

**UNION TOWNSHIP  
TUSCARAWAS COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED  
DECEMBER 31, 2011 AND 2010**





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of Union Township, Tuscarawas County, prepared by Willoughby & Company, Inc., for the audit period January 1, 2010 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

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

Dave Yost  
Auditor of State

October 31, 2012

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**UNION TOWNSHIP  
TUSCARAWAS COUNTY**

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# WILLOUGHBY & COMPANY, INC.

*Certified Public Accountants*

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

## INDEPENDENT AUDITORS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of Union Township, Tuscarawas County, (the Township) as of and for the years ended December 31, 2011 and 2010. 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.

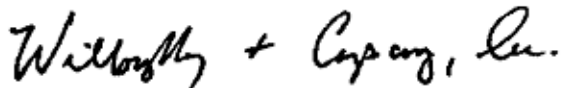
Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statement and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require the Township to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reports 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.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 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, 2011 and 2010, or its changes in financial position for the years then ended.

As, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 and 2010 of Union Township, Tuscarawas County, and its combined cash receipts and disbursements for the years ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 the Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2012, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in accessing the results of our audit.



Willoughby & Company, Inc. - Certified Public Accountants

July 25, 2012



UNION TOWNSHIP  
TUSCARAWAS COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property & Other Local Taxes	\$ 44,286	\$ 47,984	\$ -	\$ 92,270
Intergovernmental	48,803	99,237	83,801	231,841
Licenses, Permits & Fees	-	1,025	-	1,025
Earnings on Investments	33	27	-	60
Miscellaneous	2,032	45	-	2,077
<b>Total Cash Receipts</b>	<b>95,154</b>	<b>148,318</b>	<b>83,801</b>	<b>327,273</b>
<b>Cash Disbursements:</b>				
Current:				
General Government	86,236	-	-	86,236
Public Safety	-	22,119	-	22,119
Public Works	495	127,767	-	128,262
Health	-	797	-	797
Conservation - Recreation	-	-	-	-
Capital Outlay	726	-	83,801	84,527
Debt Service:				
Principal Payment	6,163	-	-	6,163
Interest and Fiscal Charges	1,433	-	-	1,433
<b>Total Cash Disbursements</b>	<b>95,053</b>	<b>150,683</b>	<b>83,801</b>	<b>329,537</b>
Excess Receipts Over (Under) Disbursements	101	(2,365)	-	(2,265)
<b>Other Financing Receipts (Disbursements):</b>				
Sale of Fixed Assets	-	-	-	-
<b>Total Other Financing Receipts (Disbursements)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Cash Balances</b>	<b>101</b>	<b>(2,365)</b>	<b>-</b>	<b>(2,265)</b>
Fund Cash Balances, January 1	29,726	59,627	-	89,353
<b>Fund Cash Balances, December 31</b>				
Restricted	-	57,262	-	57,262
Unassigned	29,827	-	-	29,827
<b>Fund Cash Balances, December 31</b>	<b>\$ 29,827</b>	<b>\$ 57,262</b>	<b>\$ -</b>	<b>\$ 87,089</b>

