



Mary Taylor, CPA
Auditor of State

**UNION TOWNSHIP
LAWRENCE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2007	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2006.....	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	17
Schedule of Findings.....	19
Schedule of Prior Audit Findings	28

This page intentionally left blank.



Mary Taylor, CPA
Auditor of State

Union Township
Lawrence County
P.O. Box 248
Chesapeake, Ohio 45619

To the Board of Trustees:

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 30, 2009

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Union Township
Lawrence County
P.O. Box 248
Chesapeake, Ohio 45619

To the Board of Trustees:

We have audited the accompanying financial statements of Union Township, Lawrence County, Ohio (the Township), as of and for the years ended December 31, 2007 and 2006. 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. 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 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.

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, 2007 and 2006 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, 2007 and 2006, or its changes in financial position or cash flows, where applicable 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 and reserves for encumbrances of Union Township, Lawrence County, Ohio, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2009, 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.



Mary Taylor, CPA
Auditor of State

March 30, 2009

**UNION TOWNSHIP
LAWRENCE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$42,754	\$123,063	\$165,817
Licenses, Permits, and Fees	58,388		58,388
Intergovernmental Receipts	70,196	148,566	218,762
Earnings on Investments	3,018	643	3,661
Miscellaneous	7,454	1,044	8,498
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	181,810	273,316	455,126
Cash Disbursements:			
Current:			
General Government	101,954		101,954
Public Safety		60,641	60,641
Public Works		189,118	189,118
Human Services	1,905		1,905
Conservation and Recreation	77		77
Debt Service:			
Principal Payments	8,962	17,062	26,024
Interest Payments	2,907	7,670	10,577
Capital Outlay	132,072	1,700	133,772
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	247,877	276,191	524,068
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/> <u>(66,067)</u>	<hr/> <u>(2,875)</u>	<hr/> <u>(68,942)</u>
Other Financing Receipts/(Disbursements):			
Proceeds of Loans	47,721		47,721
Advances-In		72,000	72,000
Advances-Out		(72,000)	(72,000)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	47,721	0	47,721
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/> <u>(18,346)</u>	<hr/> <u>(2,875)</u>	<hr/> <u>(21,221)</u>
Fund Cash Balances, January 1	<hr/> <u>163,793</u>	<hr/> <u>258,942</u>	<hr/> <u>422,735</u>
Fund Cash Balances, December 31	<hr/> <u>\$145,447</u>	<hr/> <u>\$256,067</u>	<hr/> <u>\$401,514</u>
Reserves for Encumbrances, December 31	<hr/> <u>\$0</u>	<hr/> <u>\$0</u>	<hr/> <u>\$0</u>

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

UNION TOWNSHIP
LAWRENCE COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$41,027	\$121,771		\$162,798
Licenses, Permits, and Fees	54,029			54,029
Intergovernmental Receipts	105,436	134,971	\$30,960	271,367
Earnings on Investments	2,652	690		3,342
Miscellaneous	75	10,000		10,075
	<u>203,219</u>	<u>267,432</u>	<u>30,960</u>	<u>501,611</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	97,838			97,838
Public Safety		42,270		42,270
Public Works		175,792		175,792
Debt Service:				
Principal Payments		16,287		16,287
Interest Payments		8,445		8,445
Capital Outlay	39,433	21,410	30,960	91,803
	<u>137,271</u>	<u>264,204</u>	<u>30,960</u>	<u>432,435</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	65,948	3,228	0	69,176
Fund Cash Balances, January 1 (Restated See Note 8)	97,845	255,714		353,559
Fund Cash Balances, December 31	<u>\$163,793</u>	<u>\$258,942</u>	<u>\$0</u>	<u>\$422,735</u>
Reserves for Encumbrances, December 31	<u>\$178</u>	<u>\$288</u>	<u>\$0</u>	<u>\$466</u>

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

**UNION TOWNSHIP
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

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, Lawrence 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, and fire protection. The Township contracts with the Union Township Fire Department and the Proctorville Fire Department to provide fire services.

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.

The Township invests all available funds in an interest bearing checking account.

D. Fund Accounting

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

1. General Fund

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

**UNION TOWNSHIP
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

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:

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

Fire District Fund - This fund receives tax money for the purpose of providing fire protection to the Township.

3. Capital Project Funds

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:

Joint Resurfacing Project Fund - This fund received State Issue II receipts for a joint resurfacing project.

