



**Auditor of State  
Betty Montgomery**



**UNION TOWNSHIP  
ROSS COUNTY**

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**Auditor of State  
Betty Montgomery**

Union Township  
Ross County  
9254 Williamsport Pike  
Chillicothe, Ohio 45601

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 a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Township 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 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

June 20, 2005

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Union Township  
Ross County  
9254 Williamsport Pike  
Chillicothe, Ohio 45601

To the Board of Trustees:

We have audited the accompanying financial statements of Union Township, Ross County, Ohio, (the Township) as of and for the years ended December 31, 2004 and 2003. 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.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to

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measure financial statement amounts, 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 year ended December 31, 2004 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, 2004, or the changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Union Township, Ross County, Ohio, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the year ended December 31, 2004. 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 June 20, 2005, 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.



**Betty Montgomery**  
Auditor of State

June 20, 2005



**UNION TOWNSHIP  
ROSS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES AND NONEXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Nonexpendable Trust Fund</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$77,028	\$405,460	\$44,665	\$0	\$527,153
Intergovernmental	86,361	187,339	0	0	273,700
Charges for Services	0	14,925	0	0	14,925
Licenses, Permits, and Fees	0	8,881	0	0	8,881
Earnings on Investments	2,159	241	0	32	2,432
Other Revenue	457	11,972	0	0	12,429
	<u>166,005</u>	<u>628,818</u>	<u>44,665</u>	<u>32</u>	<u>839,520</u>
Total Cash Receipts					
<b>Cash Disbursements:</b>					
Current:					
General Government	155,021	13,537	0	0	168,558
Public Safety	0	298,277	0	0	298,277
Public Works	0	238,354	0	0	238,354
Health	0	23,840	0	0	23,840
Miscellaneous	0	0	0	33	33
Debt Service:					
Redemption of Principal	0	0	37,009	0	37,009
Interest and Fiscal Charges	0	0	7,656	0	7,656
Capital Outlay	392	48,411	0	0	48,803
	<u>155,413</u>	<u>622,419</u>	<u>44,665</u>	<u>33</u>	<u>822,530</u>
Total Cash Disbursements					
Total Cash Receipts Over Cash Disbursements	<u>10,592</u>	<u>6,399</u>	<u>0</u>	<u>(1)</u>	<u>16,990</u>
<b>Other Financing Receipts and (Disbursements):</b>					
Transfers-In	0	8,000	0	0	8,000
Advances-In	13,754	13,754	0	0	27,508
Transfers-Out	(8,000)	0	0	0	(8,000)
Advances-Out	(13,754)	(13,754)	0	0	(27,508)
	<u>(8,000)</u>	<u>8,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)					
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	2,592	14,399	0	(1)	16,990
Fund Cash Balances, January 1	<u>46,286</u>	<u>194,207</u>	<u>0</u>	<u>2,363</u>	<u>242,856</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$48,878</u></b>	<b><u>\$208,606</u></b>	<b><u>\$0</u></b>	<b><u>\$2,362</u></b>	<b><u>\$259,846</u></b>

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

**UNION TOWNSHIP  
ROSS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES AND NONEXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>					<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonexpendable Trust Fund</u>	
<b>Cash Receipts:</b>						
Local Taxes	\$77,115	\$415,129	\$36,060	\$0	\$0	\$528,304
Intergovernmental	88,803	170,296	0	23,500	0	282,599
Charges for Services	0	13,756	0	0	0	13,756
Licenses, Permits, and Fees	0	10,767	0	0	0	10,767
Earnings on Investments	3,166	315	0	0	51	3,532
Other Revenue	945	11,778	0	0	0	12,723
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	170,029	622,041	36,060	23,500	51	851,681
<b>Cash Disbursements:</b>						
Current:						
General Government	165,649	24,877	0	0	0	190,526
Public Safety	0	325,515	0	0	0	325,515
Public Works	0	268,766	0	23,500	0	292,266
Health	0	22,645	0	0	0	22,645
Miscellaneous	0	0	0	0	28	28
Debt Service:						
Redemption of Principal	0	0	32,286	0	0	32,286
Interest and Fiscal Charges	0	0	4,156	0	0	4,156
Capital Outlay	1,322	167,887	0	0	0	169,209
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	166,971	809,690	36,442	23,500	28	1,036,631
Total Cash Receipts Over/(Under) Cash Disbursements	3,058	(187,649)	(382)	0	23	(184,950)
<b>Other Financing Receipts and (Disbursements):</b>						
Proceeds from Notes	0	127,004	0	0	0	127,004
Transfers-In	0	13,972	0	0	0	13,972
Advances-In	5,350	5,350	0	0	0	10,700
Transfers-Out	(13,972)	0	0	0	0	(13,972)
Advances-Out	(5,350)	(5,350)	0	0	0	(10,700)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(13,972)	140,976	0	0	0	127,004
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	(10,914)	(46,673)	(382)	0	23	(57,946)
Fund Cash Balances, January 1	57,200	240,880	382	0	2,340	300,802
<b>Fund Cash Balances, December 31</b>	<b><u>\$46,286</u></b>	<b><u>\$194,207</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$2,363</u></b>	<b><u>\$242,856</u></b>

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

**UNION TOWNSHIP  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**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, Ross County, Ohio, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting 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. Cash 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 values certificates of deposit at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

**UNION TOWNSHIP  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

Fire Fund - This fund receives property tax money to provide fire fighting services to the Township.

