



**UNION TOWNSHIP  
MIAMI COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2005**



**Auditor of State  
Betty Montgomery**



**UNION TOWNSHIP  
MIAMI COUNTY**

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**UNION TOWNSHIP  
MIAMI COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Union Township  
Miami County  
9497 Markley Road  
PO Box E  
Laura, Ohio 45337

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Union Township, Miami County, (the Township), as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2C, the accompanying financial statements and notes follow the modified 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 modified cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Union Township, Miami County, as of December 31, 2005, and the respective changes in modified cash financial position and the respective budgetary comparisons for the General Fund, Gas Tax Fund, Road and Bridge Fund, Cemetery Fund, Fire District Fund – Inside Millage, 1996 Fire Levy Fund, and the Permissive Motor Vehicle License Tax Fund thereof for the year then ended in conformity with the basis of accounting Note 2C describes.

For the year ended December 31, 2005, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402  
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 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.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

August 10, 2006

**UNION TOWNSHIP  
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED**

This discussion and analysis of the Union Township's (the Township) financial performance provides an overall review of the Government's financial activities for the year ended December 31, 2005, within the limitations of the Township's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

**Highlights**

Key highlights for 2005 are as follows:

- Net assets of governmental activities increased \$88,563, or 35.9 percent, a significant change from the prior year. The fund most affected by an increase in cash and cash equivalents was the Gasoline Tax Fund, the increase was due to decreasing expenditures in anticipation of a major road improvement.
- The Township's general receipts are primarily property taxes and intergovernmental revenue. These receipts represent respectively \$462,872 and 64 percent of the total cash received for governmental activities during the year. Property tax receipts for 2005 changed very little compared to 2004 as development within the Township is about the same.
- The Township is saving its portion of a Public Works road reconstruction program which is reflected in the increase of the road funds. The project is anticipated to be \$600,000 with the Township's share at \$120,000. Another large disbursement expected from the road and cemetery funds is the purchase of a dump truck as soon as the Township has saved the approximately \$65,000 needed. The Township has experienced major health care cost increases and fuel increases which are General, Cemetery, and Road Funds related. The Cemetery Fund has experienced a decrease in funds due to more people choosing cremains burials, increased fuel costs and preparation of a new cemetery and the associated costs. Any decrease, such as Local Government Funds being eliminated, to the General Fund would be difficult for the Township to absorb. The increase in the General Fund is primarily the result of renting part of the Township Building to a metal fabricating company and the rest of estimated revenue remaining stable.

**Using the Basic Financial Statements**

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

**UNION TOWNSHIP  
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED**

**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 modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

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

**Reporting the Township as a Whole**

The statement of net assets and the statement of activities reflect how the Township did financially during 2005, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Township's general receipts.

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

In the statement of net assets and the statement of activities, we divide the Township into two types of activities:

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

**Business-type activity** - The Township has two business-type activities, the Solid Waste District and the Frederick Lighting District. The trash service is financed by a fee charged to the customers receiving the service and the lights are paid by a special assessment for the homeowners in Frederick.



**UNION TOWNSHIP  
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED  
(Continued)**

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

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

**Governmental Funds** - Most of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for 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. The Township's major governmental funds are the General Fund, Gasoline Tax Fund, Road and Bridge, Cemetery Fund, Fire District Fund – Inside Millage, 1996 Fire Levy Fund, and the Permissive Motor Vehicle License Tax Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**Proprietary Funds** – When the Township charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Township's major proprietary fund is the Garbage and Waste Disposal District fund.

**Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Township's programs.

**The Township as a Whole**

Table 1 provides a summary of the Township's net assets for 2005 compared to 2004 on a modified cash basis:

**(Table 1)  
Net Assets**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
<b>Assets</b>						
Cash and Cash Equivalents:	\$335,427	\$246,864	\$78,386	\$72,560	#####	#####
Total Assets	<u>335,427</u>	<u>246,864</u>	<u>78,386</u>	<u>72,560</u>	<u>413,813</u>	<u>319,424</u>
<b>Net Assets</b>						
Restricted for:						
Expendable Trust	16,765	16,329			16,765	16,329
Other Purposes	280,388	207,081	78,386	72,560	358,774	279,641
Unrestricted	38,274	23,454			38,274	23,454
Total Net Assets	<u>\$335,427</u>	<u>\$246,864</u>	<u>\$78,386</u>	<u>\$72,560</u>	<u>#####</u>	<u>#####</u>

**UNION TOWNSHIP  
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED  
(Continued)**

As mentioned previously, net assets of governmental activities increased \$88,563, or 35.9 percent during 2005. The primary reasons contributing to the changes in cash balances are as follows:

- Local tax receipts have remained steady in spite of annexation of sections of the Township because there are some new homes in the Township. Increased foreclosures on property have resulted in revenue loss. Decreases in the Local Government Funds have decreased revenues considerably and the future loss of the Estate Tax will drop general fund revenues significantly. In contrast the unanticipated revenue from the leasing of Bay 3 of the Township Building has reduced the strain on the General Fund budget created by another year of increased insurance premiums and fuel costs. The lease agreement is for three and one quarter years with a sliding scale for the rent payment that allows the company to get established in this building before the rent increases. The company is responsible for the utility bills and the property taxes for that Bay. Weatherizing the building and purchasing fuel early at a lower price are cost cutting measures that have worked well for the Township.
- Increases in salaries ranging from 2.4 % to 5.6 % based on current pay scales.
- The Township is saving funds to reconstruct a road in the Township that has steep ditches and a narrow berm. These are liability issues that would be addressed by improving the road and the roadway improvement would help the residents using Markley Road. Issue I funds are being sought to fund the reconstruction. The overall project has been estimated at \$600,000 but fuel and asphalt prices have increased dramatically since the estimate was completed. The Township share is \$120,000 which is in the various road funds. Purchasing a dump truck is another goal for the Township utilizing Road and Cemetery Funds since there have been increasingly complicated repairs to the dump truck. As a result the Permissive Motor Vehicle, Motor Vehicle License, Road and Bridge, and Gasoline Funds are amassing funds to fund these two large disbursements.
- In 2005, the Township had a decrease of \$13,813 or 44.1% in the Cemetery Fund. If not for a one-time disinterment cost to a resident that moved their previously interred family members to their private cemetery the fund would not have reached the estimated revenue for 2005. Some issues for the cemetery to consider are the increase in fuel costs, the rising number of cremains burial and a policy to allow multiple burials on one grave. The fees from the cemetery must fund the care for that cemetery forever.
- Health benefit costs grew substantially as several employees had their premiums increased with the overall increase of 14 percent for the Township. This 14 percent increase was on the back of a 27 percent increase in 2004. To save money the Trustees chose a policy that was not as comprehensive as the previous policy.

Table 2 reflects the changes in net assets in 2005. Since the Township did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

**UNION TOWNSHIP  
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED  
(Continued)**

**Table 2  
Changes in Net Assets**

	<b>Governmental Activities 2005</b>	<b>Business Type Activities 2005</b>	<b>Total 2005</b>
<b>Receipts:</b>			
<b>Program Receipts:</b>			
Charges for Services and Sales	\$104,132	\$183,190	\$287,322
Operating Grants and Contributions	95,171		95,171
<b>Total Program Receipts</b>	<b>199,303</b>	<b>183,190</b>	<b>382,493</b>
<b>General Receipts:</b>			
Property Taxes	314,610		314,610
Other Taxes	33,623		33,623
Grants and Entitlements Not Restricted to Specific Programs	148,262		148,262
Interest	11,970		11,970
Miscellaneous	14,781		14,781
<b>Total General Receipts</b>	<b>523,246</b>		<b>523,246</b>
<b>Total Receipts</b>	<b>722,549</b>	<b>183,190</b>	<b>905,739</b>
<b>Disbursements:</b>			
General Government	183,838		183,838
Public Safety	246,436		246,436
Public Works	61,137		61,137
Health	124,166		124,166
Capital Outlay	18,409		18,409
Garbage & Waste Disposal District		176,750	176,750
Frederick Lighting District		614	614
<b>Total Disbursements</b>	<b>633,986</b>	<b>177,364</b>	<b>811,350</b>
 Increase (Decrease) in Net Assets	 88,563	 5,826	 94,389
 Net Assets, January 1, 2005	 246,864	 72,560	 319,424
<b>Net Assets, December 31, 2005</b>	<b>\$335,427</b>	<b>\$78,386</b>	<b>\$413,813</b>

Program receipts represent only 42.2 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, lease of Bay 3 of the Township building, and trash hauling fees and charges.

General receipts represent 57.8 percent of the Township's total receipts, and of this amount, over 60.1 percent are local taxes. State and federal grants and entitlements make up a large part of the Township's general receipts (28.3 percent). Other receipts make up the remaining 11.6 percent.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities.

Public Safety are the costs of fire protection; Health is the County Health Department and Cemetery services; and Public Works is primarily the cost of maintaining the roads.