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. An appropriation measure was not filed with the County Auditor for 2007.

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. Estimated resources were not prepared for 2006 and 2007.

**UNION TOWNSHIP
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

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

A summary of 2007 and 2006 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

G. Accumulated Leave

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

2. Equity in Pooled Deposits and Investments

The Township maintains a deposits 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:

	2007	2006
Demand deposits	\$401,514	\$422,735
Total deposits and investments	\$401,514	\$422,735

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$205,000	\$229,531	\$24,531
Special Revenue	249,547	273,316	23,769
Total	\$454,547	\$502,847	\$48,300

**UNION TOWNSHIP
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

3. Budgetary Activity (Continued)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$247,877	(\$247,877)
Special Revenue	0	276,191	(276,191)
Total	\$0	\$524,068	(\$524,068)

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$98,255	\$203,219	\$104,964
Special Revenue	224,259	267,432	43,173
Capital Projects	0	30,960	30,960
Total	\$322,514	\$501,611	\$179,097

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$195,058	\$137,449	\$57,609
Special Revenue	432,198	264,492	167,706
Capital Projects	0	30,960	(30,960)
Total	\$627,256	\$432,901	\$194,355

Contrary to Ohio law, estimated receipts exceeded actual receipts at December 31, 2007 in the Motor Vehicle License Tax Fund (\$4,092 or 14%) and Permissive Motor Vehicle License Tax Fund (\$2,852 or 6%). In addition, estimated receipts exceeded actual receipts at December 31, 2006 in the Permissive Motor Vehicle License Tax Fund (\$5,539 or 11%).

Contrary to Ohio law, appropriations for 2007 were not filed with the County Auditor's Office. This resulted in all expenditures for all funds exceeding appropriations during 2007.

Also contrary to Ohio law, the Township did not encumber all commitments required by Ohio law.

**UNION TOWNSHIP
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Township Board of 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.

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

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

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

5. Debt

Debt outstanding at December 31, 2007 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Fire Truck Lease Purchase Agreement	\$144,411	4.75%
John Deere Tractor Promissory Note	<u>38,758</u>	8.50%
Total	<u><u>\$183,169</u></u>	

During 2004, the Township entered into a lease purchase agreement for the purchase of a new fire truck.

On February 16, 2007, the Township signed a promissory note in the principal amount of \$47,721 at an interest rate of 8.50% to pay the balance owed to John Deere Government and National Sales resulting from the 2006 purchase of a new John Deere Tractor for an amount of \$59,721 after trade-in and discounts in which the Township paid \$12,000 in August 2006 to reduce the amount to \$47,721

**UNION TOWNSHIP
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

5. Debt (Continued)

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

<u>Year ending December 31:</u>	<u>Lease Purchase Agreement</u>	<u>Tractor Promissory Note</u>
2008	\$24,732	\$11,869
2009	24,732	11,869
2010	24,732	11,869
2011	24,732	11,869
2012	24,732	0
2013-2014	49,464	0
Total	<u>\$173,124</u>	<u>\$47,476</u>

6. Retirement System

The Township's elected officials and 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. For 2007 and 2006, OPERS members contributed 9.5% and 9%, respectively, of their gross salaries and the Township contributed an amount equaling 13.85% and 13.7%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2007.

7. Risk Management

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member 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
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

7. Risk Management (Continued)

Casualty Coverage

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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

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

**UNION TOWNSHIP
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

7. Risk Management (Continued)

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006:

<u>Casualty Coverage</u>	<u>2007</u>	<u>2006</u>
Assets	\$43,210,703	\$42,042,275
Liabilities	(13,357,837)	(12,120,661)
Retained earnings	<u>\$29,852,866</u>	<u>\$29,921,614</u>

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$10,000. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

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>Township Contributions to OTARMA</u>	
2005	\$12,806
2006	\$13,267
2007	\$10,695

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

**UNION TOWNSHIP
LAWRENCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

8. Restatement of Beginning Balances

The January 1, 2006 balances were restated as follows:

Fund Type	12/31/2005 Balance	Restated 1/1/2006 Balance	Restatement
General	\$93,848	\$97,845	\$3,997
Special Revenue	259,711	255,714	(3,997)
Total	<u>\$353,559</u>	<u>\$353,559</u>	<u>\$0</u>

These restatements were due to improper revenue and expenditure postings at December 31, 2005.

