



*UNION TOWNSHIP, ROSS COUNTY*

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**Regular Audit**

**For the Years Ended  
December 31, 2006 and 2005**

**J.L. UHRIG**  
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS







Mary Taylor, CPA  
Auditor of State

Board of Trustees  
Union Township  
9254 Williamsport Pike  
Chillicothe, Ohio 45601

We have reviewed the *Independent Auditor's Report* of Union Township, Ross County, prepared by J.L. Uhrig and Associates, Inc., for the audit period January 1, 2005 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Union Township is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

May 2, 2007

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*For the Years Ended December 31, 2006 and 2005*

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## Independent Auditor's Report

Board of Trustees  
Union Township, Ross County  
9254 Williamsport Pike  
Chillicothe, OH 45601

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Union Township (the Township), Ross County as of and for the years ended December 31, 2006 and 2005, 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 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 *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the accompanying financial statements and notes follow the cash basis of accounting. 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 in the first paragraph above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township as of December 31, 2006 and 2005, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and major special revenue funds for the years then ended in conformity with the cash basis of accounting presented in Note 2.

As described in Note 3, during the years ended December 31, 2006 and 2005, the Township has implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Also as described in Note 3, during the years ended December 31, 2006 and 2005, the Township implemented GASB Statement Nos. 37, 38 and 40.

Board of Trustees  
Union Township, Ross County  
Independent Auditor's Report

In accordance with *Government Auditing Standards*, we have also issued a report dated March 29, 2007 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 grants. While we do 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* and should be read in conjunction with this report when considering 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 applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.

March 29, 2007

**UNION TOWNSHIP, ROSS COUNTY**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2006 and 2005**  
**Unaudited**

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This discussion and analysis of the Union Township's financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2006 and 2005, 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.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statements No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. Considering the financial resources necessary to prepare this information for the prior year, and that the GASB Statement No. 34 permits the omission of the comparative information in the first year of adoption of the new reporting model, the Township has elected to exclude the information in this report. Subsequent reports will include the comparative information.

**Highlights**

Key highlights for 2006 and 2005 are as follows:

Net assets of governmental activities decreased \$42,545 or 11.60 percent in 2006, a significant change from the prior year. Net assets of governmental activities increased \$106,813, or 41.09 percent in 2005, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents in 2005 was the General Fund, which increased \$87,882 or 179.80 percent. The Township made several large equipment purchases in 2006 including a road paver for \$48,715 and a tractor with a mower attachment for \$64,546. The Township received a decrease in estate tax in 2006 of \$107,824. Estate tax can not be estimated but accounted for as received. There is always the possibility that the Township will receive no estate tax in a given year. Therefore, the Trustees use revenue from estate tax to purchase equipment and capital improvements. The Township does not calculate estate tax for funding the normal operations of the Township.

The Township's general receipts are primarily property taxes and grants and entitlements not restricted to specific programs. These receipts represent respectively 54.46 and 21.35 percent of the total cash received in 2006 for governmental activities during the year. Property tax receipts for 2006 changed very little compared to 2005 as development within the Township has slowed. These receipts represent respectively 44.96 and 28.51 percent of the total cash received in 2005 for governmental activities during the year. Property tax receipts for 2005 changed very little compared to 2004 as development within the Township has slowed.

**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 modified 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

**UNION TOWNSHIP, ROSS COUNTY**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2006 and 2005**  
**Unaudited**

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statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

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

**Basis of Accounting**

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

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

**Reporting the Township as a Whole**

The statement of net assets and the statement of activities reflect how the Township did financially during 2006 and 2005, within the limitations of the cash basis of 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 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 property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, the Township consists of one type of activity:

**Governmental Activities** - All of the Township's basic services are reported here, including police, fire, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**Reporting the 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. The funds of the Township consist of one category: governmental.

**UNION TOWNSHIP, ROSS COUNTY**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2006 and 2005**  
**Unaudited**

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**Governmental Funds** - All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the 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 are the General, Gasoline Tax, Road and Bridge, Building, Fire, and Emergency Services Funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

**The Township as a Whole**

Table 1 provides a summary of the Township's net assets for 2006 compared to 2005 on a cash basis:

(Table 1)  
**Net Assets**

|                           | Governmental Activities |           |
|---------------------------|-------------------------|-----------|
|                           | 2006                    | 2005      |
| <b>Assets</b>             |                         |           |
| Cash and Cash Equivalents | \$324,414               | \$366,745 |
| Total Assets              | \$324,214               | \$366,745 |
| <b>Net Assets</b>         |                         |           |
| <i>Restricted for:</i>    |                         |           |
| <i>Permanent Fund:</i>    |                         |           |
| Expendable                | \$156                   | \$385     |
| Nonexpendable             | 2,000                   | 2,000     |
| Other Purposes            | 210,851                 | 227,600   |
| Unrestricted              | 111,207                 | 136,760   |
| Total Net Assets          | \$324,214               | \$366,745 |