**UNION TOWNSHIP  
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED  
(Continued)**

**Governmental Activities**

If you look at the Statement of Activities on page 14, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursement for governmental activities is for public safety, which accounts for \$246,436 of all governmental disbursements. General government also represents a significant cost of \$183,838. The net (Disbursement) Receipt column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

**Table 3  
Governmental Activities**

	<b>Total Cost of Services 2005</b>	<b>Net Cost of Services 2005</b>
General Government	\$183,838	(\$158,287)
Public Safety	246,436	(246,436)
Public Works	61,137	31,186
Health	124,166	(42,737)
Capital Outlay	18,409	(18,409)
Total Expenses	<u>\$633,986</u>	<u>(\$434,683)</u>

The dependence upon property tax receipts is apparent as over 49.6 percent of governmental activities are supported through these general receipts.

**Business-type Activities**

The Solid Waste District of the Township is relatively new and the contractor is Best Way Disposal which was determined by bid. The trash hauler has been efficient and the district is running well. The only other business-type activity is a small lighting district assessed on their taxes in Frederick.

**The Township's Funds**

Total Governmental Funds had receipts of \$722,549 and disbursements of \$633,986. The greatest change within Governmental Funds occurred within the Gasoline Tax Fund. The fund balance of the Gasoline Tax Fund increased \$51,304 as the result of the Township reducing expenditures in anticipation of the Markley Road project discussed earlier.

Other increases in the governmental funds resulted from saving for a dump truck for the Road and Cemetery funds and as previously mentioned the rental of part of the Township building.

**UNION TOWNSHIP  
MIAMI COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
UNAUDITED  
(Continued)**

**General Fund Budgeting Highlights**

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

During 2005, the Township amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts due to an unexpected lease agreement with a fabricating company.

Final disbursements were budgeted at \$259,367 while actual disbursements were \$227,279. The Township kept spending very close to budgeted amounts as demonstrated by the minor reported variances. The result is an increase in the budgetary fund balance of \$14,681 for 2005.

**Capital Assets and Debt Administration**

**Capital Assets**

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

**Debt**

At December 31, 2005, the Township has no outstanding debt.

**Current Issues**

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. All departments have been asked to watch their spending for all materials and services.

**Contacting the Township's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Marjorie Coate, Clerk-Treasurer, Union Township Trustees, 9497 Markley Road PO Box E., Laura, Ohio 45337.

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**UNION TOWNSHIP  
MIAMI COUNTY**

**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS  
DECEMBER 31, 2005**

	<b>Governmental Activities</b>	<b>Business - Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$335,427	\$78,386	\$413,813
Total Assets	<u>\$335,427</u>	<u>\$78,386</u>	<u>\$413,813</u>
<b>Net Assets</b>			
Restricted for:			
Expendable Trust	\$16,765		\$16,765
Other Purposes	280,388	78,386	358,774
Unrestricted	38,274		38,274
Total Net Assets	<u>\$335,427</u>	<u>\$78,386</u>	<u>\$413,813</u>

*See accompanying notes to the basic financial statements.*

**UNION TOWNSHIP  
MIAMI COUNTY**

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<b>Program Cash Receipts</b>	
<b>Cash Disbursements</b>	<b>Charges for Services and Sales</b>	<b>Operating Grants and Contributions</b>
<b>Governmental Activities</b>		
General Government	\$183,838	\$22,703
Public Safety	246,436	
Public Works	61,137	92,323
Health	124,166	81,429
Other		
Capital Outlay	18,409	
	<u>\$633,986</u>	<u>\$104,132</u>
Total Governmental Activities	\$633,986	\$95,171
<b>Business Type Activities</b>		
Garbage & Waste Disposal District	\$176,750	\$182,488
Frederick Lighting District	614	702
	<u>\$177,364</u>	<u>\$183,190</u>
Total Business Type Activities	\$177,364	\$183,190
Total	<u>\$811,350</u>	<u>\$287,322</u>

**General Receipts**

Property Taxes  
Other Taxes  
Grants and Entitlements not Restricted to Specific Programs  
Earnings on Investments  
Miscellaneous

Total General Receipts

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

*See accompanying notes to the basic financial statements.*



**Net (Disbursements) Receipts and Changes in Net Assets**

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
(\$158,287)		(\$158,287)
(246,436)		(246,436)
31,186		31,186
(42,737)		(42,737)
(18,409)		(18,409)
(\$434,683)		(\$434,683)
	\$5,738	\$5,738
	88	88
	\$5,826	\$5,826
(\$434,683)	\$5,826	(\$428,857)
\$314,610		\$314,610
33,623		33,623
148,262		148,262
11,970		11,970
14,781		14,781
523,246		523,246
88,563	5,826	94,389
246,864	72,560	319,424
\$335,427	\$78,386	\$413,813