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

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

Union Township
Lawrence County
P.O. Box 248
Chesapeake, Ohio 45619

To the Board of Trustees:

We have audited the financial statements of Union Township, Lawrence County, Ohio (the Township), as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated March 30, 2009 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 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. 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 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 expressing our opinion on the financial statements, but not to opine 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting: 2007-002 and 2007-007 through 2007-008.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe findings number 2007-002 and 2007-008 are also material weaknesses.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated March 30, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2007-001 through 2007-006.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated March 30, 2009.

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



Mary Taylor, CPA
Auditor of State

March 30, 2009

**UNION TOWNSHIP
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

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

FINDING NUMBER 2007-001

Noncompliance Citation

Ohio Rev. Code Section 135.18(A) states that the treasurer, before making the initial deposit in a public depository pursuant to an award made under Sections 135.01 to 135.21 of the Revised Code, except as provided in Section 135.144 of the Revised Code, shall require the institution designated as a public depository to pledge to and deposit with the treasurer, as security for the repayment of all public moneys to be deposited in the public depository during the period of designation pursuant to the award, eligible securities of aggregate market value equal to the excess of the amount of public moneys to be at the time so deposited, over and above the portion or amount of such moneys as is at that time insured by the federal deposit insurance corporation or by any other agency or instrumentality of the federal government. In the case of any deposit other than the initial deposit made during the period of designation, the amount of the aggregate market value of securities required to be pledged and deposited shall be equal to the difference between the amount of public moneys on deposit in such public depository plus the amount to be so deposited, minus the portion or amount of the aggregate as is at the time insured as provided in this section. The treasurer may require additional eligible securities to be deposited to provide for any depreciation which may occur in the market value of any of the securities so deposited. Such security may consist of federal deposit insurance, surety company bonds, or pledged securities, among others.

Per scanning bank statements for the audit period, we noted that on June 29, 2007, the bank balance was \$593,604.20. In addition, we noted several other occurrences during the audit period in which the bank balance exceeded \$500,000. National City Bank (the Township's financial institution) provides pooled securities as security for funds on deposit; however, the National City Bank depository agreement for the time period beginning July 8, 2006 and ending July 7, 2011 indicated it would accept for deposit and safekeeping the maximum sum of \$500,000 or any part thereof of the interim deposits of said subdivision. The Township only has one bank account which would represent active deposits. As a result, at June 29, 2007, \$93,604.20 of the Township's funds were deemed uninsured and uncollateralized. In addition, at any point in which the Township's bank account exceeded \$500,000, the excess would be uninsured and uncollateralized.

Further, there was no support on file to indicate that the depository agreement had been signed by the Township officials, which could subject all of the Township's funds in excess of \$250,000 to being uninsured and uncollateralized.

We recommend the Township require its depository to provide as security an amount equal to the funds on deposit at all times.

Officials' Response:

The Township is striving to correct this in the future. We are not aware of any future times it has happened.

**UNION TOWNSHIP
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
--

FINDING NUMBER 2007-002

Noncompliance Citation/Material Weakness

Ohio Rev. Code Section 149.351(A) states that all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided for under Sections 149.38 to 149.42 of the Revised Code. Such records shall be delivered by outgoing officials and employees to their successors and shall not be otherwise removed, transferred or destroyed unlawfully.

During testing of expenditures, 22% of expenditures tested had no supporting documentation in the form of an invoice from which payment was made.

As a result, alternative procedures were performed to gain assurances over the existence and occurrence of expenditure transactions. Further, lack of an invoice makes it difficult to determine whether expenditures are made for a proper public purpose.

We recommend all records be maintained for audit purposes and that no disbursements are made unless supporting documentation is available.

Officials' Response:

The Township is striving to correct this for future audits.

FINDING NUMBER 2007-003

Noncompliance Citation

Ohio Rev. Code Section 5705.36(A)(1) provides that on or about the first day of each fiscal year, the fiscal officers of subdivisions and other taxing units are to certify to the County Auditor the total amount from all sources available for expenditures from each fund in the tax budget along with any unencumbered balances existing at the end of the preceding year.

Ohio Rev. Code Section 5705.36(A)(2) allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

Ohio Rev. Code Section 5705.36(A)(3) requires obtaining an increased amended certificate from the Budget Commission if the legislative authority intends to appropriate and expend excess revenue.

