



Mary Taylor, CPA  
Auditor of State



**UNION TOWNSHIP  
BROWN COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Union Township  
Brown County  
5300 Schwallie Rd.  
Ripley, Ohio 45167

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Union Township, Brown County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007, 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 basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Union Township, Brown County, Ohio, as of December 31, 2008 and 2007, and the respective changes in cash basis financial position and the respective budgetary comparison for the General, Gasoline Tax, Fire District, and CDBG Grant Funds in 2008, and the General, Mover Vehicle License, Gas, Fire District, and Issue 1 Grant Funds in 2007 in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 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.

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

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

**Mary Taylor, CPA**  
Auditor of State

December 23, 2009

**UNION TOWNSHIP**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2008 and 2007**  
**Unaudited**

This discussion and analysis of the Union Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2008 and 2007, 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 2008 and 2007 are as follows:

In 2008, Union Township received monthly a \$5 per license plate permissive fee paid by the Brown County Auditor. It was initiated in the autumn of 2007. It is permanent and will amount to approximately \$8,000 a year.

In 2007, Union Township received a grant for a road improvement that amounted to \$90,007.

**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. The 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.

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 cash basis of accounting.

**Reporting the Government as a Whole**

The statement of net assets and the statement of activities reflect how the Township did financially during 2008 and 2007, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions

**UNION TOWNSHIP**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2008 and 2007**  
**Unaudited**

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 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 nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

**Reporting the Government'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.

Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for 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 for 2008 are the General, Gas Tax, Fire District, and CDBG Funds, and for 2007 are the General, Motor Vehicle and License, Gas Tax, Fire District, and Issue 1 Grant Funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**The Government as a Whole**

Table 1 provides a summary of the Township's net assets for 2008, 2007, and 2006 on a cash basis.



**UNION TOWNSHIP**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2008 and 2007**  
**Unaudited**

Table 1  
**Net Assets**

	Governmental Activities		
	2008	2007	2006
<b>Assets</b>			
Cash and Cash Equivalents	\$170,885	\$149,230	\$144,693
Total Assets	<u>\$170,885</u>	<u>\$149,230</u>	<u>\$144,693</u>
<b>Net Assets</b>			
Restricted for:			
Road Maintenance	\$72,661	\$64,840	\$63,996
Fire Protection	4,912	4,434	9,003
Unrestricted	93,312	79,956	71,694
Total Net Assets	<u>\$170,885</u>	<u>\$149,230</u>	<u>\$144,693</u>

Net assets of governmental activities increased \$21,655 or 15 percent during 2008. The primary reasons contributing to the increase in cash balances are as follows:

- Increased Gasoline Tax in the Gasoline Fund and the addition of a permissive tax on license plates of \$5.00 per plate purchase in the Motor License Tax Fund.

**UNION TOWNSHIP**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2008 and 2007**  
**Unaudited**

Table 2  
**Changes in Net Assets**

	Governmental Activities		
	2008	2007	2006
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$ 492	\$ 1,292	\$ 1,130
Operating Grants and Contributions	114,091	93,483	98,496
Capital Grants and Contributions	40,000	90,007	0
Total Program Receipts	<u>154,583</u>	<u>184,782</u>	<u>99,626</u>
General Receipts:			
Property and Other Local Taxes	67,045	67,035	33,496
Grants and Entitlements Not Restricted to Specific Programs	25,592	34,923	76,430
Interest	2,724	3,218	3,090
Miscellaneous	846	9,486	879
Total General Receipts	<u>96,207</u>	<u>114,662</u>	<u>113,895</u>
Total Receipts	<u>250,790</u>	<u>299,444</u>	<u>213,521</u>
Disbursements:			
General Government	\$ 51,000	\$ 56,582	\$ 74,104
Public Safety	47,054	47,294	17,668
Public Works	121,754	182,915	104,279
Health	9,326	8,115	13,812
Total Disbursements	<u>229,134</u>	<u>294,906</u>	<u>209,863</u>
Increase (Decrease) in Net Assets	21,656	4,538	3,658
Net Assets, Beginning of year	149,230	144,692	141,035
Net Assets, End of year	<u>\$ 170,886</u>	<u>\$ 149,230</u>	<u>\$ 144,693</u>

In 2008, program receipts represent 62 percent of total receipts. In 2007, program receipts represent 62 percent of total receipts. Program receipts are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money. The receipt of a \$90,007 Issue I Grant in 2007 contributed to an 85 percent increase over 2006, and the Township received a \$40,000 Community Development Block Grant (CDGB) in 2008.