**UNION TOWNSHIP, ROSS COUNTY**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2006 and 2005**  
**Unaudited**

As mentioned previously, net assets of governmental activities decreased \$42,545 or 11.60 percent during 2006. Net assets of governmental activities increased \$106,813 or 41.09 during 2005. The primary reasons contributing to the increases in cash balances are as follows:

- The Township had a decrease in 2006 and an increase in 2005 in estate taxes received during the year.
- The Township made several large equipment purchases in 2006 including a road paver, tractor with mower attachment, turnout gear and radios for the fire department, and a used pickup truck.

Table 2 reflects the changes in net assets in 2006 and 2005.

(Table 2)  
Changes in Net Assets

|  | Governmental Activities |           |
|--|-------------------------|-----------|
|  | 2006                    | 2005      |
| <b><u>Receipts</u></b>                 |                         |           |
| <i>Program Receipts:</i>               |                         |           |
| Charges for Service and Sales          | \$83,145                | \$89,125  |
| Operating Grants and Contributions     | 130,923                 | 148,521   |
| Total Program Receipts                 | 214,068                 | 237,646   |
| <i>General Receipts:</i>               |                         |           |
| Property and Other Local Taxes         | 524,295                 | 507,884   |
| Grants and Entitlements Not Restricted | 205,506                 | 317,344   |
| Earnings on Investments                | 14,210                  | 6,943     |
| Miscellaneous                          | 2,561                   | 40,222    |
| Sale of Capital Assets                 | 2,000                   | 3,160     |
| Proceeds from Sale of Notes            | 256,584                 | 0         |
| Total General Receipts                 | 1,005,156               | 875,553   |
| Total Receipts                         | 1,219,224               | 1,113,199 |
| <b><u>Disbursements:</u></b>           |                         |           |
| General Government                     | 146,318                 | 136,365   |
| Public Safety                          | 615,221                 | 335,573   |
| Public Works                           | 403,210                 | 463,609   |
| Health                                 | 24,023                  | 24,344    |
| Capital Outlay                         | 28,332                  | 1,830     |
| Principal Retirement                   | 40,145                  | 38,497    |
| Interest and Fiscal Charges            | 4,520                   | 6,168     |
| Total Disbursements                    | 1,261,769               | 1,006,386 |
| Increase (Decrease) in Net Assets      | (42,545)                | 106,813   |
| Net Assets at January 1, Restated      | 366,759                 | 259,932   |
| Net Assets at December 31              | \$324,214               | \$366,745 |

**UNION TOWNSHIP, ROSS COUNTY**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2006 and 2005**  
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Program receipts represent only 17.56 percent of total receipts during 2006 and 21.35 percent of total receipts during 2005. Program receipts are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees and charges.

General receipts represent 82.44 percent in 2006 and 78.65 percent in 2005 of the Township's total receipts, and of this amount, over 43.00 percent in 2006 and 45.62 percent in 2005 are local taxes. State and federal grants and entitlements make up 16.86 percent in 2006 and 28.51 percent of the Township's total receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for general government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of Trustees, Fiscal Officer, and other general activities, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs.

Public safety are costs associated with fire protection and emergency services. Public works are costs associated with maintaining Township roads.

**Governmental Activities**

If you look at the statement of activities you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are public works and public safety, which account for \$1,018,431 or 80.71 percent in 2006 and \$799,182 or 79.41 percent in 2005 of all governmental disbursements, respectively. General government also represents a significant cost, about 11.60 percent in 2006 and 13.55 percent in 2005. The next two columns of the statement entitled program receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net receipt (disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the statement. A comparison between the total cost of services and the net cost during 2006 and 2005 is presented in Table 3.

(Table 3)

|                             | <b>Governmental Activities</b>    |                                 | Total Cost<br>Of Services<br>2005 | Net Cost<br>of Services<br>2005 |
|-----------------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
|                             | Total Cost<br>Of Services<br>2006 | Net Cost<br>Of Services<br>2006 |                                   |                                 |
|                             | 2006                              | 2006                            |                                   |                                 |
| General Government          | \$146,318                         | \$146,318                       | \$136,365                         | \$136,365                       |
| Public Safety               | 615,221                           | 593,409                         | 335,573                           | 313,089                         |
| Public Works                | 403,210                           | 230,152                         | 463,609                           | 273,675                         |
| Health                      | 24,023                            | 4,825                           | 24,344                            | (884)                           |
| Capital Outlay              | 28,332                            | 28,332                          | 1,830                             | 1,830                           |
| Principal Retirement        | 40,145                            | 40,145                          | 38,497                            | 38,497                          |
| Interest and Fiscal Charges | 4,520                             | 4,520                           | 6,168                             | 6,168                           |
| <b>Total Expenses</b>       | <b>\$1,261,769</b>                | <b>\$1,047,701</b>              | <b>\$1,006,386</b>                | <b>\$768,740</b>                |

The dependence upon property tax receipts is apparent as over 83.03 percent in 2006 and 58.0 percent in 2005 of governmental activities are supported through these general receipts.

