



**Auditor of State  
Betty Montgomery**



**UNION TOWNSHIP  
CLERMONT COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Cover Letter .....	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental and Fiduciary Fund Types - For the Year Ended December 31, 2004 .....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental and Fiduciary Fund Types - For the Year Ended December 31, 2003.....	6
Notes to the Financial Statements .....	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	15
Schedule of Findings.....	17
Schedule of Prior Audit Findings .....	19

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**Auditor of State  
Betty Montgomery**

Union Township  
Clermont County  
4350 Aicholtz Road  
Cincinnati, Ohio 45245

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

March 22, 2006

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Union Township  
Clermont County  
4350 Aicholtz Road  
Cincinnati, Ohio 45245

To the Board of Trustees:

We have audited the accompanying financial statements of Union Township, Clermont County, Ohio (the Township), as of and for the years ended December 31, 2004 and 2003. 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 described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

Corporate Centre of Blue Ash / 11117 Kenwood Rd. / Blue Ash, OH 45242

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In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2004, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Union Township, Clermont County, Ohio as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the year ended December 31, 2004. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2006, 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.



**Betty Montgomery**  
Auditor of State

March 22, 2006



**UNION TOWNSHIP  
CLERMONT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>					<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>						
Local Taxes	\$1,004,575	\$11,376,034	\$0	\$0	\$0	\$12,380,609
Intergovernmental	857,734	1,896,769	0	0	0	2,754,503
Special Assessments	0	27,079	0	0	0	27,079
Licenses, Permits, and Fees	413,239	205,934	0	0	0	619,173
Fines, Forfeitures, and Penalties	101,541	11,563	0	0	0	113,104
Interest	129,100	49,761	0	60,486	28	239,375
Other Revenue	796,782	290,434	0	0	0	1,087,216
<b>Total Cash Receipts</b>	<u>3,302,971</u>	<u>13,857,574</u>	<u>0</u>	<u>60,486</u>	<u>28</u>	<u>17,221,059</u>
<b>Cash Disbursements:</b>						
Current:						
General Government	1,671,275	110,451	0	0	0	1,781,726
Public Safety	0	9,519,363	0	0	0	9,519,363
Public Works	0	2,221,217	0	0	0	2,221,217
Health	364,783	214,310	0	0	0	579,093
Conservation - Recreation	34,953	0	0	0	0	34,953
Debt Service:						
Redemption of Principal	0	173,060	300,000	80,000	0	553,060
Interest and Fiscal Charges	24,436	87,833	319,392	20,388	0	452,049
Capital Outlay	298,514	535,501	0	8,244,032	0	9,078,047
<b>Total Cash Disbursements</b>	<u>2,393,961</u>	<u>12,861,735</u>	<u>619,392</u>	<u>8,344,420</u>	<u>0</u>	<u>24,219,508</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>909,010</u>	<u>995,839</u>	<u>(619,392)</u>	<u>(8,283,934)</u>	<u>28</u>	<u>(6,998,449)</u>
<b>Other Financing Receipts and (Disbursements):</b>						
Proceeds from Sale of Public Debt:						
Sale of Bonds	0	0	0	8,660,000	0	8,660,000
Premiums and Accrued Interest on Bonds	0	0	0	153,267	0	153,267
Transfers-In	0	0	650,000	0	0	650,000
Transfers-Out	(650,000)	0	0	0	0	(650,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(650,000)</u>	<u>0</u>	<u>650,000</u>	<u>8,813,267</u>	<u>0</u>	<u>8,813,267</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements</b>	259,010	995,839	30,608	529,333	28	1,814,818
<b>Fund Cash Balances, January 1</b>	<u>4,672,526</u>	<u>8,623,213</u>	<u>5,865</u>	<u>6,558,001</u>	<u>22,206</u>	<u>19,881,811</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$4,931,536</b></u>	<u><b>\$9,619,052</b></u>	<u><b>\$36,473</b></u>	<u><b>\$7,087,334</b></u>	<u><b>\$22,234</b></u>	<u><b>\$21,696,629</b></u>
<b>Reserve for Encumbrances, December 31</b>	<u><b>\$35,498</b></u>	<u><b>\$105,804</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$141,302</b></u>

