscarawas County**  
**Statement of Cash Basis Assets and Fund Balances**  
**Governmental Funds**  
**December 31, 2009**

	General	Gasoline Tax	Road and Bridge	Fire and Ambulance Levy	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$ 9,064	\$ 16,875	\$ 4,520	\$ 31,581	\$ 6,088	\$ 68,128
	<u>\$ 9,064</u>	<u>\$ 16,875</u>	<u>\$ 4,520</u>	<u>\$ 31,581</u>	<u>\$ 6,088</u>	<u>\$ 68,128</u>
<b>Fund Balances</b>						
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	\$ 9,064					\$ 9,064
Special Revenue Funds		\$ 16,875	\$ 4,520	\$ 31,581	\$ 6,088	\$ 59,064
<i>Total Fund Balances</i>	<u>\$ 9,064</u>	<u>\$ 16,875</u>	<u>\$ 4,520</u>	<u>\$ 31,581</u>	<u>\$ 6,088</u>	<u>\$ 68,128</u>

See accompanying notes to the basic financial statements.

**Union Township**  
**Tuscarawas County**  
**Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2009**

	General	Gasoline Tax	Road and Bridge	Fire and Ambulance Levy	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Property and Other Local Taxes	\$ 42,379	\$ -	\$ 27,912	\$ 20,463	\$ -	\$ 90,754
Intergovernmental	57,717	86,830	1,486	3,651	15,092	164,776
Licenses, Permits & Fees	-	-	-	-	2,675	2,675
Earnings on Investments	52	34	-	-	11	97
Miscellaneous	-	17,090	560	-	3,000	20,650
<b>Total Receipts</b>	<b>100,148</b>	<b>103,954</b>	<b>29,958</b>	<b>24,114</b>	<b>20,778</b>	<b>278,952</b>
<b>Disbursements</b>						
<b>Current:</b>						
General Government	69,975	-	-	-	-	69,975
Public Safety	849	-	-	18,437	-	19,286
Public Works	-	69,839	19,218	-	7,919	96,976
Health	535	-	-	-	2,368	2,903
Capital Outlay	48,190	30,000	7,000	-	6,700	91,890
<b>Debt Retirement:</b>						
Principal Retirement	-	6,163	-	-	-	6,163
Interest	-	675	-	-	-	675
<b>Total Disbursements</b>	<b>119,549</b>	<b>106,677</b>	<b>26,218</b>	<b>18,437</b>	<b>16,987</b>	<b>287,868</b>
<b>Excess of Receipts (Under) Disbursements</b>	<b>(19,401)</b>	<b>(2,723)</b>	<b>3,740</b>	<b>5,677</b>	<b>3,791</b>	<b>(8,916)</b>
<b>Other Financing Sources</b>						
Debt Proceeds	26,000	-	-	-	-	26,000
<b>Net Change in Fund Balances</b>	<b>6,599</b>	<b>(2,723)</b>	<b>3,740</b>	<b>5,677</b>	<b>3,791</b>	<b>17,084</b>
Fund Cash Balances, Beginning of Year	2,465	19,598	780	25,904	2,297	51,044
<b>Fund Cash Balances, End of Year</b>	<b>\$ 9,064</b>	<b>\$ 16,875</b>	<b>\$ 4,520</b>	<b>\$ 31,581</b>	<b>\$ 6,088</b>	<b>\$ 68,128</b>

See accompanying notes to the basic financial statements.

**Union Township**  
**Tuscarawas County**  
 Statement of Receipts, Disbursements and  
 Changes In Fund Balance - Budget and Actual - Budget Basis  
 General Fund  
 For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 42,800	\$ 42,800	\$ 42,379	\$ (421)
Intergovernmental	53,792	53,792	57,717	3,925
Earnings on Investments	97	97	52	(45)
Miscellaneous	8,003	8,003	-	(8,003)
<i>Total Receipts</i>	<u>104,692</u>	<u>104,692</u>	<u>100,148</u>	<u>(4,544)</u>
<b>Disbursements</b>				
Current:				
General Government	83,582	83,582	69,975	13,607
Public Safety	850	850	849	1
Health	535	535	535	-
Capital Outlay	48,190	48,190	48,190	0
<i>Total Disbursements</i>	<u>133,157</u>	<u>133,157</u>	<u>119,549</u>	<u>13,608</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(28,465)</u>	<u>(28,465)</u>	<u>(19,401)</u>	<u>9,064</u>
<i>Other Financing Sources</i>				
<i>Debt Proceeds</i>	<u>26,000</u>	<u>26,000</u>	<u>26,000</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(2,465)	(2,465)	6,599	9,064
<i>Fund Balance Beginning of Year</i>	<u>2,465</u>	<u>2,465</u>	<u>2,465</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,064</u>	<u>\$ 9,064</u>

See accompanying notes to the basic financial statements.

