



**Auditor of State  
Betty Montgomery**





Mary Taylor, CPA  
Auditor of State

January 10, 2007

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 8, 2007. Thus, I am certifying this audit report for release under the signature of my predecessor.

*Mary Taylor*

MARY TAYLOR, CPA  
Auditor of State

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**UNITY TOWNSHIP  
COLUMBIANA COUNTY**

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Unity Township  
Columbiana County  
51977 State Route 14  
East Palestine, Ohio 44413

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities and each major fund and the aggregate remaining fund information of Unity Township, Columbiana County, Ohio (the Township), as of and for the year ended December 31, 2004, 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 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund and the aggregate remaining fund information of Unity Township, Columbiana County as of December 31, 2004, and the respective changes in cash financial position and the respective budgetary comparison for the General, Gasoline Tax, Road and Bridge, Fire District and Road District Funds, thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

For the year ended December 31, 2004, 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*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, on our consideration of the Government'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 are 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 16, 2006



Unity Township  
Management's Discussion and Analysis  
For the Year Ended December 31, 2004  
Unaudited

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This discussion and analysis of Unity Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2004, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

### **Highlights**

Key highlights for 2004 are as follows:

Net assets of governmental activities increased \$56,239, or 30 percent, a significant change from the prior year due to receipts in Issue 2 and FEMA funding. The Township received Issue 2 funds which, along with the township's share of \$12,763 was used to blacktop 1.12 miles of road. The Township received Emergency Management funds to help repair roads and culverts damaged by major storms and flooding during the year.

The Township's general receipts are primarily property taxes. These receipts represent respectively \$298,718 and 55 percent of the total cash received for governmental activities during the year. Property tax receipts for 2004 changed very little compared to 2003 as development within the Township has slowed.

Unity Township has had major changes in health care costs and the increase in material road costs which have affected the Township's expenditures.

### **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 cash basis of accounting.

#### **Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

#### **Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

Unity Township  
Management's Discussion and Analysis  
For the Year Ended December 31, 2004  
Unaudited

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

**Reporting the Township as a Whole**

The statement of net assets and the statement of activities reflect how the Township did financially during 2004, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Government at year end. The statement of activities compares cash disbursements with program receipts for each governmental. 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 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 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 and income taxes.

In the statement of net assets and the statement of activities, the Township has only governmental activities.

Governmental activities. All of the Township's basic services are reported here, including streets and fire. 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.

**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 governmental only.

Governmental Funds - All 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 Government's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor 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 Fund, Fire District Fund and Road District Fund.

Unity Township  
Management's Discussion and Analysis  
For the Year Ended December 31, 2004  
Unaudited

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**The Township as a Whole**

Table 1 provides a summary of the Township's net assets for 2004 compared to 2003 on a cash basis:

(Table 1)  
**Net Assets**

	Governmental Activities	
	2004	2003
<b>Assets</b>		
Cash and Cash Equiva	\$185,727	\$129,488
Total Assets	\$185,727	\$129,488
 <b>Net Assets</b>		
Restricted for:		
Debt Service	1,133	11,493
Capital Outlay	958	954
Other Purposes	169,443	108,375
Unrestricted	14,194	8,667
Total Net Assets	\$185,728	\$129,489

As mentioned previously, net assets of governmental activities increased \$ 56,239 or 30 percent during 2004. The primary reasons contributing to the decreases in cash balances are as follows:

- Unanticipated slow growth in local tax receipts.
- Increases in salaries of 3 percent.
- The Township participated in the Surface Treatment Program which affected 9.2 miles of Township roads at a cost of 34,333 for asphalt and \$27,695 for slag.
- The Township had several streets that were in very poor condition that needed extensive hot mix repairs costing in excess of \$41,215 for material
- Health benefit costs increased from \$36,596 in 2003 to \$40,752 in 2004.

Table 2 reflects the changes in net assets in 2004. Since the Township did not prepare financial statements in this format for 2003, 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.