Ohio Rev. Code Section 5705.36(A)(4) requires obtaining a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation.

The total appropriations made during a fiscal year from any fund must not exceed the amount contained in the certificate of estimated resources or the amended certificate of estimated resources which was certified prior to making the appropriation or supplemental appropriation.

**UNION TOWNSHIP
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

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

FINDING NUMBER 2007-003 (Continued)

Noncompliance Citation - Ohio Rev. Code Section 5705.36 (Continued)

At December 31, 2006 and 2007 the following differences were noted in comparing estimated versus actual receipts:

Date	Fund	Estimated Receipts	Actual Receipts	Variance	Percent Variance
December 31, 2006	General	\$ 98,255	\$ 203,219	\$ 104,964	107%
December 31, 2006	Motor Vehicle License Tax	31,000	33,413	2,413	8%
December 31, 2006	Gasoline Tax	65,000	94,793	29,793	46%
December 31, 2006	Road and Bridge Fund	16,247	19,031	2,784	17%
December 31, 2006	Fire Fund	62,012	75,733	13,721	22%
December 31, 2006	Permissive MVL Tax	50,000	44,461	(5,539)	-11%
December 31, 2007	General	205,000	229,531	24,531	12%
December 31, 2007	Motor Vehicle License Tax	28,500	24,408	(4,092)	-14%
December 31, 2007	Gasoline Tax	94,800	106,576	11,776	12%
December 31, 2007	Road and Bridge Fund	19,000	19,713	713	4%
December 31, 2007	Fire Fund	62,747	80,971	18,224	29%
December 31, 2007	Permissive MVL Tax	44,500	41,648	(2,852)	-6%

Failure to monitor estimated receipts could result in expenditures and appropriations exceeding estimated resources which could result in deficit cash balances.

Further, there was no official certificate of the County Budget Commission for 2007 as a result of the Township not approving and filing the alternative tax budget for 2007. Also for 2007, the certificate for December 31, 2006 balances was not certified to the County Auditor until October 10, 2007. As a result, an amended certificate of estimated resources was not received from the Budget Commission in 2007 until December 20, 2007.

We recommend the Fiscal Officer monitor estimated versus actual receipts throughout the year. A reduced amended certificate should be requested from the budget commission if the amount of the deficiency will reduce available resources below the current level of appropriation. An increased amended certificate from the budget commission should be requested if the legislative authority intends to appropriate and expend excess revenue. We further recommend the Fiscal Officer on or about the first day of each fiscal year certify to the County Auditor the total amount from all sources available for expenditures from each fund in the tax budget along with any unencumbered balances existing at the end of the preceding year. In addition, the Board of Trustees should annually approve the alternative tax budget by July 15 and file the alternative tax budget with the County Budget Commission by July 20.

Officials' Response:

The Township is aware and will strive to correct this for future audits.

**UNION TOWNSHIP
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

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

FINDING NUMBER 2007-004

Noncompliance Citation

Ohio Rev. Code Section 5705.38(A) requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the County Budget Commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1.

For 2006, the Board of Trustees approved temporary appropriations on January 9, 2006. Approval of final appropriations were not recorded in the minute record; however, we noted that on May 23, 2006 an appropriation status report was filed with the County Auditor's office which was dated March 23, 2006.

For 2007, the Board of Trustees approved temporary appropriations on January 8, 2007. Approval of final appropriations was not recorded in the minute record and the appropriations were not filed with the County Auditor's office. Since the temporary measure is effective until no later than April 1, this resulted in there being no 2007 appropriation amounts.

We recommend the Board of Trustees approve an annual appropriation measure on or about the first day of the fiscal year. Approval should be recorded in the minute record and documentation should be maintained to support amounts approved.

Officials' Response:

The Township is striving to correct this for future audits.

FINDING NUMBER 2007-005

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it is appropriated.

Expenditures plus encumbrances exceeded appropriations, as follows:

Fund/Line Item	Appropriations	Expenditures plus Encumbrances	Dollar Variance	Percent Variance
<u>At December 31, 2006:</u>				
Motor Vehicle License Tax Fund Repairs and Maintenance	\$15,000	\$16,311	(\$1,311)	9%
Motor Vehicle License Tax Fund Operating Supplies	542	4,315	(3,773)	696%
Permissive Motor Vehicle License Tax Fund Operating Supplies	5,000	47,000	(42,000)	840%

**UNION TOWNSHIP
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
--

FINDING NUMBER 2007-005 (Continued)

Noncompliance Citation - Ohio Rev. Code Section 5705.41(B) (Continued)

For 2007, there were no approved appropriations, thus all expenditures from all funds exceeded appropriations. This could result in overspending and deficit fund balances if not monitored.