**UNION TOWNSHIP, ROSS COUNTY**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2006 and 2005**  
**Unaudited**

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**The Township's Funds**

Total governmental funds had receipts of \$960,640 in 2006 and \$1,110,039 in 2005 and disbursements of \$1,261,769 in 2006 and \$1,006,386 in 2005. The greatest change for 2006 and 2005 within governmental funds occurred within the General Fund. The fund balance of the General Fund decreased \$25,552 as the result of decreased receipts for 2006. The fund balance of the General Fund increased \$87,882 as the result of increased receipts and decreased disbursements for 2005.

**General Fund Budgeting Highlights**

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

During 2006, the Township amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts increased \$69,270 or 46.78 percent from the original budgeted receipts due to growth in the intergovernmental receipts.

During 2005, the Township amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts increased \$116,180 or 87.88 percent from the original budgeted receipts due growth in the intergovernmental receipts. The difference between final budgeted receipts and actual receipts was not significant.

During 2006, General Fund final disbursements were budgeted at \$172,589 while actual disbursements were \$125,836. Final budgeted disbursements increased \$19,589 or 12.80 percent from the original budgeted disbursements, which is the result of an increase in budgeted receipts.

During 2005, General Fund final disbursements were budgeted at \$248,288 while actual disbursements were \$127,875. Final budgeted disbursements increased \$66,382 or 36.49 percent from the original budgeted disbursements, which is the result of an increase in budgeted receipts.

**Debt Administration**

At December 31, 2006, the Township's outstanding debt included \$325,740 in notes payable. For further information regarding the Township's debt, refer to Note 10 to the basic financial statements.

**Current Issues**

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited funding. As indicated in the preceding financial information, the Township relies heavily on local taxes and intergovernmental receipts to operate at the current level of services.

**UNION TOWNSHIP, ROSS COUNTY**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2006 and 2005**  
**Unaudited**

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**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 Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Karen Rittinger Gossman, Fiscal Officer, Union Township, Ross County, 9254 Williamsport Pike, Chillicothe, Ohio 45601.

**UNION TOWNSHIP, ROSS COUNTY**

*Statement of Net Assets*

*December 31, 2006*

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|  | <u>Governmental<br/>Activities</u> |
|--|------------------------------------|
| <b><u>Assets:</u></b>                      |                                    |
| Equity in Pooled Cash and Cash Equivalents | <u>\$324,214</u>                   |
| <i>Total Assets</i>                        | <u>324,214</u>                     |
| <b><u>Net Assets:</u></b>                  |                                    |
| <i>Restricted for:</i>                     |                                    |
| <i>Permanent Fund: For Improvements</i>    |                                    |
| Expendable                                 | 156                                |
| Nonexpendable                              | 2,000                              |
| Other Purposes                             | 210,851                            |
| Unrestricted                               | <u>111,207</u>                     |
| <i>Total Net Assets</i>                    | <u><u>\$324,214</u></u>            |

See accompanying notes to the basic financial statements.