Unity Township  
Management's Discussion and Analysis  
For the Year Ended December 31, 2004  
Unaudited

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(Table 2)  
**Changes in Net Assets**

	Governmental Activities 2004
	2004
Receipts:	
Program Receipts:	
Operating Grants and Contributions	127,021
Total Program Receipts	127,021
General Receipts:	
Property and Other Local Taxes	298,719
Grants and Entitlements Not Restricted to Specific Programs	228,967
Interest	209
Miscellaneous	16,509
Total General Receipts	544,404
Total Receipts	671,425
Disbursements:	
General Government	55,938
Public Safety	55,936
Public Health Services	42,079
Public Works	419,136
Capital Outlay	18,887
Principal Retirement	21,417
Interest and Fiscal Charges	1,793
Total Disbursements	615,186
Increase (Decrease) in Net Assets	56,239
Net Assets, January 1, 2004	129,488
Net Assets, December 31, 2004	\$185,727

Program receipts represent only 19 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 81 percent of the Township's total receipts, and of this amount, over 55 percent are local taxes. State and federal grants and entitlements make up the balance of the Township's general receipts (42 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Government activities. These include the costs of the Board of Trustees as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs to 10 percent of General Fund unrestricted receipts.

Public Safety is the cost of police and fire protection; Public Health Services is the health department; and Public Works is the cost of maintaining the roads.

Unity Township  
Management's Discussion and Analysis  
For the Year Ended December 31, 2004  
Unaudited

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**Governmental Activities**

If you look at the Statement of Activities, 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 disbursements for governmental activities are for public works and public safety, which account for 68 and 9 percent of all governmental disbursements, respectively. General government also represents a significant cost, about 9 percent. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) 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**

	Total Cost Of Services 2004	Net Cost of Services 2004
General Government	\$55,938	\$55,938
Public Safety	55,936	55,936
Public Health Services	42,079	42,079
Public Works	419,136	292,115
Capital Outlay	18,887	18,887
Principal Retirement	21,417	21,417
Interest and Fiscal Charges	1,793	1,793
Total Expenses	\$615,186	\$488,165

The dependence upon property and income tax receipts is apparent as over 79 percent of governmental activities are supported through these general receipts.

**The Township's Funds**

Total governmental funds had receipts of \$657,511 and disbursements of \$615,186. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$5,527 as the result of achieving anticipated growth in income and property tax receipts.

General Fund receipts were less than disbursements by \$11,300 indicating that the General Fund is in a deficit spending situation.

**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 2004, the Township amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were below original budgeted receipts due to unexpected slow growth in tax receipts. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements were budgeted at 159,787 while actual disbursements were \$146,047. Although receipts failed to live up to expectations, appropriations were not reduced. The Township kept spending very close to budgeted amounts as demonstrated by the minor reported variances. The result is the increase in fund balance of \$5,527 for 2004.

Unity Township  
Management's Discussion and Analysis  
For the Year Ended December 31, 2004  
Unaudited

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**Capital Assets and Debt Administration**

**Capital Assets**

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

**Debt**

At December 31, 2004, the Township's outstanding debt included \$21,932 for equipment purchases.

**Current Issues**

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base.

**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 Nancy Herr, Fiscal Officer, Unity Township, 51977 State Route 14, East Palestine, Ohio 44413.

**Unity Township, Columbiana County**  
*Statement of Net Assets - Cash Basis*  
*December 31, 2004*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$185,727
<i>Total Assets</i>	<i>\$185,727</i>
 <b>Net Assets</b>	
Restricted for:	
Debt Service	1,133
Permanent Fund: Cemetery Bequest	
Expendable	358
Nonexpendable	600
Other Purposes	169,443
Unrestricted	14,194
<i>Total Net Assets</i>	<i>\$185,727</i>

See accompanying notes to the basic financial statements

**Unity Township, Columbiana County**  
*Statement of Activities - Cash Basis*  
For the Year Ended December 31, 2004

	Program Cash Receipts				Governmental Activities	Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions		
<b>Governmental Activities</b>						
General Government	\$55,938				(\$55,938)	(\$55,938)
Public Safety	55,936				(55,936)	(55,936)
Public Works	419,136		127,021		(292,115)	(292,115)
Health	42,079				(42,079)	(42,079)
Capital Outlay	18,887				(18,887)	(18,887)
Debt Service	23,209				(23,209)	(23,209)
<i>Total Governmental Activities</i>	615,186	0	127,021	0	(488,165)	(488,165)
<b>Total</b>	<b>\$615,186</b>	<b>\$0</b>	<b>\$127,021</b>	<b>\$0</b>	<b>(488,165)</b>	<b>(488,165)</b>
<b>General Receipts</b>						
Property Taxes Levied for:						
General Purposes					298,719	298,719
Grants and Entitlements not Restricted to Specific Programs					228,967	228,967
Interest					209	209
Miscellaneous					16,509	16,509
<i>Total General Receipts</i>					<u>544,404</u>	<u>544,404</u>
Change in Net Assets					56,239	56,239
<i>Net Assets Beginning of Year</i>					<u>129,488</u>	<u>129,488</u>
<i>Net Assets End of Year</i>					<u><u>\$185,727</u></u>	<u><u>\$185,727</u></u>