We recommend the Fiscal Officer monitor expenditures versus appropriations throughout the year and not approve expenditures unless a proper amendment to appropriations has been approved by the Board of Trustees. We further recommend the Fiscal Officer monitor expenditures and not approve expenditures for which there are no appropriation amounts.

Officials' Response:

The Township is striving to correct this for future audits.

FINDING NUMBER 2007-006

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

**UNION TOWNSHIP
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
--

FINDING NUMBER 2007-006 (Continued)

Noncompliance Citation - Ohio Rev. Code Section 5705.41(D)(1) (Continued)

2. Blanket Certificate – Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

During testing it was noted that 53% of transactions tested were not certified by the Fiscal Officer at the time the commitment was incurred and there was no evidence the Township followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township’s funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify that the funds are or will be available prior to obligation by the Township. When prior certification is not possible, “then and now” certification should be used.

We recommend that no orders involving the expenditure of money be made unless the Fiscal Officer has certified that the amount required has been lawfully appropriated and is in the treasury or in the process of collection.

Officials’ Response:

The Township is striving to correct this for future audits.

**UNION TOWNSHIP
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
--

FINDING NUMBER 2007-007

Significant Deficiency

When checks are written for a proper public purpose and have been signed and approved by all required personnel, they are to be remitted to the agency they are intended for.

The Fiscal Officer held checks after they were written and recorded in the Uniform Accounting Network (UAN) System. Of the disbursements tested, there were 62% (\$122,211) in 2006 and 6.5% (\$17,946) in 2007 where the date the check cleared the bank was more than 25 days after the date written. These checks were not for individuals but were for businesses.

In 2006, there were 15.6% of disbursements tested that cancelled checks could not be found. In 2007, there were 4.4% of disbursements tested that cancelled checks could not be found.

In 2006, 17% of the dates on the checks tested did not correspond to the check date in the system. In 2007, 64% of the dates on the checks tested did not correspond to the check date in the system.

This caused payments not to be made in a timely manner and could misstate the financial condition of the Township. Further, it resulted in the potential for information per the UAN System to disagree with actual check information or information to not be entered into the UAN System.

We recommend that once checks are fully prepared, they be sent to the intended party and not held for any period of time. We further recommend the Fiscal Officer avoid the issuance of manual checks and make all disbursements via checks which have been generated through the UAN System.

Officials' Response:

The Township has done its best to correct this situation and will do so for future audits.

FINDING NUMBER 2007-008

Material Weakness

Sound financial reporting is the responsibility of the Fiscal Officer and the Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

Township revenues and expenditures should be posted to the proper fund and account code.

During our testing, we noted the following items:

- First-half Manufactured Home Settlement for 2006 in the amount of \$2,706 was posted entirely to the General Fund instead of being allocated among funds as indicated on the County Auditor's Statement of Semi-Annual Apportionment of Taxes.
- 2006 Homestead and Rollback amounts received from the state were posted entirely to the General Fund, which included \$9,014 which should have been posted to the Fire Fund and Road and Bridge Fund.

**UNION TOWNSHIP
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
--

FINDING NUMBER 2007-008 (Continued)

Material Weakness (Continued)