**UNION TOWNSHIP, ROSS COUNTY**

*Statement of Activities*

*For the Year Ended December 31, 2006*

|   | <u>Program Receipts</u> |                                      |  | Net<br>(Disbursements)<br>Receipts and<br>Changes in<br>Net Assets |
|---|-------------------------|--------------------------------------|--|--|
|   | Disbursements           | Charges for<br>Services and<br>Sales | Operating<br>Grants and<br>Contributions | Governmental<br>Activities   |
| <b><u>Governmental Activities:</u></b>                            |                         |                                      |  |  |
| General Government  | \$146,318               | \$0                                  | \$0                                      | (\$146,318)  |
| Public Safety   | 615,221                 | 21,812                               | 0  | (593,409)  |
| Public Works  | 403,210                 | 42,135                               | 130,923                                  | (230,152)  |
| Health  | 24,023                  | 19,198                               | 0  | (4,825)  |
| Capital Outlay  | 28,332                  | 0                                    | 0  | (28,332)   |
| <i>Debt Service:</i>  |                         |                                      |  |  |
| Principal Retirement  | 40,145                  | 0                                    | 0  | (40,145)   |
| Interest and Fiscal Charges                                       | 4,520                   | 0                                    | 0  | (4,520)  |
| <i>Total Governmental Activities</i>                              | <u>\$1,261,769</u>      | <u>\$83,145</u>                      | <u>\$130,923</u>                         | <u>(1,047,701)</u>   |
| <br>  |                         |                                      |  |  |
| <b><u>General Receipts:</u></b>                                   |                         |                                      |  |  |
| Property Taxes  |                         |                                      |  | 524,295  |
| Grants and Entitlements not Restricted to Specific Programs       |                         |                                      |  | 205,506  |
| Sale of Capital Assets  |                         |                                      |  | 2,000  |
| Proceeds From Sale of Notes                                       |                         |                                      |  | 256,584  |
| Earnings on Investments   |                         |                                      |  | 14,210   |
| Miscellaneous   |                         |                                      |  | 2,561  |
| <i>Total General Receipts</i>                                     |                         |                                      |  | <u>1,005,156</u>   |
| <br>  |                         |                                      |  |  |
| Change in Net Assets  |                         |                                      |  | (42,545)   |
| <br>  |                         |                                      |  |  |
| <i>Net Assets at Beginning of Year - As Restated (See Note 3)</i> |                         |                                      |  | <u>366,759</u>   |
| <br>  |                         |                                      |  |  |
| <i>Net Assets at End of Year</i>                                  |                         |                                      |  | <u><u>\$324,214</u></u>  |

See accompanying notes to the basic financial statements.

**UNION TOWNSHIP, ROSS COUNTY**

*Balance Sheet*

*Governmental Funds*

*December 31, 2006*

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|  | <u>General</u>   | <u>Gasoline<br/>Tax</u> | <u>Road and<br/>Bridge</u> |
|--|------------------|-------------------------|----------------------------|
| <b><u>Assets:</u></b>                      |                  |                         |                            |
| Equity in Pooled Cash and Cash Equivalents | \$111,208        | \$22,854                | \$21,245                   |
| <i>Total Assets</i>                        | <u>\$111,208</u> | <u>\$22,854</u>         | <u>\$21,245</u>            |
| <br>                                       |                  |                         |                            |
| <b><u>Fund Balances:</u></b>               |                  |                         |                            |
| <i>Unreserved:</i>                         |                  |                         |                            |
| General Fund                               | \$111,208        | \$0                     | \$0                        |
| Special Revenue Funds                      | 0                | 22,854                  | 21,245                     |
| Permanent Fund                             | 0                | 0                       | 0                          |
| <i>Total Fund Balances</i>                 | <u>\$111,208</u> | <u>\$22,854</u>         | <u>\$21,245</u>            |

See accompanying notes to the basic financial statements.

| <u>Building</u> | <u>Fire</u>     | <u>Emergency Services</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|-----------------|-----------------|---------------------------|---------------------------------|---------------------------------|
| \$38,127        | \$73,212        | \$41,906                  | \$15,662                        | \$324,214                       |
| <u>\$38,127</u> | <u>\$73,212</u> | <u>\$41,906</u>           | <u>\$15,662</u>                 | <u>\$324,214</u>                |
| \$0             | \$0             | \$0                       | \$0                             | \$111,208                       |
| 38,127          | 73,212          | 41,906                    | 13,506                          | 210,850                         |
| <u>0</u>        | <u>0</u>        | <u>0</u>                  | <u>2,156</u>                    | <u>2,156</u>                    |
| <u>\$38,127</u> | <u>\$73,212</u> | <u>\$41,906</u>           | <u>\$15,662</u>                 | <u>\$324,214</u>                |

**UNION TOWNSHIP, ROSS COUNTY**  
*Statement of Receipts, Disbursements and Changes in Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2006*