See accompanying notes to the basic financial statements



**Unity Township, Columbiana County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2004*

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Fire District</u>	<u>Road District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>							
Equity in Pooled Cash and Cash Equivalents	\$14,194	\$11,491	\$17,508	\$108,367	\$23,502	\$10,666	\$185,727
<i>Total Assets</i>	<u>\$14,194</u>	<u>\$11,491</u>	<u>\$17,508</u>	<u>\$108,367</u>	<u>\$23,502</u>	<u>\$10,666</u>	<u>\$185,727</u>
<b>Fund Balances</b>							
Reserved:							
Reserved for Encumbrances	\$50		\$3,757	\$150	\$982	\$281	\$5,220
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	14,144						14,144
Special Revenue Funds		11,491	13,750	108,217	22,520	8,294	164,273
Debt Service Fund						1,133	1,133
Permanent Fund						958	958
<i>Total Fund Balances</i>	<u>\$14,194</u>	<u>\$11,491</u>	<u>\$17,508</u>	<u>\$108,367</u>	<u>\$23,502</u>	<u>\$10,666</u>	<u>\$185,727</u>

See accompanying notes to the basic financial statements

**Unity Township, Columbiana County**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2004*

	General	Gasoline Tax	Road and Bridge	Fire District	Road District	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>							
Property and Other Local Taxes	\$24,015		\$128,826	\$66,884	\$68,994	\$10,000	\$298,719
Intergovernmental	107,515	70,146	19,047	7,993	11,597	139,689	355,988
Interest	164	6				40	209
Other	53	3	2,211	275	2	52	2,595
<i>Total Receipts</i>	<u>131,747</u>	<u>70,155</u>	<u>150,083</u>	<u>75,152</u>	<u>80,593</u>	<u>149,781</u>	<u>657,511</u>
<b>Disbursements</b>							
Current:							
General Government	53,096	600	600	350	400	893	55,938
Public Safety				55,936			55,936
Public Works	29,191	69,449	142,760		63,621	114,114	419,136
Health	42,079						42,079
Capital Outlay	18,681				206		18,887
Debt Service:							0
Principal Retirement						21,417	21,417
Interest and Fiscal Charges						1,793	1,793
<i>Total Disbursements</i>	<u>143,047</u>	<u>70,049</u>	<u>143,360</u>	<u>56,286</u>	<u>64,227</u>	<u>138,216</u>	<u>615,186</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(11,300)</u>	<u>105</u>	<u>6,723</u>	<u>18,867</u>	<u>16,366</u>	<u>11,564</u>	<u>42,325</u>
<b>Other Financing Sources (Uses)</b>							
Transfers In	5,913	5,563	6,912		2,536	8,391	29,315
Transfers Out	(3,000)					(26,315)	(29,315)
Advances In	12,000		9,000		3,000		24,000
Advances Out	(12,000)		(9,000)		(3,000)		(24,000)
Other Financing Sources	13,914						13,914
Other Financing Uses							0
<i>Total Other Financing Sources (Uses)</i>	<u>16,826</u>	<u>5,563</u>	<u>6,912</u>	<u>0</u>	<u>2,536</u>	<u>(17,924)</u>	<u>13,914</u>
<i>Net Change in Fund Balances</i>	5,527	5,668	13,635	18,867	18,902	(6,360)	56,239
<i>Fund Balances Beginning of Year</i>	<u>8,667</u>	<u>5,823</u>	<u>3,873</u>	<u>89,500</u>	<u>4,600</u>	<u>17,026</u>	<u>129,488</u>
<i>Fund Balances End of Year</i>	<u>\$14,194</u>	<u>\$11,491</u>	<u>\$17,508</u>	<u>\$108,367</u>	<u>\$23,502</u>	<u>\$10,666</u>	<u>\$185,727</u>