**Union Township**  
**Tuscarawas County**  
 Statement of Receipts, Disbursements and  
 Changes In Fund Balance - Budget and Actual - Budget Basis  
 Gasoline Tax Fund  
 For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$ 84,000	\$ 84,000	\$ 86,830	\$ 2,830
Earnings on Investments	-	-	34	34
Miscellaneous	16,810	16,810	17,090	280
<i>Total Receipts</i>	<u>100,810</u>	<u>100,810</u>	<u>103,954</u>	<u>3,144</u>
<b>Disbursements</b>				
Current:				
Public Works	83,570	83,570	69,839	13,731
Capital Outlay	30,000	30,000	30,000	-
Debt Service:				
Principal Retirement	6,163	6,163	6,163	-
Interest	675	675	675	-
<i>Total Disbursements</i>	<u>120,408</u>	<u>120,408</u>	<u>106,677</u>	<u>13,731</u>
<i>Net Change in Fund Balance</i>	(19,598)	(19,598)	(2,723)	16,875
<i>Fund Balance Beginning of Year</i>	<u>19,598</u>	<u>19,598</u>	<u>19,598</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,875</u>	<u>\$ 16,875</u>

See accompanying notes to the basic financial statements.

**Union Township**  
**Tuscarawas 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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 27,700	\$ 27,700	\$ 27,912	\$ 212
Intergovernmental	1,500	1,500	1,486	(14)
Miscellaneous	-	-	560	560
<i>Total Receipts</i>	<u>29,200</u>	<u>29,200</u>	<u>29,958</u>	<u>758</u>
<b>Disbursements</b>				
Current:				
Public Works	22,980	22,980	19,218	3,762
Capital Outlay	7,000	7,000	7,000	0
<i>Total Disbursements</i>	<u>29,980</u>	<u>29,980</u>	<u>26,218</u>	<u>3,762</u>
<i>Net Change in Fund Balance</i>	(780)	(780)	3,740	4,520
<i>Fund Balance Beginning of Year</i>	<u>780</u>	<u>780</u>	<u>780</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,520</u>	<u>\$ 4,520</u>

See accompanying notes to the basic financial statements.

**Union Township**  
**Tuscarawas County**  
 Statement of Receipts, Disbursements and  
 Changes In Fund Balance - Budget and Actual - Budget Basis  
 Fire and Ambulance Levy Fund  
 For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 21,000	\$ 21,000	\$ 20,462	\$ (538)
Intergovernmental	1,100	1,100	3,652	2,552
<i>Total Receipts</i>	22,100	22,100	24,114	2,014
<b>Disbursements</b>				
Current:				
Public Safety	48,004	48,004	18,437	29,567
<i>Total Disbursements</i>	48,004	48,004	18,437	29,567
<i>Net Change in Fund Balance</i>	(25,904)	(25,904)	5,677	31,581
<i>Fund Balance Beginning of Year</i>	25,904	25,904	25,904	-
<i>Fund Balance End of Year</i>	\$ -	\$ -	\$ 31,581	\$ 31,581

See accompanying notes to the basic financial statements.

**UNION TOWNSHIP**  
**TUSCARAWAS COUNTY**  
Statement of Net Assets - Cash Basis  
December 31, 2008

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 51,044</u>
	<u>\$ 51,044</u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes	\$ 48,579
Unrestricted	<u>2,465</u>
<i>Total Net Assets</i>	<u>\$ 51,044</u>

See accompanying notes to the basic financial statements.





Union Township  
Tuscarawas County  
Statement of Cash Basis Assets and Fund Balances  
Governmental Funds  
December 31, 2008

	General	Gasoline Tax	Road and Bridge	Fire and Ambulance Levy	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$ 2,465	\$ 19,598	\$ 780	\$ 25,904	\$ 2,297	\$ 51,044
	<u>\$ 2,465</u>	<u>\$ 19,598</u>	<u>\$ 780</u>	<u>\$ 25,904</u>	<u>\$ 2,297</u>	<u>\$ 51,044</u>
<b>Fund Balances</b>						
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	\$ 2,465					\$ 2,465
Special Revenue Funds		\$ 19,598	\$ 780	\$ 25,904	\$ 2,297	\$ 48,579
<b>Total Fund Balances</b>	<u>\$ 2,465</u>	<u>\$ 19,598</u>	<u>\$ 780</u>	<u>\$ 25,904</u>	<u>\$ 2,297</u>	<u>\$ 51,044</u>

See accompanying notes to the basic financial statements.