**UNION TOWNSHIP  
MIAMI COUNTY**

**STATEMENT OF MODIFIED CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2005**

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Cemetery</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$38,266	\$105,181	\$42,338	\$16,202
Total Assets	<u>\$38,266</u>	<u>\$105,181</u>	<u>\$42,338</u>	<u>\$16,202</u>
<b>Fund Balances</b>				
Reserved:				
Reserved for Encumbrances	\$139	\$596	\$314	\$157
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	38,135			
Special Revenue Funds		104,585	42,024	16,037
Permanent Fund				
Total Fund Balances	<u>\$38,274</u>	<u>\$105,181</u>	<u>\$42,338</u>	<u>\$16,194</u>

*See accompanying notes to the basic financial statements.*

<u>Fire District Inside Millage</u>	<u>1996 Fire Levy</u>	<u>Permissive Motor Vehicle License Tax Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$9,000	\$23,500	\$59,924	\$41,016	\$335,427
<u>\$9,000</u>	<u>\$23,500</u>	<u>\$59,924</u>	<u>\$41,016</u>	<u>\$335,427</u>
		\$500	\$500	\$2,206
9,000	23,500	59,424	23,751	38,135
<u>\$9,000</u>	<u>\$23,500</u>	<u>\$59,924</u>	<u>\$41,016</u>	<u>\$335,427</u>

**UNION TOWNSHIP  
MIAMI COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES  
IN MODIFIED-CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Cemetery</u>
<b>Receipts</b>				
Property and Other Local Taxes	\$93,553		\$16,179	
Licenses, Permits and Fees				\$56,830
Intergovernmental	103,831	\$83,886	2,998	
Earnings on Investments	7,447	2,430		
Miscellaneous	22,703		354	24,600
Total Receipts	<u>227,534</u>	<u>86,316</u>	<u>19,531</u>	<u>81,430</u>
<b>Disbursements</b>				
Current:				
General Government	180,990			
Public Safety				
Public Works		34,106	8,522	
Health	34,751			89,415
Capital Outlay	11,399	906		5,828
Total Disbursements	<u>227,140</u>	<u>35,012</u>	<u>8,522</u>	<u>95,243</u>
Excess of Receipts Over (Under) Disbursements	<u>394</u>	<u>51,304</u>	<u>11,009</u>	<u>(13,813)</u>
Other Financing Sources (Uses)				
Other Financing Sources	<u>14,426</u>			
Total Other Financing Sources (Uses)	<u>14,426</u>			
Net Change in Fund Balances	14,820	51,304	11,009	(13,813)
Fund Balances Beginning of Year	<u>23,454</u>	<u>53,877</u>	<u>31,329</u>	<u>30,007</u>
Fund Balances End of Year	<u>\$38,274</u>	<u>\$105,181</u>	<u>\$42,338</u>	<u>\$16,194</u>

*See accompanying notes to the basic financial statements.*

<b>Fire District Inside Millage</b>	<b>1996 Fire Levy</b>	<b>Permissive Motor Vehicle License Tax</b>	<b>Othe Governmental Funds</b>	<b>Total</b>
\$56,626	\$95,529	\$33,498	\$52,846	\$348,231
				56,830
12,913	18,969		20,838	243,435
		1,148	945	11,970
				47,657
<u>69,539</u>	<u>114,498</u>	<u>34,646</u>	<u>74,629</u>	<u>708,123</u>
			2,848	183,838
69,539	114,498		62,399	246,436
		8,645	9,864	61,137
				124,166
		276		18,409
<u>69,539</u>	<u>114,498</u>	<u>8,921</u>	<u>75,111</u>	<u>633,986</u>
		25,725	(482)	74,137
				14,426
				14,426
		25,725	(482)	88,563
9,000	23,500	34,199	41,498	246,864
<u>\$9,000</u>	<u>\$23,500</u>	<u>\$59,924</u>	<u>\$41,016</u>	<u>\$335,427</u>

**UNION TOWNSHIP  
MIAMI COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>(Optional) Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$92,881	\$93,553	\$93,553	
Intergovernmental	106,826	103,831	103,831	
Earnings on Investments	2,990	7,447	7,447	
Miscellaneous	4,001	22,703	22,703	
Total receipts	<u>206,698</u>	<u>227,534</u>	<u>227,534</u>	
<b>Disbursements</b>				
Current:				
General Government	191,364	205,313	181,129	\$24,184
Health	32,237	34,755	34,751	4
Capital Outlay	8,150	13,147	11,399	1,748
Total Disbursements	<u>231,751</u>	<u>253,215</u>	<u>227,279</u>	<u>25,936</u>
Excess of Receipts Over (Under) Disbursements	<u>(25,053)</u>	<u>(25,681)</u>	255	25,936
<b>Other Financing Sources (Uses)</b>				
Other Financing Sources	15,904	14,426		
Other Financing Uses	<u>(5,977)</u>	<u>(6,152)</u>		6,152
Total Other Financing Sources (Uses)	<u>9,927</u>	<u>8,274</u>	14,426	6,152
Special Items				
Extraordinary Items				
Net Change in Fund Balance	(15,126)	(17,407)	14,681	32,088
Fund Balance Beginning of Year	19,678	19,678	19,678	
Prior Year Encumbrances Appropriated	<u>3,776</u>	<u>3,776</u>	<u>3,776</u>	
Fund Balance End of Year	<u><u>\$8,328</u></u>	<u><u>\$6,047</u></u>	<u><u>\$38,135</u></u>	<u><u>\$32,088</u></u>