- 2006 Public Utility Deregulation receipt from the County in the amount of \$4,659 was not posted to the correct funds according to the County Auditor's Statement of Semi-Annual Apportionment of Taxes. \$433 representing the Road and Bridge Fund was posted to the General Fund and \$3,248 representing the Fire Fund was posted to the Road and Bridge Fund.
- Several Manufactured Home Settlements received during 2006 were posted entirely to the General Fund instead of being allocated among funds as indicated on the County Auditor's Statement of Semi-Annual Apportionment of Taxes. Total amount posted to the General Fund which should have been posted to the Road and Bridge Fund (\$49) and Fire Fund (\$164) was \$213.
- 2007 Public Utility Deregulation receipt in the amount of \$2,599 was not posted to the correct funds according to the County Auditor's Statement of Semi-Annual Apportionment of Taxes. \$2,599 representing Fire Fund was posted to the Motor Vehicle License Tax Fund.
- 2007 Public Utility Deregulation receipt in the amount of \$354 was not posted to the correct funds according to the County Auditor's Statement of Semi-Annual Apportionment of Taxes. \$354 was posted entirely to the General Fund instead of being allocated among the General Fund (\$70); Road and Bridge Fund (\$34); and fire Fund (\$250).
- 2007 Rollback amounts from the First-half Manufactured Home Settlement were posted entirely to the General Fund instead of being allocated according to the County Auditor's Statement of Semi-Annual Apportionment of Taxes which indicated General Fund (\$48); Road and Bridge Fund (\$20); and Fire Fund (\$66).
- Fund balance adjustments were made to void old outstanding checks which were posted to the General Fund. Amounts were identified from these which related to the Gasoline Tax Fund (\$4,509) and the Fire Fund (\$3,985).
- Prior year summary of unadjusted differences revealed amounts which were not corrected. These items had the following fund balance effects: General Fund - \$3,997 Increase; Gasoline Tax Fund - \$1,797 increase; Road and Bridge Fund - (\$4,821) decrease; Permissive Motor Vehicle License Tax Fund - \$2,979 increase; Fire Fund - (\$6,236) decrease; and Motor Vehicle License Tax Fund - \$2,284 increase.
- Numerous instances in which receipts and disbursements were not posted to the proper line items.
- Instances were noted in which tax settlements received from the County were posted in net amounts with deduction not being recorded as expenditures which resulted understatements to revenue and expenditure amounts.
- Grant revenues and expenditures of \$30,690 from the 2006 joint paving project with Lawrence County were not recorded on the financial statements.
- Grant revenues and expenditures from the County's Township-County Co-Operative Road Program for 2006 (\$4,793) and 2007 (\$4,694) were not recorded.
- Proceeds of debt in the amount of \$47,721 were not recorded on the financial statements and classified as revenues and expenditures.
- \$15,367 third quarter franchise fee was not received and posted in 2007.
- Debt payments were not properly recorded to interest and principal expenditures.

**UNION TOWNSHIP
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

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

FINDING NUMBER 2007-008 (Continued)

Material Weakness (Continued)

Adjustments and reclassification entries were required for 2006 and 2007 to properly classify revenues and expenditures and reflect fund balances. Improper posting of Township receipts and expenditures could result in material misstatement to the financial statements. Adjustments have been posted to the 2006 and 2007 financial statements as well as the Township's accounting records.

To ensure the Township's financial statements and notes to the statements are complete and accurate, we recommend the Township adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer and Board of Trustees, to identify and correct errors and omissions. We recommend the Fiscal Officer use due care while posting revenues and expenditures so that amounts are posted to the proper fund and revenue and/or expenditure classification codes.

Officials' Response:

The Township is striving to correct this for future audits.

**UNION TOWNSHIP
LAWRENCE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2003-001	Ohio Revised Code 149.351(A), Township did not provide supporting documentation for expenditures. Finding for Recovery issued against the Fiscal Officer in the amount of \$53,601.53.	No	Not Corrected, The Township Fiscal Officer did not pay the finding.
2005-001	Ohio Rev. Code Section 149.351(A) regarding lack of supporting documentation for expenditures.	No	Reissued in Schedule of Findings. See Finding Number 2007-002.
2005-002	Ohio Rev. Code Section 507.04(A) regarding lack of an accurate record of the proceedings of the Board of Trustees for all of its meetings.	Yes	N/A
2005-003	Ohio Rev. Code Section 5747.07 regarding the Township not paying state withholding taxes for the audit period.	Yes	N/A
2005-004	Ohio Rev. Code Section 145.47 regarding the Township not making timely pension payments.	Yes	N/A
2005-005	Ohio Rev. Code Section 505.601 regarding Township Trustee insurance reimbursement.	No	Management Letter comment issued.
2005-006	Ohio Rev. Code Section 5705.41(D)(1) regarding not properly encumbering expenditures.	No	Reissued in Schedule of Findings. See Finding Number 2007-006.
2005-007	Approval of financial data and disbursements.	No	Management Letter comment issued.
2005-008	Timely remittance of checks.	No	Reissued in Schedule of Findings. See Finding Number 2007-007.



Mary Taylor, CPA
Auditor of State

UNION TOWNSHIP
LAWRENCE 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
APRIL 14, 2009