Union Township  
Tuscarawas 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 and Ambulance Levy	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Property and Other Local Taxes	\$ 43,321	\$ -	\$ 28,232	\$ 21,093	\$ -	\$ 92,646
Intergovernmental	48,256	84,613	3,348	5,026	8,673	149,916
Licenses, Permits & Fees	-	-	-	-	1,125	1,125
Earnings on Investments	77	56	-	-	12	145
Miscellaneous	62	-	-	-	1,200	1,262
<b>Total Receipts</b>	<b>91,716</b>	<b>84,669</b>	<b>31,580</b>	<b>26,119</b>	<b>11,010</b>	<b>245,094</b>
<b>Disbursements</b>						
<b>Current:</b>						
General Government	81,457	-	-	-	-	81,457
Public Safety	849	-	-	22,084	-	22,933
Public Works	4,924	91,381	31,258	-	11,438	139,001
Health	7,291	-	-	-	2,481	9,772
Capital Outlay	-	-	-	-	-	-
<b>Debt Retirement:</b>						
Principal Retirement	6,163	-	-	-	-	6,163
Interest	337	-	-	-	-	337
<b>Total Disbursements</b>	<b>101,021</b>	<b>91,381</b>	<b>31,258</b>	<b>22,084</b>	<b>13,919</b>	<b>259,663</b>
<b>Excess of Receipts (Under) Disbursements</b>	<b>(9,305)</b>	<b>(6,712)</b>	<b>322</b>	<b>4,035</b>	<b>(2,909)</b>	<b>(14,569)</b>
<b>Other Financing Sources</b>						
Debt Proceeds	-	-	-	-	-	-
<b>Net Change in Fund Balances</b>	<b>(9,305)</b>	<b>(6,712)</b>	<b>322</b>	<b>4,035</b>	<b>(2,909)</b>	<b>(14,569)</b>
Fund Cash Balances, Beginning of Year	11,770	26,310	458	21,869	5,206	65,613
<b>Fund Cash Balances, End of Year</b>	<b>\$ 2,465</b>	<b>\$ 19,598</b>	<b>\$ 780</b>	<b>\$ 25,904</b>	<b>\$ 2,297</b>	<b>\$ 51,044</b>

See accompanying notes to the basic financial statements.

**Union Township**  
**Tuscarawas 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>Receipts</b>				
Property and Other Local Taxes	\$ 44,000	\$ 44,000	\$ 43,321	\$ (679)
Intergovernmental	51,000	51,000	48,256	(2,744)
Earnings on Investments	500	500	77	(423)
Miscellaneous	32,464	1,650	62	(1,588)
<i>Total Receipts</i>	127,964	97,150	91,716	(5,434)
<b>Disbursements</b>				
Current:				
General Government	99,364	89,043	81,457	7,586
Public Safety	850	850	849	1
Public Works	16,810	4,924	4,924	-
Health	8,210	7,603	7,291	312
Capital Outlay	8,000	-	-	-
Debt Service:				
Principal Retirement	6,500	6,500	6,163	337
Interest	-	-	337	(337)
<i>Total Disbursements</i>	139,734	108,920	101,021	7,899
<i>Net Change in Fund Balance</i>	(11,770)	(11,770)	(9,305)	2,465
<i>Fund Balance Beginning of Year</i>	11,770	11,770	11,770	-
<i>Fund Balance End of Year</i>	\$ -	\$ -	\$ 2,465	\$ 2,465

See accompanying notes to the basic financial statements.

**Union Township**  
**Tuscarawas 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>Receipts</b>				
Intergovernmental	\$ 74,000	\$ 74,000	\$ 84,613	\$ 10,613
Earnings on Investments	350	350	56	(294)
<i>Total Receipts</i>	74,350	74,350	84,669	10,319
<b>Disbursements</b>				
Current:				
Public Works	100,660	100,660	91,381	9,279
<i>Total Disbursements</i>	100,660	100,660	91,381	9,279
<i>Net Change in Fund Balance</i>	(26,310)	(26,310)	(6,712)	19,598
<i>Fund Balance Beginning of Year</i>	26,310	26,310	26,310	-
<i>Fund Balance End of Year</i>	\$ -	\$ -	\$ 19,598	\$ 19,598

See accompanying notes to the basic financial statements.