*See accompanying notes to the basic financial statements.*

**UNION TOWNSHIP  
MIAMI COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
GASOLINE TAX  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>(Optional) Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Intergovernmental	\$62,500	\$83,884	\$83,886	\$2
Special Assessments				
Earnings on Investments	1,000	2,430	2,430	
Total receipts	<u>63,500</u>	<u>86,314</u>	<u>86,316</u>	<u>2</u>
<b>Disbursements</b>				
Current:				
Public Works	111,388	127,043	34,702	92,341
Capital Outlay	5,820	5,820	906	4,914
Total Disbursements	<u>117,208</u>	<u>132,863</u>	<u>35,608</u>	<u>97,255</u>
Excess of Receipts Over (Under) Disbursements	<u>(53,708)</u>	<u>(46,549)</u>	<u>50,708</u>	<u>97,257</u>
Net Change in Fund Balance	(53,708)	(46,549)	50,708	97,257
Fund Balance Beginning of Year	53,332	53,332	53,332	
Prior Year Encumbrances Appropriated	<u>547</u>	<u>547</u>	<u>547</u>	
Fund Balance End of Year	<u>\$171</u>	<u>\$7,330</u>	<u>\$104,587</u>	<u>\$97,257</u>

*See accompanying notes to the basic financial statements.*

**UNION TOWNSHIP  
MIAMI COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
ROAD AND BRIDGE  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>(Optional) Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$15,992	\$16,179	\$16,179	
Intergovernmental	3,134	2,998	2,998	
Miscellaneous		354	354	
Total receipts	<u>19,126</u>	<u>19,531</u>	<u>19,531</u>	
<b>Disbursements</b>				
Current:				
Public Works	48,775	50,730	8,836	\$41,894
Total Disbursements	<u>48,775</u>	<u>50,730</u>	<u>8,836</u>	<u>41,894</u>
Excess of Receipts Over (Under) Disbursements	<u>(29,649)</u>	<u>(31,199)</u>	<u>10,695</u>	<u>41,894</u>
Fund Balance Beginning of Year	31,328	31,328	31,328	
Prior Year Encumbrances Appropriated				
Fund Balance End of Year	<u>\$1,679.00</u>	<u>\$129.00</u>	<u>\$42,023.00</u>	<u>\$41,894.00</u>

*See accompanying notes to the basic financial statements.*



**UNION TOWNSHIP  
MIAMI COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
CEMETERY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>(Optional) Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Licenses, Permits and Fees	\$50,000	\$56,830	\$56,830	
Miscellaneous	29,000	24,600	24,600	
Total receipts	<u>79,000</u>	<u>81,430</u>	<u>81,430</u>	
<b>Disbursements</b>				
Current:				
Health	100,508	101,508	89,572	\$11,936
Capital Outlay	8,500	7,500	5,827	1,673
Total Disbursements	<u>109,008</u>	<u>109,008</u>	<u>95,399</u>	<u>13,609</u>
Excess of Receipts Over (Under) Disbursements	<u>(30,008)</u>	<u>(27,578)</u>	<u>(13,969)</u>	<u>13,609</u>
Fund Balance Beginning of Year	28,758	28,758	28,758	
Prior Year Encumbrances Appropriated	<u>1,250</u>	<u>1,250</u>	<u>1,250</u>	
Fund Balance End of Year	<u><u>\$0</u></u>	<u><u>\$2,430</u></u>	<u><u>\$16,039</u></u>	<u><u>\$13,609</u></u>

*See accompanying notes to the basic financial statements.*

**UNION TOWNSHIP  
MIAMI COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
FIRE DISTRICT - INSIDE MILLAGE  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>(Optional) Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$55,971	\$56,604	\$56,626	\$22
Intergovernmental	13,524	12,934	12,913	(21)
Total receipts	<u>69,495</u>	<u>69,538</u>	<u>69,539</u>	<u>1</u>
<b>Disbursements</b>				
Current:				
Public Safety	61,065	69,539	69,539	
Total Disbursements	<u>61,065</u>	<u>69,539</u>	<u>69,539</u>	
Excess of Receipts Over (Under) Disbursements	<u>8,430</u>	<u>(1)</u>		<u>1</u>
<b>Other Financing Sources (Uses)</b>				
Net Change in Fund Balance	8,430	(1)		1
Fund Balance Beginning of Year	9,000	9,000	9,000	
Prior Year Encumbrances Appropriated				
Fund Balance End of Year	<u>\$17,430</u>	<u>\$8,999</u>	<u>\$9,000</u>	<u>\$1</u>