In 2008, General receipts represent 38 percent of the Township's total receipts, and of this amount, over 70 percent are local taxes. State and federal grants and entitlements make the balance of the Township's general (27 percent). In 2007, General receipts represent 38 percent of the Township's total receipts, and of this amount, 59 percent are local taxes. State and federal grants and entitlements, which decreased \$41,507 or 54 percent in 2007 due to a large estate tax settlement in 2006, make up the

**UNION TOWNSHIP**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2008 and 2007**  
**Unaudited**

balance of the Township's general receipts (30 percent). Other receipts in 2008 and 2007 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 Township activities. These include the costs of official's salaries and benefits, Township hall maintenance and utilities. General Government disbursements decrease in 2007 over 2006 due to savings in mowing fees related to two cemeteries that were annexed out of the Township. Public Safety in the costs of providing fire protection to the residents of the Township which, beginning in 2007, is contracted on an annual basis with the Village of Ripley Fire Department at an annual cost of \$43,000. Health costs are the property tax deductions to the county health department, and maintenance cost of the cemeteries. Public Works are the costs of maintaining the roads, which increase in 2007 by \$96,187 over 2006 due to contract repair and paving work on Gardner Road in the amount of \$107,558. While Public Works disbursements did not increase as much in 2008, contract repair and paving work on Straight Creek Road in the amount of \$51,019 contributed to year-end total over \$121,000.

**Governmental Activities**

The Statement of Activities on pages 11 and 19 lists the major services provided by the Township in the first column. The next column identifies the costs of providing these services. The next three columns of the Statement entitled Program Receipts identify amounts paid by individuals who are charged directly for the services 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 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
General Government	\$51,000	(\$51,000)	\$56,582	(\$56,582)
Public Safety	\$47,054	(\$47,054)	\$47,294	(\$47,294)
Public Works	121,754	32,337	200,466	16,976
Health	9,326	(9,326)	8,115	(8,115)
Other		492		7,571
<b>Total Expenses</b>	<b>229,134</b>	<b>(74,551)</b>	<b>312,457</b>	<b>(87,444)</b>

The dependence upon property tax and intergovernmental receipts is apparent as over 67 and 61 percent for 2008 and 2007, respectively, of governmental activities are supported through these general receipts.

**UNION TOWNSHIP**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2008 and 2007**  
**Unaudited**

**The Government's Funds**

In 2008, total governmental funds had receipts of 250,790 and disbursements of 229,134 and in 2007 receipts of 299,445 and disbursements of 312,457. The greatest change within the funds occurred in 2007 when the Township received a grant for a road improvement worth 90,007.

The receipts in the General Fund are approximately \$21,875 higher in 2007 due, in part, to a special assessment by the Brown County Auditor to collect \$8,000 from a property owner when Union Township was forced to construct partition fence.

An important event was receipt of a \$5 per vehicle license plate permissive fee. Because of this event a new Permissive Motor Vehicle License fund was established.

In 2008, the Gasoline Fund is 12 percent higher than 2007 due to higher gasoline price per gallon resulting in higher taxes.

The Fire District Fund is financed by a Fire Levy on real estate and personal property. The fire levy proceeds (\$32,000) do not meet the contract with the Village of Ripley for fire protection for Union Township (\$43,000). The balance is met from the General Fund. In a distressed economy, the fire levy proceeds have been less than \$32,000.

**General Fund Budgeting Highlights**

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

During 2008, the Township amended its budget to reflect changing circumstances. Final budget receipts were above original budgeted receipts due partially to higher gasoline tax received and a small amount of FEMA reimbursement for storm expenses. Also a road improvement grant of \$51,222 was entered but the Township did not get the grant until 2009. Final disbursements were budgeted at \$252,146 while actual disbursements were \$229,134. The Township is cutting expenses due to the fact that they will no longer be receiving inheritance tax and personal property tax has been reduced.

In 2007, the Township's budget was amended to receipts of \$293,667. but actual receipts were \$299,445. In 2007, appropriations were estimated at \$252,164 while actual disbursements were \$294,907. A grant was received for road improvement of \$90,007.

**Capital Assets**

The Government does not report capital assets under the cash basis of accounting.

**Debt Administration**

The Township had no debt during the period of January 1, 2007 to December 31, 2008.

**Current Issues**

The challenge for all Township's 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. We are working on cutting expenses in the General Fund.

**UNION TOWNSHIP**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2008 and 2007**  
**Unaudited**

**Contacting the Government's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Townships 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 Angela Hauke, Fiscal Officer, Union Township, P.O. Box 29, Ripley, Ohio 45167 or by phone at 937-392-1435.