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

UNION TOWNSHIP  
CLERMONT COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>					<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>						
Local Taxes	\$874,404	\$10,907,907	\$0	\$0	\$0	\$11,782,311
Intergovernmental	932,499	1,847,753	0	0	0	2,780,252
Special Assessments	0	25,656	0	0	0	25,656
Licenses, Permits, and Fees	385,948	217,240	0	0	0	603,188
Fines, Forfeitures, and Penalties	76,595	14,939	0	0	0	91,534
Interest	113,761	42,101	0	73,720	31	229,613
Other Revenue	16,464	278,562	0	0	0	295,026
<b>Total Cash Receipts</b>	<u>2,399,671</u>	<u>13,334,158</u>	<u>0</u>	<u>73,720</u>	<u>31</u>	<u>15,807,580</u>
<b>Cash Disbursements:</b>						
Current:						
General Government	1,326,982	81,352	0	0	0	1,408,334
Public Safety	0	8,584,491	0	0	0	8,584,491
Public Works	0	1,440,531	0	0	0	1,440,531
Health	401,757	168,896	0	0	0	570,653
Conservation - Recreation	39,670	0	0	0	0	39,670
Miscellaneous	0	50,387	0	0	0	50,387
Debt Service:	0	0	0	0	0	0
Redemption of Principal	0	173,060	285,000	0	0	458,060
Interest and Fiscal Charges	0	43,627	323,668	0	0	367,295
Capital Outlay	114,175	675,955	0	2,167,719	0	2,957,849
<b>Total Cash Disbursements</b>	<u>1,882,584</u>	<u>11,218,299</u>	<u>608,668</u>	<u>2,167,719</u>	<u>0</u>	<u>15,877,270</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>517,087</u>	<u>2,115,859</u>	<u>(608,668)</u>	<u>(2,093,999)</u>	<u>31</u>	<u>(69,690)</u>
<b>Other Financing Receipts and (Disbursements):</b>						
Sale of Fixed Assets	127,000	0	0	0	0	127,000
Transfers-In	0	0	580,000	0	0	580,000
Transfers-Out	(580,000)	0	0	0	0	(580,000)
Other Sources	0	0	0	500,000	0	500,000
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(453,000)</u>	<u>0</u>	<u>580,000</u>	<u>500,000</u>	<u>0</u>	<u>627,000</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>64,087</u>	<u>2,115,859</u>	<u>(28,668)</u>	<u>(1,593,999)</u>	<u>31</u>	<u>557,310</u>
<b>Fund Cash Balances, January 1</b>	<u>4,608,439</u>	<u>6,507,354</u>	<u>34,533</u>	<u>8,152,000</u>	<u>22,175</u>	<u>19,324,501</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$4,672,526</b></u>	<u><b>\$8,623,213</b></u>	<u><b>\$5,865</b></u>	<u><b>\$6,558,001</b></u>	<u><b>\$22,206</b></u>	<u><b>\$19,881,811</b></u>
<b>Reserve for Encumbrances, December 31</b>	<u><b>\$15,546</b></u>	<u><b>\$127,536</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$143,082</b></u>

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

**UNION TOWNSHIP  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

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

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

**B. Basis of Accounting**

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

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

**C. Cash and Deposits**

The Township values certificates of deposit at cost.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

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

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

**UNION TOWNSHIP  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Debt Service Fund**

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

General Bond Retirement Fund – This fund is used to repay the bonds for the Township Civic Center.

**4. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects. The Township had the following significant Capital Project Fund:

Civic Center Bond Fund – This fund received money from the sale of a bond to construct a new Township Civic Center.

**5. Fiduciary Fund (Nonexpendable Trust Fund)**

This fund accounts for resources restricted by legally binding trust agreements. The Township had the following Fiduciary Fund:

Nonexpendable Cemetery Trust Fund – This fund accounts for the corpus of the Township's various nonexpendable cemetery trust funds.

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**UNION TOWNSHIP  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Encumbrances**

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

A summary of 2004 and 2003 budgetary activity appears in Note 3.