|  | General          | Gasoline<br>Tax | Road and<br>Bridge |
|--|------------------|-----------------|--------------------|
| <b><u>Receipts:</u></b>  |                  |                 |                    |
| Property Taxes and Other Local Taxes                                 | \$86,391         | \$0             | \$95,030           |
| Charges for Services   | 0                | 0               | 0                  |
| Licenses, Permits and Fees   | 0                | 0               | 0                  |
| Intergovernmental  | 117,504          | 105,897         | 36,992             |
| Earnings on Investments  | 13,112           | 225             | 0                  |
| Miscellaneous  | 451              | 0               | 0                  |
| <i>Total Receipts</i>  | <u>217,458</u>   | <u>106,122</u>  | <u>132,022</u>     |
| <b><u>Disbursements:</u></b>   |                  |                 |                    |
| <i>Current:</i>  |                  |                 |                    |
| General Government   | 125,836          | 0               | 0                  |
| Public Safety  | 0                | 0               | 0                  |
| Public Works   | 0                | 102,180         | 229,432            |
| Health   | 0                | 0               | 0                  |
| Capital Outlay   | 0                | 0               | 0                  |
| <i>Debt Service:</i>   |                  |                 |                    |
| Principal Retirement   | 0                | 0               | 0                  |
| Interest and Fiscal Charges  | 0                | 0               | 0                  |
| <i>Total Disbursements</i>   | <u>125,836</u>   | <u>102,180</u>  | <u>229,432</u>     |
| <i>Excess of Receipts Over (Under) Disbursements</i>                 | <u>91,622</u>    | <u>3,942</u>    | <u>(97,410)</u>    |
| <b><u>Other Financing Sources (Uses):</u></b>                        |                  |                 |                    |
| Sale of Capital Assets   | 0                | 0               | 800                |
| Proceeds from Sale of Notes  | 0                | 0               | 0                  |
| Transfers In   | 0                | 0               | 113,261            |
| Transfers Out  | (117,174)        | 0               | 0                  |
| <i>Total Other Financing Sources (Uses)</i>                          | <u>(117,174)</u> | <u>0</u>        | <u>114,061</u>     |
| <i>Net Change in Fund Balances</i>                                   | (25,552)         | 3,942           | 16,651             |
| <i>Fund Balances at Beginning of Year - As Restated (See Note 3)</i> | <u>136,760</u>   | <u>18,912</u>   | <u>4,594</u>       |
| <i>Fund Balances at End of Year</i>                                  | <u>\$111,208</u> | <u>\$22,854</u> | <u>\$21,245</u>    |

See accompanying notes to the basic financial statements.

| <u>Building</u> | <u>Fire</u>      | <u>Emergency Services</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|-----------------|------------------|---------------------------|---------------------------------|---------------------------------|
| \$25,917        | \$136,845        | \$135,446                 | \$86,800                        | \$566,429                       |
| 0               | 12,595           | 8,552                     | 0                               | 21,147                          |
| 0               | 105              | 0                         | 9,198                           | 9,303                           |
| 3,879           | 28,499           | 18,632                    | 25,026                          | 336,429                         |
| 0               | 0                | 0                         | 873                             | 14,210                          |
| 1,695           | 893              | 0                         | 10,083                          | 13,122                          |
| <u>31,491</u>   | <u>178,937</u>   | <u>162,630</u>            | <u>131,980</u>                  | <u>960,640</u>                  |
| 20,482          | 0                | 0                         | 0                               | 146,318                         |
| 0               | 442,500          | 172,721                   | 0                               | 615,221                         |
| 0               | 0                | 0                         | 71,598                          | 403,210                         |
| 0               | 0                | 0                         | 24,023                          | 24,023                          |
| 26,143          | 0                | 0                         | 2,189                           | 28,332                          |
| 0               | 0                | 0                         | 40,145                          | 40,145                          |
| 0               | 0                | 0                         | 4,520                           | 4,520                           |
| <u>46,625</u>   | <u>442,500</u>   | <u>172,721</u>            | <u>142,475</u>                  | <u>1,261,769</u>                |
| <u>(15,134)</u> | <u>(263,563)</u> | <u>(10,091)</u>           | <u>(10,495)</u>                 | <u>(301,129)</u>                |
| 0               | 1,000            | 0                         | 200                             | 2,000                           |
| 0               | 256,584          | 0                         | 0                               | 256,584                         |
| 0               | 1,573            | 2,340                     | 0                               | 117,174                         |
| 0               | 0                | 0                         | 0                               | (117,174)                       |
| <u>0</u>        | <u>259,157</u>   | <u>2,340</u>              | <u>200</u>                      | <u>258,584</u>                  |
| (15,134)        | (4,406)          | (7,751)                   | (10,295)                        | (42,545)                        |
| <u>53,261</u>   | <u>77,618</u>    | <u>49,657</u>             | <u>25,957</u>                   | <u>366,759</u>                  |
| <u>\$38,127</u> | <u>\$73,212</u>  | <u>\$41,906</u>           | <u>\$15,662</u>                 | <u>\$324,214</u>                |