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**Union Township**  
**Clermont County**  
*Statement of Net Assets - Cash Basis*  
*December, 31, 2008*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$170,886</u>
<i>Total Assets</i>	<u><u>\$170,886</u></u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes	\$77,574
Unrestricted	<u>93,312</u>
<i>Total Net Assets</i>	<u><u>\$170,886</u></u>

See accompanying notes to the basic financial statements

**Union Township**  
**Brown County**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2008*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
General Government	\$51,000	\$0	\$0	\$0	(\$51,000)
Public Safety	47,054	0	0	0	(47,054)
Public Works	121,753	0	114,090	40,000	32,337
Health	9,326	0	0	0	(9,326)
Other	0	492	0	0	492
<b>Total</b>	<b>\$229,133</b>	<b>\$492</b>	<b>\$114,090</b>	<b>\$40,000</b>	<b>(74,551)</b>
		<b>General Receipts</b>			
		Property Taxes Levied for:			
					67,045
					Property Taxes
					25,592
					Grants and Entitlements not Restricted to Specific Programs
					2,724
					Interest
					846
					Miscellaneous
					<u>96,207</u>
					<i>Total General Receipts</i>
					21,656
					Change in Net Assets
					<u>149,230</u>
					<i>Net Assets Beginning of Year</i>
					<u>\$170,886</u>
					<i>Net Assets End of Year</i>

See accompanying notes to the basic financial statements



**Union Township**  
**Brown County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2008*

	General	Gasoline Tax	Fire District	CDGB Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$93,312	\$55,186	\$4,913	\$0	\$17,475	\$170,886
<i>Total Assets</i>	<u>\$93,312</u>	<u>\$55,186</u>	<u>\$4,913</u>	<u>\$0</u>	<u>\$17,475</u>	<u>\$170,886</u>
<b>Fund Balances</b>						
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	\$93,312	\$0	\$0	\$0	\$0	\$93,312
Special Revenue Funds	0	55,186	4,913	0	17,475	77,574
<i>Total Fund Balances</i>	<u>\$93,312</u>	<u>\$55,186</u>	<u>\$4,913</u>	<u>\$0</u>	<u>\$17,475</u>	<u>\$170,886</u>

See accompanying notes to the basic financial statements

**UNION TOWNSHIP  
BROWN COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND  
CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	General	Gasoline Tax	Fire District	CDBG Grant Fund	Other Governmental Funds	Total
<b>Receipts</b>						
Local Taxes	\$31,513	\$0	\$35,532	\$0	\$0	\$67,045
Intergovernmental	25,883	89,922	0	40,000	24,369	180,174
Earnings on Investments	1,236	979	0	0	509	2,724
Miscellaneous	846	0	0	0	0	846
<i>Total Receipts</i>	<u>59,478</u>	<u>90,901</u>	<u>35,532</u>	<u>40,000</u>	<u>24,878</u>	<u>250,789</u>
<b>Disbursements</b>						
Current:						
General Government	23,382	27,618	0	0	0	51,000
Public Safety	12,000	0	35,054	0	0	47,054
Public Works	1,414	56,448	0	40,000	23,891	121,753
Health	9,326	0	0	0	0	9,326
<i>Total Disbursements</i>	<u>46,122</u>	<u>84,066</u>	<u>35,054</u>	<u>40,000</u>	<u>23,891</u>	<u>229,133</u>
<i>Net Change in Fund Balances</i>	13,356	6,835	478	0	987	21,656
<i>Fund Balances Beginning of Year</i>	<u>79,956</u>	<u>48,351</u>	<u>4,435</u>	<u>0</u>	<u>16,488</u>	<u>149,230</u>
<i>Fund Balances End of Year</i>	<u><u>\$93,312</u></u>	<u><u>\$55,186</u></u>	<u><u>\$4,913</u></u>	<u><u>\$0</u></u>	<u><u>\$17,475</u></u>	<u><u>\$170,886</u></u>

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

**Union Township**

**Brown County**

*Statement of Receipts, Disbursements and Changes*

*In Fund Balance - Budget and Actual - Budget Basis*

*General Fund*

*For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$24,000	\$30,019	\$31,513	\$1,494
Intergovernmental	27,141	24,471	25,883	1,412
Interest	1,000	1,035	1,236	201
Other	0	0	846	846
<i>Total receipts</i>	<u>52,141</u>	<u>55,525</u>	<u>59,478</u>	<u>3,953</u>
<b>Disbursements</b>				
Current:				
General Government	30,180	30,180	23,382	6,798
Public Safety	10,000	12,000	12,000	0
Public Works	50,000	47,565	1,414	46,151
Health	11,775	12,210	9,326	2,884
Conservation-Recreation	0	0	0	0
Capital Outlay	0	0	0	0
<i>Total Disbursements</i>	<u>101,955</u>	<u>101,955</u>	<u>46,122</u>	<u>55,833</u>
<i>Net Change in Fund Balance</i>	(49,814)	(46,430)	13,356	59,786
<i>Fund Balance Beginning of Year</i>	<u>79,956</u>	<u>79,956</u>	<u>79,956</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$30,142</u></u>	<u><u>\$33,526</u></u>	<u><u>\$93,312</u></u>	<u><u>\$59,786</u></u>