**Union Township**  
**Tuscarawas 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>Receipts</b>				
Property and Other Local Taxes	\$ 29,800	\$ 29,800	\$ 28,232	\$ (1,568)
Intergovernmental	1,000	1,000	3,348	2,348
<i>Total Receipts</i>	<u>30,800</u>	<u>30,800</u>	<u>31,580</u>	<u>780</u>
<b>Disbursements</b>				
Current:				
Public Works	31,258	31,258	31,258	-
<i>Total Disbursements</i>	<u>31,258</u>	<u>31,258</u>	<u>31,258</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(458)	(458)	322	780
<i>Fund Balance Beginning of Year</i>	<u>458</u>	<u>458</u>	<u>458</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 780</u>	<u>\$ 780</u>

See accompanying notes to the basic financial statements.

**Union Township**  
**Tuscarawas County**  
 Statement of Receipts, Disbursements and  
 Changes In Fund Balance - Budget and Actual - Budget Basis  
 Fire and Ambulance Levy Fund  
 For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 22,500	\$ 22,500	\$ 21,093	\$ (1,407)
Intergovernmental	2,300	2,300	5,026	2,726
<i>Total Receipts</i>	24,800	24,800	26,119	1,319
<b>Disbursements</b>				
Current:				
Public Safety	46,669	46,669	22,084	24,585
<i>Total Disbursements</i>	46,669	46,669	22,084	24,585
<i>Net Change in Fund Balance</i>	(21,869)	(21,869)	4,035	25,904
<i>Fund Balance Beginning of Year</i>	21,869	21,869	21,869	-
<i>Fund Balance End of Year</i>	\$ -	\$ -	\$ 25,904	\$ 25,904

See accompanying notes to the basic financial statements.

**Union Township**  
**Tuscarawas County**  
Notes to the Financial Statements  
For the Years Ended December 31, 2009 and 2008

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**Note 1 – Reporting Entity**

Union Township, Tuscarawas 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 governmental, component units and other organizations that were included to ensure that the financial statements are not misleading.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township contracts with the City of Uhrichsville and the Sherrodsville Volunteer Fire Department for fire protection. Police protection is provided by the Tuscarawas County Sheriff's Department.

**B. Component Units**

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. The Township has no component units.

Union Township has no component units.

**C. Public Entity Risk Pool**

The Township participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:  
Ohio Township Association Risk management Authority (OTARMA)

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

**Union Township**  
**Tuscarawas County**  
Notes to the Financial Statements  
For the Years Ended December 31, 2009 and 2008

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**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. The Township does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. 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, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. 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. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Assets presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function 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 and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.



**Union Township**  
**Tuscarawas County**  
Notes to the Financial Statements  
For the Years Ended December 31, 2009 and 2008

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**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 all 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, Gasoline Tax Fund and Road and Bridge Fund, and the Fire and Ambulance Levy Fund.

**General Funds** - 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.

**Gasoline Tax Fund** – This fund receives gasoline tax monies for constructing, maintaining, and repair of Township roads.

**Road and Bridge Fund** – This fund receives a portion of property tax money for the constructing, maintaining, and repairing Township roads.

**Fire and Ambulance Levy Fund** – This fund receives property tax money to provide emergency fire and medical services to residents of the Township.

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 alternative 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.

**Union Township**  
**Tuscarawas County**  
Notes to the Financial Statements  
For the Years Ended December 31, 2009 and 2008

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

**D. Budgetary Process (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 Certificate of Estimated Resources may be amended during the year if projected increases or decreases in receipts are identified by the 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 improved cash management, cash received by the Township is pooled. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity is Pooled Cash and Cash Equivalents."

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 2009 was \$52 and during 2008 was \$77.

**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. The Township does not have any restricted cash assets.

**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.

**Union Township**  
**Tuscarawas County**  
Notes to the Financial Statements  
For the Years Ended December 31, 2009 and 2008

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

**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 health care 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 another financing source nor capital outlay expenditure are reported at inception. Lease payments are reported when paid.

**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 special revenue purposes.

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.

**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. No fund balance reserves have been established as of December 31, 2009 or 2008.