**UNION TOWNSHIP, ROSS COUNTY**  
*Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
General Fund  
For the Year Ended December 31, 2006*

|   | Budgeted Amounts |                  | Actual           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|------------------|------------------|------------------|---|
|   | Original         | Final            |                  |   |
| <b><u>Receipts:</u></b>   |                  |                  |                  |   |
| Property Taxes and Other Local Taxes  | \$84,065         | \$86,391         | \$86,391         | \$0   |
| Intergovernmental   | 62,776           | 117,504          | 117,504          | 0   |
| Earnings on Investments   | 1,000            | 13,000           | 13,112           | 112   |
| Miscellaneous   | 235              | 451              | 451              | 0   |
| <i>Total Receipts</i>   | <u>148,076</u>   | <u>217,346</u>   | <u>217,458</u>   | <u>112</u>  |
| <b><u>Disbursements:</u></b>  |                  |                  |                  |   |
| <i>Current:</i>   |                  |                  |                  |   |
| General Government  | 153,000          | 172,589          | 125,836          | 46,753  |
| <i>Total Disbursements</i>  | <u>153,000</u>   | <u>172,589</u>   | <u>125,836</u>   | <u>46,753</u>   |
| <i>Excess of Receipts Over (Under) Disbursements</i>  | <u>(4,924)</u>   | <u>44,757</u>    | <u>91,622</u>    | <u>46,865</u>   |
| <b><u>Other Financing Sources (Uses):</u></b>   |                  |                  |                  |   |
| Transfers Out   | (91,000)         | (124,174)        | (117,174)        | 7,000   |
| <i>Total Other Financing Sources (Uses)</i>   | <u>(91,000)</u>  | <u>(124,174)</u> | <u>(117,174)</u> | <u>7,000</u>  |
| <i>Excess of Receipts and Other Financing Sources Over<br/>(Under) Disbursements and Other Financing Uses</i> | <u>(95,924)</u>  | <u>(79,417)</u>  | <u>(25,552)</u>  | <u>53,865</u>   |
| <i>Fund Balance at Beginning of Year</i>  | <u>136,760</u>   | <u>136,760</u>   | <u>136,760</u>   | <u>0</u>  |
| <i>Fund Balance at End of Year</i>  | <u>\$40,836</u>  | <u>\$57,343</u>  | <u>\$111,208</u> | <u>\$53,865</u>   |

See accompanying notes to the basic financial statements.

**UNION TOWNSHIP, ROSS COUNTY**  
*Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Gasoline Tax Fund  
For the Year Ended December 31, 2006*

|  | Budgeted Amounts |           | Actual    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|-----------|-----------|---|
|  | Original         | Final     |           |   |
| <b><u>Receipts:</u></b>                              |                  |           |           |   |
| Intergovernmental                                    | \$102,850        | \$105,897 | \$105,897 | \$0   |
| Earnings on Investments                              | 150              | 221       | 225       | 4   |
| <i>Total Receipts</i>                                | 103,000          | 106,118   | 106,122   | 4   |
| <b><u>Disbursements:</u></b>                         |                  |           |           |   |
| Public Works   | 120,000          | 120,000   | 102,180   | 17,820  |
| <i>Total Disbursements</i>                           | 120,000          | 120,000   | 102,180   | 17,820  |
| <i>Excess of Receipts Over (Under) Disbursements</i> | (17,000)         | (13,882)  | 3,942     | 17,824  |
| <i>Fund Balance at Beginning of Year</i>             | 18,912           | 18,912    | 18,912    | 0   |
| <i>Fund Balance at End of Year</i>                   | \$1,912          | \$5,030   | \$22,854  | \$17,824  |

See accompanying notes to the basic financial statements.

**UNION TOWNSHIP, ROSS COUNTY**  
*Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Road and Bridge Fund  
For the Year Ended December 31, 2006*

|   | Budgeted Amounts |           | Actual   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|------------------|-----------|----------|---|
|   | Original         | Final     |          |   |
| <b><u>Receipts:</u></b>   |                  |           |          |   |
| Property Taxes and Other Taxes  | \$91,672         | \$95,030  | \$95,030 | \$0   |
| Intergovernmental   | 36,108           | 36,992    | 36,992   | 0   |
| <i>Total Receipts</i>   | 127,780          | 132,022   | 132,022  | 0   |
| <b><u>Disbursements:</u></b>  |                  |           |          |   |
| Public Works  | 130,000          | 246,622   | 229,432  | 17,190  |
| <i>Total Disbursements</i>  | 130,000          | 246,622   | 229,432  | 17,190  |
| <i>Excess of Receipts Over (Under) Disbursements</i>  | (2,220)          | (114,600) | (97,410) | 17,190  |
| <b><u>Other Financing Sources (Uses):</u></b>   |                  |           |          |   |
| Sale of Capital Assets  | 0                | 800       | 800      | 0   |
| Transfers In  | 0                | 113,261   | 113,261  | 0   |
| <i>Total Other Financing Sources (Uses)</i>   | 0                | 114,061   | 114,061  | 0   |
| <i>Excess of Receipts and Other Financing Sources Over<br/>(Under) Disbursements and Other Financing Uses</i> | (2,220)          | (539)     | 16,651   | 17,190  |
| <i>Fund Balance at Beginning of Year</i>  | 4,594            | 4,594     | 4,594    | 0   |
| <i>Fund Balance at End of Year</i>  | \$2,374          | \$4,055   | \$21,245 | \$17,190  |

See accompanying notes to the basic financial statements.