See accompanying notes to the basic financial statements

**Union Township**  
**Brown County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Gasoline Tax Fund*  
*For the Year Ended December 31, 2008*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Receipts</b>				
Intergovernmental	\$64,395	\$84,395	\$89,922	\$5,527
Interest	1,000	1,000	979	(21)
<i>Total receipts</i>	<u>65,395</u>	<u>85,395</u>	<u>90,901</u>	<u>5,506</u>
<b>Disbursements</b>				
Current:				
General Government	28,360	26,465	27,618	(1,153)
Public Works	57,380	56,312	56,448	(136)
<i>Total Disbursements</i>	<u>85,740</u>	<u>82,777</u>	<u>84,066</u>	<u>(1,289)</u>
<i>Net Change in Fund Balance</i>	(20,345)	2,618	6,835	4,217
<i>Fund Balance Beginning of Year</i>	<u>48,351</u>	<u>48,351</u>	<u>48,351</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$28,006</u></u>	<u><u>\$50,969</u></u>	<u><u>\$55,186</u></u>	<u><u>\$4,217</u></u>

See accompanying notes to the basic financial statements

**Union Township**  
**Brown County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Fire District*  
*For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$31,000	\$31,000	\$35,532	\$4,532
<i>Total receipts</i>	31,000	31,000	35,532	4,532
<b>Disbursements</b>				
Current:				
Public Safety	35,435	35,435	35,054	381
<i>Total Disbursements</i>	35,435	35,435	35,054	381
<i>Net Change in Fund Balance</i>	(4,435)	(4,435)	478	4,913
<i>Fund Balance Beginning of Year</i>	4,435	4,435	4,435	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$4,913	\$4,913

See accompanying notes to the basic financial statements

**Union Township**  
**Brown County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*CDBG Grant*  
*For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$40,000	\$40,000	\$40,000	\$0
<i>Total receipts</i>	40,000	40,000	40,000	0
<b>Disbursements</b>				
Current:				
Public Works	40,000	40,000	40,000	0
<i>Total Disbursements</i>	40,000	40,000	40,000	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

**Union Township**  
**Brown County**  
*Statement of Net Assets - Cash Basis*  
*December, 31, 2007*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$149,230</u>
<i>Total Assets</i>	<u><u>\$149,230</u></u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes	\$69,274
Unrestricted	<u>79,956</u>
<i>Total Net Assets</i>	<u><u>\$149,230</u></u>

See accompanying notes to the basic financial statements

**Union Township**  
**Brown County**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2007*

	Program Cash Receipts				(Disbursements)
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Receipts and Governmental Activities
<b>Governmental Activities</b>					
General Government	\$56,582	\$0	\$0	\$0	(\$56,582)
Public Safety	47,294	0	0	0	(47,294)
Public Works	182,915	0	93,483	90,007	575
Health	8,115	0	0	0	(8,115)
Other	0	1,292	0	0	1,292
<i>Total Governmental Activities</i>	294,906	1,292	93,483	90,007	(110,124)
<b>Total</b>	<b>\$294,906</b>	<b>\$1,292</b>	<b>\$93,483</b>	<b>\$90,007</b>	<b>(110,124)</b>
		<b>General Receipts</b>			
		Property Taxes :			
		General Purposes			67,035
		Grants and Entitlements not Restricted to Specific Programs			34,923
		Interest			3,218
		Miscellaneous			9,486
		<i>Total General Receipts</i>			114,662
		Change in Net Assets			4,538
		<i>Net Assets Beginning of Year</i>			144,692
		<i>Net Assets End of Year</i>			<u>\$149,230</u>

See accompanying notes to the basic financial statements



**Union Township**  
**Brown County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2007*

	General	Motor Vehicle Lic. Tax	Gasoline Tax	Fire District	OPWC Grant	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$79,956	\$16,488	\$48,351	\$4,435	\$0	\$149,230
<i>Total Assets</i>	<u>\$79,956</u>	<u>\$16,488</u>	<u>\$48,351</u>	<u>\$4,435</u>	<u>\$0</u>	<u>\$149,230</u>
<b>Fund Balances</b>						
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	\$79,956	\$0	\$0	\$0	\$0	\$79,956
Special Revenue Funds	0	16,488	48,351	4,435	0	69,274
<i>Total Fund Balances</i>	<u>\$79,956</u>	<u>\$16,488</u>	<u>\$48,351</u>	<u>\$4,435</u>	<u>\$0</u>	<u>149,230</u>