**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.

**Union Township**  
**Tuscarawas County**  
Notes to the Financial Statements  
For the Years Ended December 31, 2009 and 2008

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**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 is (*and any major special revenue fund are*) prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances 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). There are no encumbrances outstanding at 2009 or 2008 for any of the funds required to present budgetary comparisons

**Note 4 – Deposits and Investments**

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

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

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

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

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;

**Union Township**  
**Tuscarawas County**  
Notes to the Financial Statements  
For the Years Ended December 31, 2009 and 2008

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**Note 4 – Deposits and Investments (continued)**

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

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

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by specifically pledged by the financial institution to the Township.

At 2009 and 2008, the Township had \$0 and \$0, respectively, in un-deposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

**Deposits** – At December 31, 2009 and 2008, the carrying amount of the Township's deposits were \$68,128 and \$51,044, respectively, and the bank balances were \$153,358 and \$51,260, respectively. Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2009 and 2008, \$0 and \$0, respectively, of the Township's bank balance was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name.

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, 2009 or 2008, the Township had no investments, respectively.

**Union Township**  
**Tuscarawas County**  
Notes to the Financial Statements  
For the Years Ended December 31, 2009 and 2008

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**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 2009 represent the collection of 2008 taxes. Real property taxes received during 2009 were levied after October 1, 2008, on the assessed values as of January 1, 2008, 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 utilities are also taxed on personal and real property located in the Township.

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

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

The full tax rate for all Township operations for the year ended December 31, 2009 was \$4.50 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2009 property tax receipts were based are as follows:

Residential	\$ 19,397,780
Public Utility Property	2,001,560
Tangible Personal Property	<u>376,660</u>
Total Assessed Value	<u>\$ 21,776,000</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 Workers' Compensation.

The Township also provides health insurance to a full-time employee through a private carrier. There has been no reduction in coverage over the last two years.

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. 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' deductible.

**Union Township**  
**Tuscarawas County**  
Notes to the Financial Statements  
For the Years Ended December 31, 2009 and 2008

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**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 agreements to not discharge OTARMA's primary liability for claim payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

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 to generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007:

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

At December 31, 2008 and 2007, respectively, liabilities above include approximately \$12.1 million and \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.9 million 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. The Township's share of these unpaid claims collectible in future years is \$11,324. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

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.

**Contributions to OTARMA**

2009	\$ 3,931
2008	4,068
2007	3,793

**Union Township**  
**Tuscarawas County**  
Notes to the Financial Statements  
For the Years Ended December 31, 2009 and 2008

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**Note 6 – Risk Management (continued)**

**Casualty and Property Coverage (continued)**

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.

**Note 7 – Defined Benefit Pension Plan**

**Ohio Public Employees Retirement System**

**Plan Description**

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a 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. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only in the traditional plans.

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) 222-6705 or (800) 222-7377.

**Funding Policy**

For the years ended December 31, 2009 and 2008, the members in the traditional plan, were required to contribute 10.0 and 10.0 percent, respectively, of their annual covered payroll. The Township's contributions rates for 2009 and 2008 were 14.0 and 14.0 percent, respectively. 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, 2009, 2008 and 2007 were \$9,984, \$9,988 and \$9,745, respectively. The full amount has been contributed for these years.



**Union Township  
Tuscarawas County**  
Notes to the Financial Statements  
For the Years Ended December 31, 2009 and 2008

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**Note 8 – Postemployment Benefits**

**Ohio Public Employees Retirement System**

**Plan Description**

OPERS maintains a cost-sharing multiple-employer defined benefit post employment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including post employment healthcare.

The plan includes medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for post employment healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit. Healthcare coverage for disability recipients and qualified survivor benefit recipients is available. The Ohio Revised code permits, but does not require, OPERS to provide healthcare benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43125-4642 or by calling (614) 222-5601 or (800) 222-7377.

**Funding Policy**

The post employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). State statute requires that public employers fund post employment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of post employment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2009, local government employers contributed 14.00 percent of covered payroll. Each year, the OPERS retirement board determines the portion of the employer contribution that will be set aside for funding post-employment healthcare benefits. The amount for the employer contributions which was allocated to fund post-employment healthcare was 7.00 percent of covered payroll from January 1 through March 31, 2009 and 5.50 percent from April 1 through December 31, 2009.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

The Township's contributions allocated to fund post-employment healthcare benefits for the years ended December 31, 2009, 2008 and 2007 have been paid in full.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which was effective date of 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 healthcare plan.