Emergency Services Levy Fund - This fund receives property tax money to provide emergency services to the Township.

**3. Debt Service Fund**

This fund accounts for resources the Township accumulates to pay bond and note debt. The Township had the following significant Debt Service Fund:

General Note Retirement Fund - This fund receives property tax money for the retirement of Township debt

**4. Capital Projects Fund**

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

CDBG Fund - The Township received a grant to replace roadways within the Township.

**5. Fiduciary Funds (Trust Fund)**

This fund accounts for resources restricted by legally binding trust agreements. The Township had the following significant Fiduciary Fund:

Cemetery Bequest Fund - This fund earns interest from cemetery bequests for the upkeep of specific lots. The principal of the fund (\$2,000) is invested in a certificate of deposit.

**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. Appropriations lapse at year end.

**UNION TOWNSHIP  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

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

**E. Budgetary Process (Continued)**

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year

A summary of 2004 and 2003 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 CASH AND INVESTMENTS**

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

	<u>2004</u>	<u>2003</u>
Demand deposits	\$181,417	\$139,971
Certificates of deposit	2,000	2,000
Total deposits	<u>183,417</u>	<u>141,971</u>
STAR Ohio	76,429	100,885
Total investments	<u>76,429</u>	<u>100,885</u>
Total deposits and investments	<u>\$259,846</u>	<u>\$242,856</u>

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

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**UNION TOWNSHIP  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$165,854	\$166,005	\$151
Special Revenue	636,816	636,818	2
Debt Service	44,665	44,665	0
Nonexpendable Trust	32	32	0
Total	\$847,367	\$847,520	\$153

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$203,839	\$163,413	\$40,426
Special Revenue	754,687	622,419	132,268
Debt Service	44,665	44,665	0
Nonexpendable Trust	200	33	167
Total	\$1,003,391	\$830,530	\$172,861

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$170,029	\$170,029	\$0
Special Revenue	763,017	763,017	0
Debt Service	36,060	36,060	0
Capital Projects	23,500	23,500	0
Nonexpendable Trust	51	51	0
Total	\$992,657	\$992,657	\$0

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$225,384	\$180,943	\$44,441
Special Revenue	876,132	809,690	66,442
Debt Service	36,442	36,442	0
Capital Projects	23,500	23,500	0
Nonexpendable Trust	100	28	72
Total	\$1,161,558	\$1,050,603	\$110,955

**UNION TOWNSHIP  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopt rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

**5. DEBT**

Debt outstanding at December 31, 2004 was as follows:

	Principal	Interest Rate
2002 Ambulance (Bank Note)	\$44,384	4.25%
2003 Ambulance (Bank Note)	52,675	4%
2003 Heart Monitors (Bank Note)	50,909	4%
Total	\$147,968	

The 2002 Ambulance Note relates to the purchase of an Ambulance in 2002. The Note will be repaid in annual installments of \$16,089, including interest.

The 2003 Ambulance Note relates to the purchase of an Ambulance in 2003. The Note will be repaid in annual installments of \$14,532, including interest.

The 2003 Heart Monitors Note relates to the purchase of three Heart Monitors in 2003. The Note will be repaid in annual installments of \$14,045, including interest.

The above notes will be paid with assessed taxes levied for the retirement of the debt.

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

	2002 Ambulance	2003 Ambulance	2003 Heart Monitors
Year ending December 31:			
2005	\$16,089	\$14,532	\$14,045
2006	16,089	14,532	14,045
2007	16,089	14,532	14,045
2008	0	14,532	14,045
Total	\$48,267	\$58,128	\$56,180

**UNION TOWNSHIP  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**6. RETIREMENT SYSTEM**

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 8.5 percent of their gross salaries. The Township contributed an amount equaling 13.55 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2004.

**7. RISK POOL MEMBERSHIP**

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.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss 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 \$5,000,000 in the aggregate per year. Townships can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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 township.



**UNION TOWNSHIP  
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**7. RISK POOL MEMBERSHIP(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, 2004 and 2003:

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$30,687,203	\$27,792,223
Liabilities	<u>(13,640,962)</u>	<u>(11,791,300)</u>
Retained earnings	<u>\$17,046,241</u>	<u>\$16,000,923</u>

<u>Property Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$7,799,073	\$6,791,060
Liabilities	<u>(753,906)</u>	<u>(750,956)</u>
Retained earnings	<u>\$7,045,167</u>	<u>\$6,040,104</u>

**8. RELATED PARTY TRANSACTIONS**

The Fire Chief's father is the owner of Southern Ohio Protective Clothing, Co. (the Company). The Company sells fire equipment and clothing to the Township. The Trustees approve all purchases made from the Company, but not before cost comparison with like organizations.

The Township purchased items totaling \$4,456 and \$15,922 in fiscal years 2004 and 2003, respectively, from the Company.

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## Auditor of State Betty Montgomery

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

Union Township  
Ross County  
9254 Williamsport Pike  
Chillicothe, Ohio 45601

To the Board of Trustees:

We have audited the financial statements of Union Township, Ross County, Ohio, (the Township) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated June 20, 2005, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted that the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

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

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

#### **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*.

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Union Township  
Ross County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

We intend this report solely for the information and use of the audit committee, management, and the Board of Trustees. It is not intended for anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

June 20, 2005



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
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**UNION TOWNSHIP**

**ROSS 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  
AUGUST 25, 2005**