See accompanying notes to the basic financial statements

**Unity Township, Columbiana County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2004*

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	29,087	29,087	24,015	(5,072)
Licenses, Permits and Fees	150	150		(150)
Intergovernmental	101,621	108,121	107,515	(606)
Interest	500	500	164	(336)
Other	1,250	1,250	53	(1,197)
<i>Total receipts</i>	<u>132,608</u>	<u>139,108</u>	<u>131,747</u>	<u>(7,361)</u>
<b>Disbursements</b>				
Current:				
General Government	53,070	55,237	53,096	2,141
Public Works	34,147	36,314	29,191	7,123
Health	40,385	42,552	42,079	473
Capital Outlay	22,684	22,684	18,681	4,003
<i>Total Disbursements</i>	<u>150,287</u>	<u>156,787</u>	<u>143,047</u>	<u>13,740</u>
<i>Excess of Receipts Under Disbursements</i>	<u>(17,679)</u>	<u>(17,679)</u>	<u>(11,300)</u>	<u>(6,379)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	5,913	5,913	5,913	0
Transfers Out	(3,000)	(3,000)	(3,000)	0
Advances In		12,000	12,000	0
Advances Out			(12,000)	(12,000)
Other Financing Sources	15,000	15,000	13,914	(1,087)
<i>Total Other Financing Sources</i>	<u>17,913</u>	<u>29,913</u>	<u>16,826</u>	<u>(13,087)</u>
<i>Net Change in Fund Balance</i>	234	12,234	5,527	(19,466)
<i>Fund Balance Beginning of Year</i>	7,677	7,677	7,677	0
Prior Year Encumbrances Appropriated	990	990	990	0
<i>Fund Balance End of Year</i>	<u>\$8,901</u>	<u>\$20,901</u>	<u>\$14,194</u>	<u>(\$19,466)</u>

See accompanying notes to the basic financial statements

**Unity Township, Columbiana County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Road and Bridge Fund*  
*For the Year Ended December 31, 2004*

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	125,357	125,357	128,826	3,469
Intergovernmental	17,066	26,044	19,047	(6,997)
Other	2,551	2,551	2,211	(340)
<i>Total receipts</i>	<u>144,974</u>	<u>153,952</u>	<u>150,083</u>	<u>(3,869)</u>
<b>Disbursements</b>				
Current:				
General Government	600	600	600	0
Public Works	144,373	155,762	142,760	13,002
<i>Total Disbursements</i>	<u>144,973</u>	<u>156,362</u>	<u>143,360</u>	<u>13,002</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1</u>	<u>(2,410)</u>	<u>6,723</u>	<u>7,375</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In		6,912	6,912	0
Advances In			9,000	9,000
Advances Out			(9,000)	(9,000)
<i>Total Other Financing Sources</i>	<u>0</u>	<u>6,912</u>	<u>6,912</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	1	4,502	13,635	7,375
<i>Fund Balance Beginning of Year</i>	1,939	1,939	1,939	0
Prior Year Encumbrances Appropriated	1,934	1,934	1,934	0
<i>Fund Balance End of Year</i>	<u>\$3,873</u>	<u>\$8,374</u>	<u>\$17,508</u>	<u>\$7,375</u>

See accompanying notes to the basic financial statements

**Unity Township, Columbiana County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Road District Fund*  
*For the Year Ended December 31, 2004*

	Budgeted Amounts			(Optional) Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Property and Other Local Taxes	60,950	74,300	68,994	(5,306)
Intergovernmental	2,614	10,363	11,597	1,234
Other	466	466	2	(464)
<i>Total receipts</i>	<u>64,031</u>	<u>85,130</u>	<u>80,593</u>	<u>(4,537)</u>
<b>Disbursements</b>				
Current:				
General Government	400	400	400	0
Public Works	62,900	67,996	63,621	4,375
Capital Outlay	3,250	3,250	206	3,044
<i>Total Disbursements</i>	<u>66,550</u>	<u>71,646</u>	<u>64,227</u>	<u>7,419</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(2,519)</u>	<u>13,483</u>	<u>16,366</u>	<u>7,375</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	2,536	2,536	2,536	0
Advances In		3,000	3,000	0
Advances Out			(3,000)	(3,000)
<i>Total Other Financing Sources</i>	<u>2,536</u>	<u>5,536</u>	<u>2,536</u>	<u>(3,000)</u>
<i>Net Change in Fund Balance</i>	17	19,020	18,902	4,375
<i>Fund Balance Beginning of Year</i>	2,074	2,074	2,074	0
Prior Year Encumbrances Appropriated	2,526	2,526	2,526	0
<i>Fund Balance End of Year</i>	<u>\$4,617</u>	<u>\$23,619</u>	<u>\$23,502</u>	<u>\$4,375</u>