**Union Township**  
**Tuscarawas County**  
Notes to the Financial Statements  
For the Years Ended December 31, 2009 and 2008

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**Note 9 – Debt**

The Township's long-term debt activity for the year ended December 31, 2009, was as follows:

<u>Governmental Activities</u>	<u>Interest</u>	<u>Balance December 31, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2009</u>
Demand Notes - Backhoe					
Issued in 2007-Originally \$30,926	5.75%	\$ 24,651	\$ 0	\$ 6,163	\$ 18,488
Demand Note – Truck					
Issued 2009-Originally \$26,100	2.25%	\$ 0	\$ 26,100	\$ 0	\$ 26,100
Totals		<u>\$ 24,651</u>	<u>\$ 26,100</u>	<u>\$ 6,163</u>	<u>\$ 44,588</u>

During 2007, the Township entered into 5 separate demand notes agreements with a local financial institution for the purpose of purchasing a backhoe for use by the Township, including \$112 in bank and filing fees.

During 2009, the Township entered into a demand note agreement with a local financial institution for the purpose of purchasing a truck for use by the Township, including \$110 in bank and filing fees.

The following is a summary of the Township's future annual debt:

<u>Year Ending December 31,</u>	<u>Backhoe</u>		<u>Truck</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 6,163	\$ 1,079	\$ 26,100	\$ 587
2011	6,163	1,438	-	-
2012	6,162	1,306	-	-
Totals	<u>\$ 18,488</u>	<u>\$ 3,823</u>	<u>\$ 26,100</u>	<u>\$ 587</u>

**Note 10 – Other Matters**

The Township Fiscal Officer is employed at the financial institution where the Township holds their deposits and demand note agreements.



# WILLOUGHBY & COMPANY, INC.

*Certified Public Accountants*

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

Union Township  
Tuscarawas County  
P.O. Box 202  
Dennison, Ohio 44621

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 Union Township, Tuscarawas County, (the Township) as of and for the years ended December 31, 2009 and 2008, which collectively comprise the Township's basic financial statements and have issued our report thereon dated September 27, 2011, wherein we noted the Township followed the cash basis of accounting, a comprehensive accounting 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.

### 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion 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, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected.

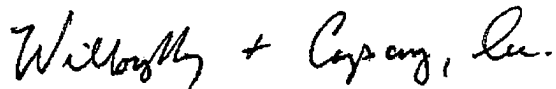
Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the Schedule of Finding that we consider to be significant deficiencies in internal control over financial reporting, 2009-001.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed 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 the audit committee, management, and the Board of Trustees. We intend it for no one other than these specified parties.



Willoughby & Company, Inc. - Certified Public Accountants

September 27, 2011

UNION TOWNSHIP  
TUSCARAWAS COUNTY  
  
SCHEDULE OF FINDING  
DECEMBER 31, 2009 AND 2008

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

**FINDING NUMBER 2009-001**

**Significant Deficiency**

**Classification of Receipts and Expenditures \***

During 2009 and 2008, the following misclassifications were noted:

- Debt proceeds in the amount of \$26,000 in the General Fund were originally classified as Miscellaneous rather than Debt Proceeds (2009).
- Interest payments on debt in the amount of \$337 in the General Fund related to debt issuance were originally classified as Debt Principal expenditures rather than Interest expenditures (2008).

As a result, the above receipt and expenditure line items were initially overstated/understated. The financial statements have been adjusted for material items.

The Township Fiscal Office and the Board of Trustees should regularly monitor the classification of all receipts and expenditures to help ensure Township receipts and expenditures are accurately recorded in accordance with the Ohio Township Handbook.

\* - Finding was also in previous audit

UNION TOWNSHIP  
TUSCARAWAS COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b>
2007-001	Payroll - During 2007, weaknesses noted during payroll expenditure testing	Yes	Finding No Longer Valid
2007-002	Classification of Receipts and Expenditures - During 2009 and 2008, the Township Fiscal Officer misclassified receipts and expenditures.	No	Not Corrected - Refer to Finding Number 2009-001
2007-003	Ohio Revised Code Section 5705.40 - During 2007, the Board of Trustees granted permission for the Fiscal Officer to transfer appropriations without Board approval	Yes	Finding No Longer Valid
2007-004	Ohio Revised Code Section 5705.41(B) Expenditures were greater than appropriations	Yes	Finding No Longer Valid
2007-005	Ohio Revised Code Section 5705.41(D) Disbursements were not properly certified	Yes	Finding No Longer Valid



# Dave Yost • Auditor of State

UNION TOWNSHIP

TUSCARAWAS 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  
DECEMBER 13, 2011