

---

*ALGER & ASSOCIATES, Inc*

CERTIFIED PUBLIC ACCOUNTANTS



---

UNION TOWNSHIP  
UNION COUNTY, OHIO

**REGULAR AUDIT**

A&A

FOR THE YEARS ENDED  
DECEMBER 31, 2011 & 2010





# Dave Yost • Auditor of State

Board of Trustees  
Union Township  
P.O. Box 367  
Milford Center, Ohio 43045

We have reviewed the *Independent Accountants' Report* of Union Township, Union County, prepared by Alger & Associates, LLC, 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 Accountants' 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 Accountants' 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

November 9, 2012



**UNION TOWNSHIP  
UNION COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2011 .....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2010 .....	5
Notes to the Financial Statements .....	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	15

**This page intentionally left blank.**



# ALGER & ASSOCIATES, Inc

Certified Public Accountants

---

## INDEPENDENT ACCOUNTANTS' REPORT

Union Township  
Union County  
PO Box 367  
Milford Center OH 43045

To the Board of Trustees:

We have audited the accompanying financial statements of Union Township, Union 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 statements 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 Townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

6927 Burgundy Ave. NW  
North Canton, OH 44720  
Phone - 330-353-5851  
FAX - 330-526-8778

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.

Also, 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, Union County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 Union 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 May 17, 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 assessing the results of our audit.

Alger & Associates, Inc  
May 17, 2012



**UNION TOWNSHIP  
UNION 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**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$49,898	\$221,472	\$0	\$0	\$271,370
Charges for Services	0	36,250	0	0	36,250
Licenses, Permits and Fees	850	12,001	0	0	12,851
Intergovernmental	23,389	114,615	0	0	138,004
Special Assessments	0	0	1,635	0	1,635
Earnings on Investments	2,382	654	0	12	3,048
Miscellaneous	0	4,000	0	0	4,000
<b>Total Cash Receipts</b>	<b>76,519</b>	<b>388,992</b>	<b>1,635</b>	<b>12</b>	<b>\$467,158</b>
<b>Cash Disbursements:</b>					
Current:					
General Government	83,234	86,999	0	0	170,233
Public Safety	0	31,564	0	0	31,565
Public Works	0	58,669	484	0	59,153
Health	0	48,534	0	0	48,535
Human Services	0	2,399	0	0	2,399
Capital Outlay	0	15,413	0	0	15,413
<b>Total Cash Disbursements</b>	<b>83,234</b>	<b>243,578</b>	<b>484</b>	<b>0</b>	<b>327,296</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(6,715)</b>	<b>145,414</b>	<b>1,151</b>	<b>12</b>	<b>139,862</b>
<b>Other Financing Receipts/(Disbursements):</b>					
Other Financing Sources	4,664	1,000	0	0	5,664
Other Financing Uses	(795)	(1,525)	0	0	(2,320)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>3,869</b>	<b>(525)</b>	<b>0</b>	<b>0</b>	<b>3,344</b>
<b>Net Change in Fund Cash Balances</b>	<b>(2,846)</b>	<b>144,889</b>	<b>1,151</b>	<b>12</b>	<b>143,206</b>
<b>Fund Cash Balance, January 1</b>	<b>73,113</b>	<b>571,564</b>	<b>132,133</b>	<b>1,699</b>	<b>778,511</b>
<b>Fund Cash Balance, December 31</b>					
Restricted	0	716,453	133,284	1,711	851,448
Unassigned (Deficit)	70,267	0	0	0	70,267
<b>Fund Cash Balance, December 31</b>	<b>\$70,267</b>	<b>\$716,453</b>	<b>\$133,284</b>	<b>\$1,711</b>	<b>\$921,715</b>

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

**This page intentionally left blank.**

**UNION TOWNSHIP  
UNION 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**

	Governmental Fund Types				Totals
	General	Special Revenue	Capital Projects	Permanent	(Memorandum Only)
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$44,465	\$204,838	\$0	\$0	\$249,303
Charges for Services	0	40,072	0	0	40,072
Licenses, Permits, and Fees	650	9,850	0	0	10,500
Intergovernmental	25,477	136,746	0	0	162,223
Special Assessments	0	0	498	0	498
Earnings on Investments	7,647	1,630	0	25	9,302
Miscellaneous	86	12,964	0	0	13,050
<b>Total Cash Receipts</b>	<b>78,325</b>	<b>406,100</b>	<b>498</b>	<b>25</b>	<b>\$484,948</b>
<b>Cash Disbursements:</b>					
Current:					
General Government	77,803	88,890	0	0	166,693
Public Safety	1,576	41,625	0	0	43,201
Public Works	0	90,836	484	0	91,320
Health	0	42,444	0	0	42,444
Human Services	0	1,324	0	0	1,324
Capital Outlay	129	22,160	0	0	22,289
<b>Total Cash Disbursements</b>	<b>79,508</b>	<b>287,279</b>	<b>484</b>	<b>0</b>	<b>367,271</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(1,183)</b>	<b>118,821</b>	<b>14</b>	<b>25</b>	<b>117,677</b>
<b>Other Financing Receipts/(Disbursements):</b>					
Other Financing Sources	1,024	3,127	0	0	4,151
Other Financing Uses	(2,241)	(362)	0	0	(2,603)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(1,217)</b>	<b>2,765</b>	<b>0</b>	<b>0</b>	<b>1,548</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements</b>	<b>(2,400)</b>	<b>121,586</b>	<b>14</b>	<b>25</b>	<b>119,225</b>
<b>Fund Cash Balance, January 1</b>	<b>75,513</b>	<b>449,978</b>	<b>132,119</b>	<b>1,674</b>	<b>659,284</b>
<b>Fund Cash Balance, December 31</b>	<b>\$73,113</b>	<b>\$571,564</b>	<b>\$132,133</b>	<b>\$1,699</b>	<b>\$778,509</b>
<b>Reserve for Encumbrances, December 31</b>	<b>\$253</b>	<b>\$15,026</b>	<b>\$0</b>	<b>\$0</b>	<b>\$15,279</b>