**UNION TOWNSHIP, ROSS COUNTY**  
*Statement of Receipts , Disbursements and Changes*  
*in Fund Balance - Budget and Actual (Budget Basis)*  
*Building Fund*  
*For the Year Ended December 31, 2006*

|  | Budgeted Amounts |          | Actual   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|----------|----------|---|
|  | Original         | Final    |          |   |
| <b><u>Receipts:</u></b>                              |                  |          |          |   |
| Property Taxes and Other Local Taxes                 | \$25,320         | \$25,917 | \$25,917 | \$0   |
| Intergovernmental                                    | 3,002            | 3,879    | 3,879    | 0   |
| Miscellaneous  | 0                | 1,695    | 1,695    | 0   |
| <i>Total Receipts</i>                                | 28,322           | 31,491   | 31,491   | 0   |
| <b><u>Disbursements:</u></b>                         |                  |          |          |   |
| General Government                                   | 50,000           | 23,857   | 20,482   | 3,375   |
| Capital Outlay                                       | 0                | 26,143   | 26,143   | 0   |
| <i>Total Disbursements</i>                           | 50,000           | 50,000   | 46,625   | 3,375   |
| <i>Excess of Receipts Over (Under) Disbursements</i> | (21,678)         | (18,509) | (15,134) | 3,375   |
| <i>Fund Balance at Beginning of Year</i>             | 53,261           | 53,261   | 53,261   | 0   |
| <i>Fund Balance at End of Year</i>                   | \$31,583         | \$34,752 | \$38,127 | \$3,375   |

See accompanying notes to the basic financial statements.

**UNION TOWNSHIP, ROSS COUNTY**  
*Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
**Fire Fund**  
For the Year Ended December 31, 2006

|   | Budgeted Amounts |           | Actual    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|------------------|-----------|-----------|---|
|   | Original         | Final     |           |   |
| <b><u>Receipts:</u></b>   |                  |           |           |   |
| Property Taxes and Other Local Taxes  | \$133,100        | \$136,452 | \$136,845 | \$393   |
| Charges for Services  | 800              | 12,595    | 12,595    | 0   |
| Licenses, Permits and Fees  | 0                | 105       | 105       | 0   |
| Intergovernmental   | 24,611           | 28,394    | 28,499    | 105   |
| Miscellaneous   | 500              | 893       | 893       | 0   |
| <i>Total Receipts</i>   | 159,011          | 178,439   | 178,937   | 498   |
| <b><u>Disbursements:</u></b>  |                  |           |           |   |
| Public Safety   | 203,000          | 480,584   | 442,500   | 38,084  |
| <i>Total Disbursements</i>  | 203,000          | 480,584   | 442,500   | 38,084  |
| <i>Excess of Receipts Over (Under) Disbursements</i>  | (43,989)         | (302,145) | (263,563) | 38,582  |
| <b><u>Other Financing Sources (Uses):</u></b>   |                  |           |           |   |
| Sale of Capital Assets  | 0                | 1,000     | 1,000     | 0   |
| Proceeds from the Sale of Notes   | 0                | 256,584   | 256,584   | 0   |
| Transfers In  | 0                | 1,573     | 1,573     | 0   |
| <i>Total Other Financing Sources (Uses)</i>   | 0                | 259,157   | 259,157   | 0   |
| <i>Excess of Receipts and Other Financing Sources Over<br/>(Under) Disbursements and Other Financing Uses</i> | (43,989)         | (42,988)  | (4,406)   | 38,582  |
| <i>Fund Balance at Beginning of Year</i>  | 77,618           | 77,618    | 77,618    | 0   |
| <i>Fund Balance at End of Year</i>  | \$33,629         | \$34,630  | \$73,212  | \$38,582  |

See accompanying notes to the basic financial statements.

**UNION TOWNSHIP, ROSS COUNTY**  
*Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Emergency Services Fund  
For the Year Ended December 31, 2006*