See accompanying notes to the basic financial statements

**UNION TOWNSHIP  
BROWN COUNTY**

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

	General	Motor Vehicle Lic Tax	Gasoline Tax	Fire District	OPWC Grant Fund	Total Governmental Funds
<b>Receipts</b>						
Local Taxes	\$28,030		\$0	\$32,726	\$0	\$60,756
Intergovernmental	42,389	12,189	81,399	0	90,007	225,984
Earnings on Investments	1,448	622	1,149	0	0	3,219
Miscellaneous	9,486	0	0	0	0	9,486
<i>Total Receipts</i>	<u>81,353</u>	<u>12,811</u>	<u>82,548</u>	<u>32,726</u>	<u>90,007</u>	<u>299,445</u>
<b>Disbursements</b>						
Current:						
General Government	30,259	660	25,663	0	0	56,582
Public Safety	10,000	0	0	37,294	0	47,294
Public Works	7,166	12,675	55,517	0	107,558	182,916
Health	8,115	0	0	0	0	8,115
<i>Total Disbursements</i>	<u>55,540</u>	<u>13,335</u>	<u>81,180</u>	<u>37,294</u>	<u>107,558</u>	<u>294,907</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	25,813	(524)	1,368	(4,568)	(17,551)	4,538
<b>Other Financing Sources</b>						
Other Financing Sources	(17,550)	0	0	0	17,550	0
<i>Net Change in Fund Balances</i>	8,263	(524)	1,368	(4,568)	(1)	4,538
<i>Fund Balances Beginning of Year</i>	<u>71,692</u>	<u>17,014</u>	<u>46,984</u>	<u>9,003</u>	<u>0</u>	<u>144,693</u>
<i>Fund Balances End of Year</i>	<u>\$79,955</u>	<u>\$16,490</u>	<u>\$48,352</u>	<u>\$4,435</u>	<u>(\$1)</u>	<u>\$149,231</u>

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

**Union Township**  
**Brown County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$25,342	\$22,754	\$28,030	\$5,276
Intergovernmental	31,827	37,906	42,389	4,483
Interest	1,055	868	1,448	580
Other	717	7488	9486	1,998
<i>Total receipts</i>	<u>58,941</u>	<u>69,016</u>	<u>81,353</u>	<u>12,337</u>
<b>Disbursements</b>				
Current:				
General Government	33,501	33,501	30,259	3,242
Public Safety	10,500	10,500	10,000	500
Public Works	31,829	31,829	7,166	24,663
Health	11,855	11,855	8,115	3,740
<i>Total Disbursements</i>	<u>87,685</u>	<u>87,685</u>	<u>55,540</u>	<u>32,145</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(28,744)</u>	<u>(18,669)</u>	<u>25,813</u>	<u>44,482</u>
<b>Other Financing Sources (Uses)</b>				
Other Financing Sources	0	0	0	0
Other Financing Uses	(17,551)	(17,551)	(17,551)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(17,551)</u>	<u>(17,551)</u>	<u>(17,551)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(46,295)	(36,220)	8,262	44,482
<i>Fund Balance Beginning of Year</i>	<u>71,694</u>	<u>71,694</u>	<u>71,694</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$25,399</u>	<u>\$35,474</u>	<u>\$79,956</u>	<u>\$44,482</u>

See accompanying notes to the basic financial statements

**Union Township**  
**Brown County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Motor Vehicle License Tax*  
*For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$16,878	\$16,878	\$12,189	(\$4,689)
Interest	861	861	622	(239)
<i>Total receipts</i>	<u>17,739</u>	<u>17,739</u>	<u>12,811</u>	<u>(4,928)</u>
<b>Disbursements</b>				
Current:				
General Government	660	660	660	0
Health	19,642	19,642	12,675	6,967
<i>Total Disbursements</i>	<u>20,302</u>	<u>20,302</u>	<u>13,335</u>	<u>6,967</u>
<i>Net Change in Fund Balance</i>	(2,563)	(2,563)	(524)	2,039
<i>Fund Balance Beginning of Year</i>	<u>17,012</u>	<u>17,012</u>	<u>17,012</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$14,449</u></u>	<u><u>\$14,449</u></u>	<u><u>\$16,488</u></u>	<u><u>\$2,039</u></u>

See accompanying notes to the basic financial statements

**Union Township**  
**Brown County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Gasoline Tax Fund*  
*For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Intergovernmental	\$64,660	\$67,617	\$81,399	\$13,782
Interest	735.00	737.00	1,148.00	411.00
<i>Total receipts</i>	<u>65,395</u>	<u>68,354</u>	<u>82,547</u>	<u>14,193</u>
<b>Disbursements</b>				
Current:				
General Government	26,235	26,235	25,663	572
Public Works	61,723	61,723	55,517	6,206
<i>Total Disbursements</i>	<u>87,958</u>	<u>87,958</u>	<u>81,180</u>	<u>6,778</u>
<i>Net Change in Fund Balance</i>	(22,563)	(19,604)	1,367	20,971
<i>Fund Balance Beginning of Year</i>	<u>46,984</u>	<u>46,984</u>	<u>46,984</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$24,421</u></u>	<u><u>\$27,380</u></u>	<u><u>\$48,351</u></u>	<u><u>\$20,971</u></u>