*See accompanying notes to the basic financial statements.*

**UNION TOWNSHIP  
MIAMI COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
1996 FIRE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>(Optional) Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$94,333	\$95,529	\$95,529	
Intergovernmental	20,091	18,969	18,969	
Total receipts	<u>114,424</u>	<u>114,498</u>	<u>114,498</u>	
<b>Disbursements</b>				
Current:				
Public Safety	107,386	114,498	114,498	
Total Disbursements	<u>107,386</u>	<u>114,498</u>	<u>114,498</u>	
Excess of Receipts Over (Under) Disbursements	<u>7,038</u>			
Net Change in Fund Balance	7,038			
Fund Balance Beginning of Year	23,500	23,500	23,500	
Prior Year Encumbrances Appropriated				
Fund Balance End of Year	<u>\$30,538</u>	<u>\$23,500</u>	<u>\$23,500</u>	

*See accompanying notes to the basic financial statements.*

**UNION TOWNSHIP  
MIAMI COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
PERMISSIVE MOTOR VEHICLE LICENSE TAX FUND  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>(Optional) Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
<b>Receipts</b>				
Property and Other Local Taxes	\$32,000	\$33,498	\$33,498	
Earnings on Investments	400	1,147	1,148	1
Miscellaneous				
<b>Total receipts</b>	<u>32,400</u>	<u>34,645</u>	<u>34,646</u>	<u>1</u>
<b>Disbursements</b>				
Current:				
Public Works	62,912	59,253	9,142	50,111
Capital Outlay	1,320	1,276	276	1,000
<b>Total Disbursements</b>	<u>64,232</u>	<u>60,529</u>	<u>9,418</u>	<u>51,111</u>
Excess of Receipts Over (Under) Disbursements	<u>(31,832)</u>	<u>(25,884)</u>	<u>25,228</u>	<u>51,112</u>
Net Change in Fund Balance	(31,832)	(25,884)	25,228	51,112
Fund Balance Beginning of Year	33,923	33,923	33,923	
Prior Year Encumbrances Appropriated	<u>276</u>	<u>276</u>	<u>276</u>	
Fund Balance End of Year	<u>\$2,367</u>	<u>\$8,315</u>	<u>\$59,427</u>	<u>\$51,112</u>

*See accompanying notes to the basic financial statements.*

**UNION TOWNSHIP  
MIAMI COUNTY**

**STATEMENT OF FUND NET ASSETS - MODIFIED CASH BASIS  
PROPRIETARY FUNDS  
DECEMBER 31, 2005**

	<u>Business - Type Activities</u>		<u>Total</u>
	<u>Garbage &amp; Waste Disposal District</u>	<u>Other Proprietary Funds</u>	
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$76,636	\$1,750	\$78,386
Total Assets	<u>\$76,636</u>	<u>\$1,750</u>	<u>\$78,386</u>
<b>Net Assets</b>			
Reserved for Encumbrances	\$40,519		\$40,519
Unrestricted	36,117	1,750	37,867
Total Net Assets	<u>\$76,636</u>	<u>\$1,750</u>	<u>\$78,386</u>

*See accompanying notes to the basic financial statements.*

**UNION TOWNSHIP  
MIAMI COUNTY**

**STATEMENT OF CASH RECEIPTS,  
DISBURSEMENTS AND CHANGES IN FUND NET ASSETS - MODIFIED CASH BASIS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Business - Type Activities</u>		<u>Total</u>
	<u>Garbage &amp; Waste Disposal District</u>	<u>Other Proprietary Funds</u>	
<b>Operating Receipts</b>			
Charges for Services	\$182,488	\$702	\$183,190
Total Operating Receipts	<u>182,488</u>	<u>702</u>	<u>183,190</u>
<b>Operating Disbursements</b>			
Salaries	11,366		11,366
Contracted Services	159,180		159,180
Materials and Supplies	3,114		3,114
Other	3,090	614	3,704
Total Operating Disbursements	<u>176,750</u>	<u>614</u>	<u>177,364</u>
Change in Net Assets	5,738	88	5,826
Net Assets Beginning of Year	<u>70,898</u>	<u>1,662</u>	<u>72,560</u>
Net Assets End of Year	<u><u>\$76,636</u></u>	<u><u>\$1,750</u></u>	<u><u>\$78,386</u></u>