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

**This page intentionally left blank.**

**UNION TOWNSHIP  
UNION COUNTY**

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

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

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

The Township participates in the Ohio Township Association risk management Authority (OTARMA) public entity risk pool. Note 6 to the financial statements provide additional information for this entity. This organization is:

Public Entity Risk Pool:

OTARMA provides property and casualty coverage for its members.

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

**B. Accounting Basis**

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

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

**C. Deposits and Investments**

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

**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:

**UNION TOWNSHIP  
UNION COUNTY**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

Fire and Emergency Fund - This fund receives fire tax levy money for funding fire and EMS services provided to the residents of the Township.

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

**3. Capital Project Fund**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Project Fund:

Miscellaneous Capital Projects - The Township received an Ohio Public Works Commission grant for Orchard Road improvements.

**5. Permanent Funds**

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Township's programs. The Township had the following significant permanent fund:

Cemetery Bequest Fund – Investment earnings are used to ensure the Woods cemetery is adequately maintained.

**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.

**UNION TOWNSHIP  
UNION COUNTY**

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

**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.

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

**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.

**UNION TOWNSHIP  
UNION COUNTY**

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

**F. Fund Balance – (continued)**

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other 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.

**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.

**2. Equity in Pooled Deposits and Investments**

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

	2011	2010
Demand deposits	\$53,594	\$34,908
CDAR's	0	101,115
Total deposits	53,594	136,023
Money Market	868,121	642,486
Total deposits and investments	\$921,715	\$778,509

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



**UNION TOWNSHIP  
UNION COUNTY**

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

**3. Budgetary Activity**

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

2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$72,836	\$81,183	\$8,347
Special Revenue	378,305	389,992	11,687
Capital Projects	2,000	1,635	(365)
Permanent	25	12	(13)
Total	<u>\$453,166</u>	<u>\$472,822</u>	<u>\$19,656</u>

2011 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$113,102	\$84,029	\$29,073
Special Revenue	404,845	245,103	159,742
Capital Projects	525	484	41
Permanent	500	0	500
Total	<u>\$518,972</u>	<u>\$329,616</u>	<u>\$189,356</u>

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$69,635	\$79,349	\$9,714
Special Revenue	345,038	409,227	64,189
Capital Projects	1,975	498	(1,477)
Permanent	15	25	10
Total	<u>\$416,663</u>	<u>\$489,099</u>	<u>\$72,436</u>

2010 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$110,602	\$82,002	\$28,600
Special Revenue	432,545	302,667	129,878
Capital Projects	525	484	41
Permanent	500	0	500
Total	<u>\$544,172</u>	<u>\$385,153</u>	<u>\$159,019</u>

**UNION TOWNSHIP  
UNION COUNTY**

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

**4. Property Tax**

Real property taxes become a lien on January 1 preceding 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 pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

**5. Retirement Systems**

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS), social security, or, for full-time firefighters, Ohio Police & Fire Pension Fund (OP&F). OPERS and OP&F are a cost-sharing, multiple-employer plan. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants, as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2011 and 2010, OPERS and OP&F members contributed 10% of their gross salaries, respectively. For 2011 and 2010, the Township contributed an amount equal to 14% of participants' gross salaries for OPERS members and 24% of participant's gross salaries for OP&F members. The Township has paid all contributions required through December 31, 2011.

**6. Risk Management**

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

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

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

**UNION TOWNSHIP  
UNION COUNTY**

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

**6. RISK MANAGEMENT – (continued)**

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 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 claims 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 with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009 (the latest information available).

	<u>2010</u>	<u>2009</u>
Assets	\$35,855,252	\$38,982,088
Liabilities	<u>(10,664,724)</u>	<u>(12,880,766)</u>
Net Assets	<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, 2011, the Township's share of these unpaid claims collectible in future years is approximately \$6,000.

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

<u>Contributions to OTARMA</u>	
<u>2011</u>	<u>2010</u>
\$7,578	\$7,511

After one year of membership, a member 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.

**UNION TOWNSHIP  
UNION COUNTY**

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

**6. RISK MANAGEMENT – (continued)**

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.



# ALGER & ASSOCIATES, Inc

Certified Public Accountants

---

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

Union Township  
Union County  
PO Box 367  
Milford Center OH 43045

To the Board of Trustees:

We have audited the financial statements of Union Township, Union County, (the Township) as of and for the year ended December 31, 2011 and 2010, and have issued our report thereon dated May 17, 2012 wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted that the Township implemented GASB 54 during 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

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

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. 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 did note a certain matter not requiring inclusion in this report that we reported to the Township's management in a separate letter dated May 17, 2012.

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

Alger & Associates, Inc  
May 17, 2012



# Dave Yost • Auditor of State

UNION TOWNSHIP

UNION 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 27, 2012