See accompanying notes to the basic financial statements

**Union Township**  
**Brown County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Fire District*  
*For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$31,400	\$31,400	\$32,726	\$1,326
Intergovernmental	400	400	0	(400)
<i>Total receipts</i>	<u>31,800</u>	<u>31,800</u>	<u>32,726</u>	<u>926</u>
<b>Disbursements</b>				
Current:				
General Government	38,668	38,668	37,294	1,374
<i>Total Disbursements</i>	<u>38,668</u>	<u>38,668</u>	<u>37,294</u>	<u>1,374</u>
<i>Net Change in Fund Balance</i>	(6,868)	(6,868)	(4,568)	2,300
<i>Fund Balance Beginning of Year</i>	9,003	9,003	9,003	0
<i>Fund Balance End of Year</i>	<u>\$2,135</u>	<u>\$2,135</u>	<u>\$4,435</u>	<u>\$2,300</u>

See accompanying notes to the basic financial statements

**Union Township**  
**Brown County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Issue 1 Grant*  
*For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Receipts</b>				
Intergovernmental	\$0	\$90,007	\$90,007	\$0
<i>Total receipts</i>	<u>0</u>	<u>90,007</u>	<u>90,007</u>	<u>0</u>
<b>Disbursements</b>				
Current:				
Public Works	107,558	107,558	107,558	0
<i>Total Disbursements</i>	<u>107,558</u>	<u>107,558</u>	<u>107,558</u>	<u>0</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(107,558)</u>	<u>(17,551)</u>	<u>(17,551)</u>	<u>0</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	17,551	17,551	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>17,551</u>	<u>17,551</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(107,558)	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>(\$107,558)</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

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**UNION TOWNSHIP  
BROWN COUNTY  
Notes to the Financial Statement  
For the Years Ended December 31, 2008 and 2007**

**Note 1 – Reporting Entity**

Union Township, Brown County, Ohio (the Township), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal officer.

A. Primary Government

The reporting entity is comprised solely of the primary government. The primary government consists of all funds and departments that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, cemetery maintenance, fire protection, and emergency medical services.

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. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

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. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions.

The statement of net assets presents the cash and investment balances 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 the 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.

**UNION TOWNSHIP  
BROWN COUNTY  
Notes to the Financial Statement  
For the Years Ended December 31, 2008 and 2007  
(Continued)**

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

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. Non-major 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 classified as governmental.

Governmental Funds

The Township classifies fund financed primarily from taxes, intergovernmental receipts (E.G. grants), and other non-exchange transactions as governmental funds. Monies are assigned to the various governmental funds according to the purpose for which they may or must be used. The following are the Township's major funds:

General Fund – The General Fund is the general operating fund. It is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Motor Vehicle License Fund – This fund receives motor vehicle license tax money to construct, maintain, and repair Township roads.

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

Fire District Fund – This fund receives outside milage from a levy to provide funds to pay for fire protection for Union Township.

Issue I Grant – This fund was established to receive grant monies in 2007.

Community Development Block Grant – This fund was established to receive grant monies in 2008.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. 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.

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 and services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**UNION TOWNSHIP  
BROWN COUNTY  
Notes to the Financial Statement  
For the Years Ended December 31, 2008 and 2007  
(Continued)**

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

D. Budgetary Process

All 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 Fiscal Officer. 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 certificate 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".

During 2008 and 2007, the Township invested in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit are reported at cost.

Interest earnings are allocated to township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2008 and 2007 was \$1,236.00 and \$1,448.00, respectively.

F. 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.

G. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**UNION TOWNSHIP  
BROWN COUNTY  
Notes to the Financial Statement  
For the Years Ended December 31, 2008 and 2007  
(Continued)**

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

H. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available. Restricted net assets represent \$77,573 of the total fund balance of \$170,884 in 2008 and \$69,274 of a total fund balance of \$149,230 in 2007

**Note 3 – 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, Fire District Fund, OPWC (Issue 1) Grant Fund (for 2007), Permissive Motor Vehicle License Tax Fund (for 2008), and a CDBG Grant Fund (for 2008) is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

**Note 4 – 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.

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.

**UNION TOWNSHIP  
BROWN COUNTY  
Notes to the Financial Statement  
For the Years Ended December 31, 2008 and 2007  
(Continued)**

**Note 4 – Deposits and Investments (Continued)**

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days.
4. Bonds and other obligations of the state of Ohio or Ohio local governments.
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts.
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
7. The State Treasurer's investment pool (STAR Ohio).

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

**Deposits**

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end the 2008 bank balance of \$170,885 was covered by FDIC and not exposed to any custodial credit risk. At fiscal year end the 2007 bank balance of 149,230 was exposed to custodial risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**Note 5 – 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 2008 represent the collection of 2007 taxes. Real property taxes received in 2008 were levied after October 1, 2007, on the assessed values as of January 1, 2007, the lien date. Real Property tax receipts received in 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, 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.