*See accompanying notes to the basic financial statements.*

UNION TOWNSHIP  
MIAMI COUNTY

STATEMENT OF FIDUCIARY NET ASSETS - MODIFIED CASH BASIS  
FIDUCIARY FUNDS  
DECEMBER 31, 2005

	<u>Private Purpose Trust</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$10,398
Total Assets	<u>\$10,398</u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes	10,398
Total Net Assets	<u>\$10,398</u>

*See accompanying notes to the basic financial statements.*

**UNION TOWNSHIP  
MIAMI COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - MODIFIED CASH BASIS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Private Purpose Trust</u>
<b>Additions</b>	
Interest	\$275
Total Additions	<u>275</u>
<b>Deductions</b>	
Payments in Accordance with Trust Agreements	282
Other	
Total Deductions	<u>282</u>
Change in Net Assets	(7)
Net Assets - Beginning of Year	<u>10,405</u>
Net Assets - End of Year	<u><u>\$10,398</u></u>

*See accompanying notes to the basic financial statements.*



**UNION TOWNSHIP  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

**1. REPORTING ENTITY**

Union Township, Miami County, Ohio (the Township), is a body politic and corporate established in 1807 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 unit.

**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 road maintenance, fire protection, cemetery maintenance, trash removal, and emergency medical services. The Township contracts with Laura, Ludlow Falls, and West Milton Fire Companies to provide fire protection, has one seat on the five-member Southwest District Ambulance Board that provides ambulance services through the Union Township Life Squad, and contracts with Best Way Disposal to provide trash hauling for residents in the unincorporated areas of Union Township.

**B. Public Entity Risk Pool**

The Township participates in a public entity risk pool. Note 7 to the financial statements provide 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.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2.C, these financial statements are presented on a modified cash basis of accounting. This modified 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 modified 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 modified 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.

**UNION TOWNSHIP  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

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

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

**2. 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. Fiduciary funds are reported by type. Proprietary fund statements distinguish operating transactions from non-operating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as non-operating.

**B. Fund Accounting**

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

**UNION TOWNSHIP  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

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

**1. Governmental Funds**

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Townships' major governmental funds are the General Fund, the Gasoline Tax Fund, Road and Bridge Fund, Cemetery Fund, Fire District Fund – Inside Millage, 1996 Fire Levy Fund, and the Permissive Motor Vehicle License Tax Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio. The other major funds can be used for the purpose the fund was created i.e. Cemetery Fund is utilized in managing the cemeteries in Union Township through the money collected in the sale of cemetery lots and burial fees. The other funds provide the services their names imply.

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

**2. Proprietary Funds**

The Township classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service.

**Enterprise Funds** - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Township's major enterprise fund is the Garbage and Waste Disposal District fund.

**3. Fiduciary Funds**

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

**Cemetery Bequest Fund** – This fund accounts for monies donated, to be maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the donor.

**C. Basis of Accounting**

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

As a result of the use of this modified 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 expenses and liabilities) are not recorded in these financial statements.

**UNION TOWNSHIP  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

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

**D. Budgetary Process**

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

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Clerk. 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 certificated of estimated resources in effect at the time final appropriations were passed by the Township.

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

**E. Cash and Investments**

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

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

During 2005, the Township invested in nonnegotiable certificates of deposit and Fifth Third Bank investment (Similar to STAR Ohio). The nonnegotiable certificates of deposit are reported at cost.

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 2005 were \$7,447 which includes interest assigned from other funds of the Township.

**UNION TOWNSHIP  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

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

**F. 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 modified cash basis of accounting.

**G. 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 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**H. 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. 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.

**I. 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. Fund balance reserves have been established for encumbrances.

**3. CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY**

Last year the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Township has implemented the modified cash basis of accounting described in Note 2C. The fund financial statements now present each major fund in a separate column with non-major funds aggregated and presented in a single column, rather than a column for each fund type.

The transition from the regulatory basis of accounting to the modified cash basis of accounting generated the following changes to fund balance/equity as previously reported at December 31, 2004. The calculation of net assets of governmental and business type activities at December 31, 2004 is also presented.

**UNION TOWNSHIP  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

**3. CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY (Continued)**

	<b>General</b>	<b>Other Governmental</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Government-Wide Financial Statement Adjustments:				\$ 0
Fund Balance December 31, 2004	\$23,454	\$279,649	\$303,103	
Reclass of Fiduciary Fund		16,321	16,321	
Reclass of Garbage & Waste Fund		(70,898)	(70,898)	70,898
Reclass of Lighting District Fund		(1,662)	(1,662)	1,662
Adjusted Fund Balance December 31, 2004	\$23,454	\$223,410	\$246,864	\$72,560
<b>Governmental Activities Net Assets December 31, 2004</b>			<b>\$246,864</b>	
<b>Business-Type Activities Net Assets December 31, 2004</b>				<b>\$72,560</b>

**4. BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Cemetery Fund, Fire District Fund – Inside Millage, 1996 Fire Levy Fund, and the Permissive Motor Vehicle License Tax 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 modified cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis).