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

UNION TOWNSHIP  
TUSCARAWAS COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property & Other Local Taxes	\$ 45,315	\$ 48,664	\$ -	\$ 93,979
Intergovernmental	49,811	101,598	9,045	160,454
Licenses, Permits & Fees	-	375	-	375
Earnings on Investments	32	28	-	60
Miscellaneous	1,730	-	-	1,730
<b>Total Cash Receipts</b>	<b>96,888</b>	<b>150,665</b>	<b>9,045</b>	<b>256,598</b>
<b>Cash Disbursements:</b>				
Current:				
General Government	70,253	-	-	70,253
Public Safety	850	20,774	-	21,624
Public Works	1,380	92,004	-	93,384
Health	-	4,542	-	4,542
Conservation - Recreation	-	-	-	-
Capital Outlay	5,285	-	9,045	14,330
Debt Service:				
Principal Payment	6,163	32,182	-	38,345
Interest and Fiscal Charges	2,195	600	-	2,795
<b>Total Cash Disbursements</b>	<b>86,126</b>	<b>150,102</b>	<b>9,045</b>	<b>245,273</b>
Excess Receipts Over (Under) Disbursements	10,762	563	-	11,325
<b>Other Financing Receipts (Disbursements):</b>				
Sale of Fixed Assets	9,900	-	-	9,900
Total Other Financing Receipts (Disbursements)	9,900	-	-	9,900
Net Change in Fund Cash Balances	20,662	563	-	21,225
Fund Cash Balances, January 1	9,064	59,064	-	68,128
<b>Fund Cash Balances, December 31</b>				
Restricted	-	59,627	-	59,627
Unassigned	29,726	-	-	29,726
<b>Fund Cash Balances, December 31</b>	<b>\$ 29,726</b>	<b>\$ 59,627</b>	<b>\$ -</b>	<b>\$ 89,353</b>

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

**UNION TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Union Township, Tuscarawas County, (the Township), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees and a publicly elected Fiscal Officer. The Township provides general governmental services including road and bridge maintenance. The Township contracts with Smith Ambulance, City of Uhrichsville and Sherrodsville Fire Department, Inc. to provide fire protection 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 prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

**C. Deposits and Investments**

The Township maintains a pooled interest bearing checking account is used by all funds. No other investments are held by the Township.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**UNION TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

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

**2. Special Revenue Funds**

These funds are used to 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:

Gasoline Tax Fund – This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

Road and Bridge Fund – This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

Fire Protection Fund – This fund accounts for tax money levied to provide services for citizens of the Township

**3. Capital Project Fund**

This fund accounts for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following capital project fund.

Public Work Commission Fund – The Township receives a State grant from the County to construct, maintain and repair Township roads.

**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, function or object 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.

**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 in the subsequent year.

A summary of 2011 and 2010 budgetary activity appears in Note 3.

**UNION TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

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

**F. Fund Balance**

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In the governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**UNION TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

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

**G. 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.

**H. 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 INVESTMENTS**

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

	<b>2011</b>	<b>2010</b>
Demand deposits	\$ 87,089	\$ 89,353

**Deposit:** Deposits are insured by the Federal Depository Insurance Corporation.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2011 and 2010 follows:

2011 Budget vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 95,591	\$ 95,154	\$ (437)
Special Revenue	148,060	148,318	258
Capital Projects	83,801	83,801	0
Total	\$ 327,452	\$ 327,273	\$ (180)

2011 Budget vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 125,317	\$ 95,053	\$ 30,264
Special Revenue	207,687	150,683	57,004
Capital Projects	83,801	83,801	0
Total	\$ 416,805	\$ 329,537	\$ 87,268

**UNION TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**3. BUDGETARY ACTIVITY (continued)**

Fund Type	2010 Budget vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$ 97,192	\$ 106,788	\$ 9,596
Special Revenue	146,060	150,665	4,605
Capital Projects	9,045	9,045	0
Total	<u>\$ 252,297</u>	<u>\$ 266,498</u>	<u>\$ 14,201</u>

Fund Type	2010 Budget vs. Actual Budgetary Basis Expenditures		
	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 106,976	\$ 86,126	\$ 20,850
Special Revenue	205,124	150,102	55,022
Capital Projects	9,045	9,045	0
Total	<u>\$ 321,145</u>	<u>\$ 245,273</u>	<u>\$ 75,872</u>

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 proceeding the October 1 date for which the Trustees adopted tax 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 make 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.