**UNION TOWNSHIP  
BROWN COUNTY  
Notes to the Financial Statement  
For the Years Ended December 31, 2008 and 2007  
(Continued)**

**Note 5 – Property Taxes (Continued)**

Public Utility Property tax receipts received in 2008 represent the collection of 2007 taxes. Public Utility tangible personal property taxes received in 2008 became a lien on December 31, 2007, were levied after October 1, 2007, and are collected with real property taxes. Public utility real property tax receipts received in 2007 represent the collection of 2006 taxes. Public utility tangible personal property taxes received in 2007 became a lien on December 31, 2006, were levied after October 1, 2006 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 2008 (other than public utility property) represent the collection of 2008 taxes. Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the true value as of December 31, 2007. Tangible personal property tax receipts received in 2007 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. 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, 2008 and 2007 was \$8.50 per \$1000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2008 and 2007 property tax receipts were based are as follows:

Real Property	2008	2007
Residential	\$12,779,500	\$12,560,460
Agricultural	7,142,710	7,091,880
Commercial/Industrial/Mineral	2,367,380	2,367,380
Public Utility Property		
Personal	1,492,520	1,492,520
Tangible Personal Property	66,960	98,950
Total Assessed Value	\$23,849,070	\$23,611,190

**Note 6 – 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 2008 and 2007 the Township contracted with Peerless Insurance Company, Indiana Insurance Company, Midwestern Indemnity Company and Westfield Companies to provide property, liability, inland marine, automobile and wrongful acts coverage. Coverage provided as of December 31, 2008 is as follows:

Company	Type of Coverage	Amount of Coverage Per Occurrence/Aggregate
Indian Insurance	Property	\$33,850
Westfield Co.	General Liability	\$1,500,000
Indiana Insurance	Automobile	\$525,000
Indiana Insurance	Equipment	\$45,000
Westfield Co.	Employers Liability	\$100,000/\$300,000
Ohio Casualty	UAN Computer	\$2,000

**UNION TOWNSHIP  
BROWN COUNTY  
Notes to the Financial Statement  
For the Years Ended December 31, 2008 and 2007  
(Continued)**

**Note 6 – Risk Management (Continued)**

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. This rate is based on accident history and administrative costs. The system administers and pays all claims.

**Note 7 – Defined Benefit Pension Plan**

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS).

OPERS administers three separate pension plans as described below:

1. The Traditional Pension Plan - a cost-sharing, multiple-employer defined benefit pension plan.
2. The Member-Directed Plan - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
3. The Combined Plan – a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, and survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

For the years ended December 31, 2008 and 2007, the members of all three plans were required to contribute 10.0 percent and 9.5 percent of their annual covered salaries respectively. The Township's contribution rate for pension benefits for 2008 and 2007 was 14.0 percent and 13.85 percent respectively. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008 and 2007 were \$6,030 and \$5,971. The full amount has been contributed for 2008 and 2007.

**UNION TOWNSHIP  
BROWN COUNTY  
Notes to the Financial Statement  
For the Years Ended December 31, 2008 and 2007  
(Continued)**

**Note 8 – Postemployment benefits**

A. Ohio Public Employees Retirement System

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Plan – a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS provides retirement, disability, and survivor benefits as well as postretirement health care coverage to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for OPERS postretirement health care coverage, age-and-service retirees under the Traditional Plan and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefits recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-employment Benefit (OPEB) as described in GASB Statement 12.

A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. In 2008, local government employer contribution rate was 14.0 percent of covered payroll; 7.0 percent of covered payroll was the portion that was used to fund health care. In 2007, local government employer contribution rate was 13.85 percent of covered payroll; 6.0 percent of covered payroll was the portion that was used to fund health care.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS.

Summary of Assumptions:

**Actuarial Review** – The assumptions and calculations below were based on OPERS' latest actuarial review performed as of December 31, 2007.

**Funding Method** – The individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

**Assets Valuation Method** – All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor.

**Investment Return** – The investment assumption rate for 2007 was 6.50%

**Active Employee Total Payroll** – An annual increase of 4.00%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. In addition, annual pay increases over and above the 4.00% increase, were assumed to range from 0.50% to 6.30%.



**UNION TOWNSHIP  
BROWN COUNTY  
Notes to the Financial Statement  
For the Years Ended December 31, 2008 and 2007  
(Continued)**

**Note 8 – Postemployment Benefits\_(Continued)**

**Health Care** – Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .50% to 4% for the next 7 years. In subsequent years, (8 and beyond) health care costs were assumed to increase at 4% (the projected wage inflation rate).

B. Other Post Employment Benefits (OPEB)

OPEB is advanced-funded on an actuarially determined basis.

The Traditional Pension and Combined Plans had 363,503 active contributing participants as of December 31, 2008. The number of active contributing participants for both plans used in the December 31, 2007, actuarial valuation was 364,076.