The encumbrances outstanding at year end (budgetary basis) amounted to \$1,706.

<b>Fund</b>	<b>Encumbrances</b>
General	\$ 139
Gasoline Tax	596
Road & Bridge	314
Cemetery	157
Fire District – Inside Millage	
1996 Fire Levy	
Permissive Motor Vehicle License Tax	500
<b>Total</b>	<b>\$1,706</b>

There are no outstanding advances at year end.

**5. DEPOSITS AND INVESTMENTS**

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

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

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

**UNION TOWNSHIP  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

**5. DEPOSITS AND INVESTMENTS (Continued)**

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

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

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

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

**A. Deposits**

Custodial credit risk is the risk that in the event of bank failure, the Township may not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$332,423 of the Township's bank balance of \$559,726 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 Township's name.

**UNION TOWNSHIP  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

**5. DEPOSITS AND INVESTMENTS (Continued)**

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.

**6. PROPERTY TAXES**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2004 became a lien on December 31, 2003, were levied after October 1, 2004, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2005, was \$4.20 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based are as follows:

Real Property	
Residential	\$70,712,410
Agriculture	11,461,970
Commercial/Industrial/Mineral	1,327,510
Public Utility	6,119,570
Tangible Personal Property	903,330
<b>Total Assessed Value</b>	<b><u>\$90,524,790</u></b>



**UNION TOWNSHIP  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

**7. RISK MANAGEMENT**

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

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

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

**Casualty Coverage**

OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. Townships can elect additional coverage, from \$2,000,000 to \$12,000,000 with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

**Property Coverage**

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence. APEEP's Guarantee Fund was responsible for losses and loss adjustment expenses exceeding operating contributions.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2005 was \$1,682,589.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township.

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

Members may withdraw on each anniversary of the date they joined OTARMA. They must 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 contribution, minus the subsequent year's premium. Also upon withdrawal, payments for all property and casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

**UNION TOWNSHIP  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

**Financial Position**

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2005 and 2004.

<b>Casualty Coverage</b>	<b>2005</b>	<b>2004</b>
Assets	\$30,485,638	\$28,132,620
Liabilities	(12,344,576)	(11,086,379)
Retained earnings	\$18,141,062	\$17,046,241

  

<b>Property Coverage</b>	<b>2005</b>	<b>2004</b>
Assets	\$9,177,796	\$7,588,343
Liabilities	(1,406,031)	(543,176)
Retained earnings	\$7,771,765	\$7,045,167

The Casualty Coverage assets and retained earnings above include approximately \$11.6 million and \$10.3 million of unpaid claims to be billed to approximately 950 member townships in the future, as of December 31, 2005 and 2004, respectively. OTARMA will collect these amounts in future annual premium billings when OTARMA's related liabilities are due for payment. The Township's share of these unpaid claims is approximately \$12,633 at December 31, 2005.

**8. DEFINED BENEFIT PENSION PLAN**

**A. Ohio Public Employees Retirement System**

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

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2005, the members of all three plans were required to contribute 8.5 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2005 was 13.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

**UNION TOWNSHIP  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005  
(Continued)**

**8. DEFINED BENEFIT PENSION PLAN (Continued)**

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$37,606, \$37,834, and \$39,775 respectively. The full amount has been contributed for 2005, 2004 and 2003.

**9. POST EMPLOYMENT BENEFITS**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll; 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

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

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2005 which were used to fund post-employment benefits were \$210,421. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2005, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2008. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

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## 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  
Miami County  
9497 Markley Road  
PO Box E  
Laura, Ohio 45337

To the Board of Trustees:

We have audited the financial statements of the Union Township, Miami County, (the Township), as of and for the year ended December 31, 2005, and have issued our report thereon dated August 10, 2006, wherein we noted the Township revised its financial statements for 2005, making them comparable to the requirements of governmental Auditing Standard Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for the State and Local Governments*. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Township's management dated August 10, 2006, we reported another matter involving internal control over financial reporting we did not deem a reportable condition.

#### **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*. In a separate letter to the Township's management dated August 10, 2006, we reported other matters related to noncompliance we deemed immaterial.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402

Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688

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

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

August 10, 2006



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**UNION TOWNSHIP**

**MIAMI COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
NOVEMBER 9, 2006**