**UNION TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**5. DEBT**

The Township's long-term debt activity for the year ended December 31, 2011, was as follows:

	<u>Interest</u>	<u>Balance December 31, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2011</u>
<u>Governmental Activities</u>					
Demand Notes - Backhoe Issued in 2007 Originally \$30,926	5.75%	\$ 18,488	\$ 0	\$ 18,488	\$ 0
Demand Note - Truck Issued 2009 Originally \$26,100	2.25%	\$ 26,100	\$ 0	\$ 26,100	\$ 0
<b>Totals</b>		<b>\$ 44,588</b>	<b>\$ 0</b>	<b>\$ 44,588</b>	<b>\$ 0</b>

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

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

**6. RETIREMENT SYSTEM**

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multi-employer plan. The Ohio Revised Code prescribes the plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OPERS members contributed 10%, respectively, of their gross salaries and the Township contributed an amount equally 14%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2011.

**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 Workers' Compensation. The Township also provides health insurance and dental and vision coverage to its full-time employee through Tuscarawas County.

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



**UNION TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

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**Casualty Coverage**

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2010, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claim payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

**Financial Position**

OTARMA's financial statements (audited by other accountants) conform to generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009, the latest information available.

<u>Casualty Coverage</u>	<u>2010</u>	<u>2009</u>
Assets	\$ 35,855,252	\$ 38,982,088
Liabilities	<u>(10,664,724)</u>	<u>(12,880,766)</u>
Retained Earnings	<u>\$ 25,190,528</u>	<u>\$ 26,101,322</u>

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$9.9 and \$12.0 million of estimated incurred claims payable. The assets above also include approximately \$9.5 and \$11.5 million of unpaid claims to be billed to approximately 940 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Township's share of these unpaid claims collectible in future years is approximately \$11,394.

Based on discussion with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

Contributions to OTARMA

2011	\$ 5,697
2010	\$ 4,588
2009	\$ 3,931

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

UNION TOWNSHIP  
TUSCARAWAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010

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**8. OTHER MATTERS**

Both Township Fiscal Officer's, for this audit period, were employed at the financial institution where the Township hold their deposits and demand note agreements.



# WILLOUGHBY & COMPANY, INC.

*Certified Public Accountants*

216 North Broadway, P.O. Box 1021, New Philadelphia, Ohio 44663  
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## **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Board of Trustees:

We have audited the financial statements of Union Township, Tuscarawas County, (the Township) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated July 25, 2012, wherein we noted the Township followed the 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*. Also, during 2011, the Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

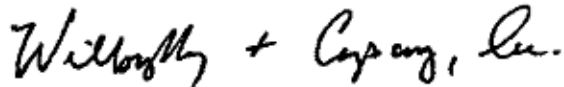
*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of deficiencies, in internal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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompany schedule of finding that we consider a significant deficiency in internal control over financial reporting. We consider finding 2011-001 to be significant deficiency. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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



Willoughby & Company, Inc. - Certified Public Accountants

July 25, 2012

UNION TOWNSHIP  
TUSCARAWAS COUNTY

SCHEDULE OF FINDING  
DECEMBER 31, 2011 AND 2010

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

FINDING NUMBER 2011-001

**SIGNIFICANT DEFICIENCY\***

As a result of the audit procedures performed, an error was noted in the financial statements that required and audit adjustment.

- Revenue from the sale of a fixed asset in the amount of \$9,900 in the General Fund was originally classified as Miscellaneous rather than Sale of Fixed Assets revenue (2010).

The reclassification adjustment has been posted to the financial statements.

The Township Fiscal Officer should review the monthly financial report to help ensure recorded receipts are posted to the proper account or line item based on the type of activity. In addition, the Township's annual report should be reviewed for accuracy and consistency with prior reports. This will help provide the Township with fairly presented statements and the ability to analyze financial information in a consistent manner.

**Official's Response:** The Fiscal Officer will review all receipts received and refer to the Township's Handbook for proper classification of the funds to be recorded to the proper account.

\* - Similar Finding was noted in the previous audit

UNION TOWNSHIP  
TUSCARAWAS COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2011 AND 2010

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b>
2009-001	Classification of Receipts and Expenditures - During 2009, the Township Fiscal misclassified receipts	No	Not Corrected - Refer to Finding Number 2011-001



# Dave Yost • Auditor of State

UNION TOWNSHIP

TUSCARAWAS COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
NOVEMBER 13, 2012