See accompanying notes to the basic financial statements

**Unity Township, Columbiana County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Fire District Fund*  
*For the Year Ended December 31, 2004*

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	66,900	66,900	66,884	(16)
Intergovernmental	88,700	96,700	7,993	(88,707)
Other	237	237	275	38
<i>Total receipts</i>	155,837	163,837	75,152	(88,685)
<b>Disbursements</b>				
Current:				
General Government	350	350	350	0
Public Safety	84,950	84,950	55,936	29,015
Capital Outlay	70,000	70,000		70,000
<i>Total Disbursements</i>	155,300	155,300	56,286	99,015
<i>Excess of Receipts Over Disbursements</i>	537	8,537	18,867	7,375
<i>Net Change in Fund Balance</i>	537	8,537	18,867	7,375
<i>Fund Balance Beginning of Year</i>	89,138	89,138	89,138	0
Prior Year Encumbrances Appropriated	362	362	362	0
<i>Fund Balance End of Year</i>	\$90,037	\$98,037	\$108,367	\$7,375

See accompanying notes to the basic financial statements

**Unity Township, Columbiana County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Gasoline Tax Fund*  
*For the Year Ended December 31, 2004*

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	53,001	69,332	70,146	814
Interest	10	10	6	(4)
Other	150	150	3	(148)
<i>Total receipts</i>	53,161	69,492	70,155	663
<b>Disbursements</b>				
Current:				
General Government	600	600	600	0
Public Works	57,900	66,231	69,449	(3,218)
<i>Total Disbursements</i>	58,500	66,831	70,049	(3,218)
<i>Excess of Receipts Over (Under) Disbursements</i>	(5,339)	2,661	105	7,375
<b>Other Financing Sources (Uses)</b>				
Transfers In	5,563	5,563	5,563	0
<i>Total Other Financing Sources</i>	5,563	5,563	5,563	0
<i>Net Change in Fund Balance</i>	224	8,224	5,668	7,375
<i>Fund Balance Beginning of Year</i>	5,823	5,823	5,823	0
Prior Year Encumbrances Appropriated	_____	_____	_____	0
<i>Fund Balance End of Year</i>	\$6,047	\$14,047	\$11,491	\$7,375

See accompanying notes to the basic financial statements

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Unity Township  
Notes to the Financial Statements  
For the Year Ended December 31, 2004  
Continued

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**Note 1 – Reporting Entity**

Unity Township, Columbiana, Ohio (the Township), is a body politic and corporate established in the 1800's 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 government to ensure that the financial statements are not misleading.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township contracts with the Village of New Waterford and the City of East Palestine for fire protection. Police protection is provided by the Columbiana County Sheriff's Office.

**B. Component Units**

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

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

**Note 2 – Summary of Significant Accounting Policies**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Township does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Township's accounting policies. The Township has no Proprietary or Fiduciary funds.

**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.

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

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. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. The Township has no business type funds. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

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 governmental only.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Fire District Fund and Road District 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 it is expended or transferred according to the general laws of Ohio.

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

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

**C. Basis of Accounting**

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

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**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".

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 2004 was \$164.

**F. Restricted Assets**

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent \$1,133 in the Debt Retirement Fund.

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

**G. Inventory and Prepaid Items**

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**H. Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

**I. Interfund Receivables/Payables**

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**J. Accumulated Leave**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's cash basis of accounting.

**K. Employer Contributions to Cost-Sharing Pension Plans**

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Note 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**L. Long-Term Obligations**

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

**M. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**N. Fund Balance Reserves**

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

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

**O. Interfund Transactions**

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**Note 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 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

**Note 4 – Accountability and Compliance**

**A. Accountability**

The Township has no deficit fund balances/net/assets.

**B. Compliance**

The Township has no violations of finance related legal or contractual provisions.