Actual employer contributions for 2008 and 2007 which were used to fund postemployment benefits were \$8,667 and \$8,500 respectively. The actual contribution and the actuarially required contribution amounts are the same. OPERS' net assets available for payment of benefits at December 31, 2007, (the latest information available) were \$12.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.8 billion and \$17.0 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

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# 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  
Brown County  
5300 Schwallie Rd.  
Ripley, Ohio 45167

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Union Township, Brown County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007, which collectively comprise the Township's basic financial statements and have issued our report thereon dated December 23, 2009, wherein we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. 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 opinions 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 a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

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.

Corporate Centre of Blue Ash / 11117 Kenwood Rd. / Blue Ash, OH 45242  
Telephone: (513) 361-8550 (800) 368-7419 Fax: (513) 361-8577  
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We consider finding 2008-001 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

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. We believe the significant deficiency described above is also a material weakness.

### **Compliance and Other Matters**

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

We did note certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated December 23, 2009.

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



**Mary Taylor, CPA**  
Auditor of State

December 23, 2009

**UNION TOWNSHIP  
BROWN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007**

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

**FINDING NUMBER 2008-001**

**Material Weakness**

When designing the public office's system of internal control and the specific control activities, management should consider the following:

- Ensure that all transactions are properly authorized in accordance with management's policies.
- Ensure that accounting records are properly designed.
- Verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.
- Perform analytical procedures to determine the reasonableness of financial data.
- Ensure the collection and compilation of the data needed for the timely preparation of financial statements.

The Township lacked management oversight in the proper recording of various transactions. The Township incorrectly posted:

**Adjustments**

	<b>Fund</b>	<b>Description</b>	<b>Year</b>	<b>Classified in Error as</b>	<b>Reclassified as</b>	<b>Amount</b>
From	MVL	PMVL Taxes Received	2008	MVL	PMVL	\$ 8,591
To	PMVL					
From	Gas Tax	FEMA Grant Received	2008	Gas Tax	FEMA	2,963
To	FEMA					
From	Capital Projects	CDBG Grant Received and Expended	2008	Not accounted for	Capital Projects (CDBG)	40,000
To	Capital Projects					
From	Special Rev	To eliminate Special Rev. Fund	2007	Special Revenue	Capital Projects (Issue 1)	107,558
To	Special Rev					
From	Capital Projects	To account for Issue 1 Grant in Capital Projects Fund	2007	Special Revenue	Capital Projects (Issue 1)	90,007
To	Capital Projects					
From	General	To show Transfer from Genreal Fund to Capital Projects Fund	2007	Special Revenue	Capital Projects (Issue 1)	17,550
To	Capital Projects					
From	Capital Projects	To show expenditure of Issue 1 Grant.	2007	General Fund/Specail Revenue	Capital Projects (Issue 1)	90,007
To	Capital Projects					
From	General	To eliminate expenditure of local match from General fund	2007	General Fund	Capital Projects (Issue 1)	17,550
To	Capital Projects					

**FINDING NUMBER 2008-001  
 (Continued)**

The Township also did not reflect the Official Certificate in the budgetary comparisons. The following audit adjustments were recorded by the Township to correct the budgetary statements.

<b>Fund</b>	<b>Year</b>	<b>Budget Classification</b>	<b>Correction Required</b>
General	2008	Budgeted Receipts	\$ 1,884
Gasoline Tax	2008	Budgeted Disbursements	(5,926)
CDBG Grant	2008	Budgeted Receipts	40,000
CDBG Grant	2008	Budgeted Disbursements	40,000
General	2007	Budgeted Receipts	(10,634)
General	2007	Budgeted Disbursements	(20,709)
MVL	2007	Budgeted Receipts	5,642
Gasoline Tax	2007	Budgeted Receipts	(5,482)
Gasoline Tax	2007	Budgeted Disbursements	(2,959)
Fire District	2007	Budgeted Receipts	(800)

These errors resulted in material misstatements in the fund financial statements and budgetary comparisons. The Township corrected the financial statements and accounting records to reflect these adjustments. We recommend the fiscal officer review the chart of accounts per the Township Handbook to ensure that transactions are properly coded, are properly posted to the ledgers, and properly reflected on the annual report. We also recommend that budgetary comparison prepared by the Township reflected the official budget. Management should periodically review detailed financial reports to determine accuracy and to ensure proper procedures are followed by the fiscal officer.

**Officials' Response:**

We did not receive a response from officials regarding the finding reported above.

**UNION TOWNSHIP  
BROWN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2006-001	Ohio Revised Code 5705.41(D), invoice dates preceding purchase order date.	No	Partially Corrected, moved to management letter.
2006-002	Ohio Revised Code 5705.41, expending money before it has been appropriated.	Yes	







Mary Taylor, CPA  
Auditor of State

**UNION TOWNSHIP**

**BROWN 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 12, 2010**