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

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

**G. Accumulated Leave**

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

**2. EQUITY IN POOLED CASH AND DEPOSITS**

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

	<u>2004</u>	<u>2003</u>
Demand deposits	\$14,896,629	\$9,081,811
Certificates of deposit	6,800,000	10,800,000
Total deposits	<u>\$21,696,629</u>	<u>\$19,881,811</u>

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

**UNION TOWNSHIP  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,033,376	\$3,302,971	\$2,269,595
Special Revenue	13,587,052	13,857,574	270,522
Debt Service	650,000	650,000	0
Capital Projects	8,271,801	8,873,753	601,952
Fiduciary	50	28	(22)
Total	\$23,542,279	\$26,684,326	\$3,142,047

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,207,827	\$3,079,459	\$3,128,368
Special Revenue	22,208,338	12,967,539	9,240,799
Debt Service	655,865	619,392	36,473
Capital Projects	6,108,000	8,344,420	(2,236,420)
Fiduciary	22,256	0	22,256
Total	\$35,202,286	\$25,010,810	\$10,191,476

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,207,000	\$2,526,671	\$319,671
Special Revenue	13,615,714	13,334,158	(281,556)
Debt Service	580,000	580,000	0
Capital Projects	110,000	573,720	463,720
Fiduciary	145	31	(114)
Total	\$16,512,859	\$17,014,580	\$501,721

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,812,590	\$2,478,130	\$4,334,460
Special Revenue	20,123,038	11,345,835	8,777,203
Debt Service	614,533	608,668	5,865
Capital Projects	8,262,000	2,167,719	6,094,281
Fiduciary	22,319	0	22,319
Total	\$35,834,480	\$16,600,352	\$19,234,128

**UNION TOWNSHIP  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Fire, Civic Center, and Barg Salt Run Road funds by \$197,681, \$2,136,032 and \$100,388, respectively, for the year ended December 31, 2004.

**4. PROPERTY TAX**

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

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

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

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

**5. DEBT**

Debt outstanding at December 31, 2004 was as follows:

	Principal	Interest Rate
Fire Equipment Note (1996)	\$59,000	5.45%
Fire Equipment Note (1997)	61,798	5.09%
Fire Equipment Note (2000)	332,648	5.64%
Civic Center Bond (2002)	7,595,000	1.50%
Barg Salt Run Road Improvement (2004)	510,000	4.00%
Capital Improvements (2004)	8,070,000	2.00 - 4.50%
Total	\$16,628,446	

The General Obligation Fire Equipment Note (1996) relates to fire equipment purchased by the Township. The notes were issued in December 1996 in the amount of \$531,000. The notes will be repaid in annual installments of \$59,000, including interest, over nine years, collateralized solely by the Township's taxing authority.

The General Obligation Fire Equipment Note (1997) relates to fire equipment purchased by the Township. The notes were issued in June 1997 in the amount of \$278,085. The notes will be repaid in annual installments of \$30,898, including interest, over nine years, collateralized solely by the Township's taxing authority.

**UNION TOWNSHIP  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**5. DEBT (Continued)**

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

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

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

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

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

Year ending December 31:	Fire Equipment Note (1996)	Fire Equipment Note (1997)	Fire Equipment Note (2000)	Barg Salt Run Road Improve (2004)	Civic Center Bond (2002)
2005	\$62,216	\$33,424	\$101,923	105,400	618,393
2006		31,740	97,233	102,000	620,767
2007			92,543	98,600	622,105
2008			87,853	95,200	617,355
2009				91,800	621,630
2010 - 2014				88,400	3,097,475
2015 - 2019					3,103,020
2020 - 2024					1,853,855
Total	<u>\$62,216</u>	<u>\$65,164</u>	<u>\$379,552</u>	<u>\$581,400</u>	<u>\$11,154,600</u>

  

Year ending December 31:	Capital Improvement Bond (2004)
2005	602,783
2006	606,982
2007	605,983
2008	604,577
2009	606,673
2010 - 2014	3,032,692
2015 - 2019	3,021,950
2020 - 2024	3,030,050
Total	<u>\$12,111,690</u>



**UNION TOWNSHIP  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**6. RETIREMENT SYSTEMS**

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

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, members of OP&F participants contributed 10 percent of their wages. The Township contributed an amount equal to 24 percent of their wages to OP&F. OPERS members contributed 8.5 percent of their gross salaries. OPERS police members contribute 10.1 percent of their gross salaries. The Township contributed an amount equaling 13.55 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2004.

**7. RISK MANAGEMENT**

**Risk Pool Membership**

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 500 Ohio governments ("Members").