**Note 5 – 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, Fire District Fund and Road District Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$50 for the General Fund \$3,757 for the Road and Bridge Fund, \$150 for the Fire District Fund, and \$982 for the Road District Fund.

**Note 6 - 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.

Unity Township  
Notes to the Financial Statements  
For the Year Ended December 31, 2004  
Continued

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**Note 6 - 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).

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledged to the Township by the financial institution, or by a collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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. Payment for investments may be made only upon delivery of the securities representing the investments to the Township or, if the securities are not represented by certificate, upon receipt of confirmation of transfer from the qualified trustee or custodian.

At year end, the Township had no undeposited cash on hand.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investment (including Repurchase Agreements), and Reverse Repurchase Agreements".

Unity Township  
Notes to the Financial Statements  
For the Year Ended December 31, 2004  
Continued

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**Note 6 - Deposits and Investments (Continued)**

At year end, the carrying amount of the Township's deposits was \$184,696 and the bank balance was \$203,766. Of the bank balance:

1. \$100,000 was covered by federal depository insurance.
2. \$103,766 was uncollateralized and uninsured. Although the securities were held by the pledging financial institutions trust department or agent in the Township's name and all State statutory requirements for the investment of money had been followed, noncompliance with federal requirements could potentially subject the Township to a successful claim by the FDIC

**Note 7 - 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 2004 represent the collection of 2003 taxes. Real property taxes received in 2004 were levied after October 1, 2003, on the assessed values as of January 1, 2003, 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 2004 represent the collection of 2003 taxes. Public utility real and tangible personal property taxes received in 2003 became a lien on December 31, 2002, were levied after October 1, 2003, 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 2004 (other than public utility property) represent the collection of 2004 taxes. Tangible personal property taxes received in 2004 were levied after October 1, 2003, on the true value as of December 31, 2003. 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, 2004, was \$6.5 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2004 property tax receipts were based are as follows:

Real Property	
Residential	\$101,681,000
Agriculture	11,694,710
Public Utility Property	
Personal	7,257,730
Tangible Personal Property	6,730,130
Total Assessed Value	<u><u>\$127,363,570</u></u>

Unity Township  
Notes to the Financial Statements  
For the Year Ended December 31, 2004  
Continued

**Note 8 – Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2004 the Township contracted with the Westfield Company and General Star National Insurance to provide insurance protection against those various risks.

Legal Liability	\$1,000,000	Per Occurrence
Automobile Liability	1,000,000	Per Occurrence
Wrongful Acts	1,000,000	Per Occurrence
Property	310,030	Total Coverage

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs.

**Note 9 – Defined Benefit Pension Plan**

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 8.5 percent of their gross salaries. The Township contributed an amount equaling 13.55 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2005.

**Note 10 – Notes Payable**

A summary of the note transactions for the year ended December 31, 2004, was as follows:

	Interest Rate	Balance December 31, 2003	Additions	Reduction s	Balance December 31, 2004
<u>Governmental Activities</u>					
Tractor and Mower	5.13	9,634		9,934	-0-
Dump Truck	4.51	\$28,612	\$	\$6,680	\$21,932

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

Year	Notes Payable	
	Principal	Interest
2005	\$6,989	\$911
2006	7,305	592
2007	7,638	259
Totals	<u>\$21,932</u>	<u>\$1,762</u>



Unity Township  
Notes to the Financial Statements  
For the Year Ended December 31, 2004  
Continued

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**Note 11 – Inter-fund Transfers**

During 2004 the following transfers were made:

Transfers from the General Fund to:	
Other Governmental Funds	\$3,000

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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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*

Unity Township  
Columbiana County  
51977 State Route 14  
East Palestine, Ohio 44413

To the Board of Trustees:

We have audited the financial statements of the governmental activities each major fund of Unity Township, Columbiana County (the Township) as of and for the year ended December 31, 2004, which collectively comprise the Government's basic financial statements and have issued our report thereon dated August 17, 2006, wherein we noted the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standards Board Statement No. 34. 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 in order 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 Government's management dated August 16, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the Government'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 Government's management dated August 16, 2006, we reported other matters related to noncompliance we deemed immaterial.

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[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Unity Township  
Columbiana 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 Board of Trustees and management. 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 16, 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

**UNITY TOWNSHIP  
COLUMBIANA 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  
JANUARY 16, 2007**