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

The Plan issues its own policies and reinsures the Plan with A-VII or better rated carriers, except for the 5% portion retained by the Plan. After September 1, 2003, the Plan pays the lesser of 5% or \$25,000 of casualty losses and the lesser of 5% or \$50,000 of property losses. The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

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

	2004	2003
Assets	\$6,685,522	\$5,402,167
Liabilities	\$2,227,808	\$1,871,123
Members' Equity	\$4,457,714	\$3,531,044

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

**UNION TOWNSHIP  
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**8. TAX INCREMENT FINANCING AGREEMENTS**

The Township entered into a Tax Increment Financing (TIF) agreement on January 1, 2006 with Milford Exempted Village School and West Clermont Local School Districts and several private citizens and businesses under Ohio Revised Code Section 5709.73. It is for public and private street improvements, traffic control devices, landscaping, planning & design, and construction of sewer retention/detention facilities, civic center, library, parks, schools, recreation facilities, and economic development. These improvements are exempt from real property taxation for thirty (30) years through December 31, 2035. The Township agreed to act as a participant in this agreement, wherein they are required to establish a fund to collect all payments in lieu of taxes and make annual payments to Milford Exempted Village and West Clermont Local School Districts.



**Auditor of State  
Betty Montgomery**

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

Union Township  
Clermont County  
4350 Aicholtz Road  
Cincinnati, Ohio 45245

To the Board of Trustees:

We have audited the financial statements of Union Township, Clermont County, Ohio (the Township), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated March 22, 2006, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2004-001.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and , accordingly, would not necessarily disclose all matters in the internal control that are also considered material weaknesses. However, we do not believe the reportable condition described above is a material weakness. In a separate letter to the Township's management dated March 22, 2006, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2004-001 and 2004-002. In a separate letter to the Township's management dated March 22, 2006, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management and the Board of Trustees. It is not intended for anyone other than these specified parties.



**Betty Montgomery**  
Auditor of State

March 22, 2006

**UNION TOWNSHIP  
CLERMONT COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003**

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

**FINDING NUMBER 2004-001**

**NONCOMPLIANCE/REPORTABLE CONDITION**

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

Year	Fund	Appropriations	Budgetary Expenditures	Variance
2004	Capital Projects - Civic Center	\$ 6,108,000	\$ 8,244,032	\$ (2,136,032)
2004	Capital Projects – Capital Improvements	-	100,388	( 100,388)
2004	Special Revenue - Fire	4,541,548	4,739,229	( 197,681)

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

**FINDING NUMBER 2004-002**

**FINDING FOR RECOVERY REPAID UNDER AUDIT**

Ohio Rev. Code, Section 507.09, sets the 2004 compensation for township clerks.

Township Clerk, Rozanne Evans completed her appointment for the period of April 1, 2000 to March 31, 2004 and started a new term for the period of April 1, 2004 to March 31, 2008. The salary due and paid to Rozanne Evans based on the budgets approved by the county budget commission is as follows.

For townships with a budget greater than \$10,000,000 in calendar year 2004, the township clerk's compensation is one fourth of \$19,809 (for the first three months of the year) and three fourths of \$25,553 (for the remaining months). Based on this section, Rozanne Evans should have been paid \$24,117 as compensation for Township Clerk for fiscal year 2004. Ms. Evans was paid a total of \$24,278, which resulted in a \$161 overpayment of the statutory defined amount.

This finding is based on the following calculation:

Official Certificate of Estimated Resources - \$33,569,241  
 Amended Certificates - \$35,059,203 (2/18/04) and \$43,281,004 (9/29/04),  
 Salary (January, February and March) \$19,809/12 = 1,650.75, 1,650.75 x 3 = 4,952.25  
 Salary (Remaining months) \$25,553/12 = 2,129.42, 2,129.42 x 9 = 19,164.78

$4,952.25 + 19,164.78 = \$24,117.03$

In accordance with the forgoing facts and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public money illegally expended is hereby issued against Rozanne Evans, Township Clerk, and the Ohio Government Risk Management Plan, her surety, jointly and severally, in the amount of \$161, in favor of the General Fund. The Township Clerk repaid this amount during the audit.

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**UNION TOWNSHIP  
CLERMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2004 AND 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2002-001	ORC 5705.41(B), expenditures exceeding appropriations	No	Not corrected. Reissued as 2004-001.
2002-002	ORC 5705.41(D), failure to properly certify availability of funds.	No	Partially corrected. Reissued in management letter







**Auditor of State  
Betty Montgomery**

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**UNION TOWNSHIP  
CLERMONT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 11, 2006**