|   | Budgeted Amounts |           | Actual    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|------------------|-----------|-----------|---|
|   | Original         | Final     |           |   |
| <b><u>Receipts:</u></b>   |                  |           |           |   |
| Property Taxes and Other Local Taxes  | \$131,006        | \$135,201 | \$135,446 | \$245   |
| Charges for Services  | 0                | 8,552     | 8,552     | 0   |
| Intergovernmental   | 17,150           | 18,466    | 18,632    | 166   |
| <i>Total Receipts</i>   | 148,156          | 162,219   | 162,630   | 411   |
| <b><u>Disbursements:</u></b>  |                  |           |           |   |
| Public Safety   | 180,000          | 196,402   | 172,721   | 23,681  |
| <i>Total Disbursements</i>  | 180,000          | 196,402   | 172,721   | 23,681  |
| <i>Excess of Receipts Over (Under) Disbursements</i>  | (31,844)         | (34,183)  | (10,091)  | 24,092  |
| <b><u>Other Financing Sources (Uses):</u></b>   |                  |           |           |   |
| Transfers In  | 0                | 2,340     | 2,340     | 0   |
| <i>Total Other Financing Sources (Uses)</i>   | 0                | 2,340     | 2,340     | 0   |
| <i>Excess of Receipts and Other Financing Sources Over<br/>(Under) Disbursements and Other Financing Uses</i> | (31,844)         | (31,843)  | (7,751)   | 24,092  |
| <i>Fund Balance at Beginning of Year</i>  | 49,657           | 49,657    | 49,657    | 0   |
| <i>Fund Balance at End of Year</i>  | \$17,813         | \$17,814  | \$41,906  | \$24,092  |

See accompanying notes to the basic financial statements.

**UNION TOWNSHIP, ROSS COUNTY**

*Statement of Net Assets*

*December 31, 2005*

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|  | <u>Governmental<br/>Activities</u> |
|--|------------------------------------|
| <b><u>Assets:</u></b>                      |                                    |
| Equity in Pooled Cash and Cash Equivalents | <u>\$366,745</u>                   |
| <i>Total Assets</i>                        | <u>366,745</u>                     |
| <b><u>Net Assets:</u></b>                  |                                    |
| <i>Restricted for:</i>                     |                                    |
| <i>Permanent Fund: For Improvements</i>    |                                    |
| Expendable                                 | 385                                |
| Nonexpendable                              | 2,000                              |
| Other Purposes                             | 227,600                            |
| Unrestricted                               | <u>136,760</u>                     |
| <i>Total Net Assets</i>                    | <u><u>\$366,745</u></u>            |

See accompanying notes to the basic financial statements.

**UNION TOWNSHIP, ROSS COUNTY**

*Statement of Activities*

*For the Year Ended December 31, 2005*

|   | <u>Program Receipts</u> |                                      |  | Net<br>(Disbursements)<br>Receipts and<br>Changes in<br>Net Assets |
|---|-------------------------|--------------------------------------|--|--|
|   | Disbursements           | Charges for<br>Services and<br>Sales | Operating<br>Grants and<br>Contributions | Governmental<br>Activities   |
| <b><u>Governmental Activities:</u></b>                            |                         |                                      |  |  |
| General Government  | \$136,365               | \$0                                  | \$0                                      | (\$136,365)  |
| Public Safety   | 335,573                 | 22,484                               | 0  | (313,089)  |
| Public Works  | 463,609                 | 41,413                               | 148,521                                  | (273,675)  |
| Health  | 24,344                  | 25,228                               | 0  | 884  |
| Capital Outlay  | 1,830                   | 0                                    | 0  | (1,830)  |
| <i>Debt Service:</i>  |                         |                                      |  |  |
| Principal Retirement  | 38,497                  | 0                                    | 0  | (38,497)   |
| Interest and Fiscal Charges                                       | 6,168                   | 0                                    | 0  | (6,168)  |
| <i>Total Governmental Activities</i>                              | <u>\$1,006,386</u>      | <u>\$89,125</u>                      | <u>\$148,521</u>                         | <u>(768,740)</u>   |
| <br>  |                         |                                      |  |  |
| <b><u>General Receipts:</u></b>                                   |                         |                                      |  |  |
| Property Taxes  |                         |                                      |  | 500,482  |
| Other Taxes   |                         |                                      |  | 7,402  |
| Grants and Entitlements not Restricted to Specific Programs       |                         |                                      |  | 317,344  |
| Sale of Capital Assets  |                         |                                      |  | 3,160  |
| Earnings on Investments   |                         |                                      |  | 6,943  |
| Miscellaneous   |                         |                                      |  | 40,222   |
| <i>Total General Receipts</i>                                     |                         |                                      |  | <u>875,553</u>   |
| <br>  |                         |                                      |  |  |
| Change in Net Assets  |                         |                                      |  | 106,813  |
| <br>  |                         |                                      |  |  |
| <i>Net Assets at Beginning of Year - As Restated (See Note 3)</i> |                         |                                      |  | <u>259,932</u>   |
| <br>  |                         |                                      |  |  |
| <i>Net Assets at End of Year</i>                                  |                         |                                      |  | <u><u>\$366,745</u></u>  |

See accompanying notes to the basic financial statements.

**UNION TOWNSHIP, ROSS COUNTY**

*Balance Sheet*

*Governmental Funds*

*December 31, 2005*

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|  | <u>General</u>   | <u>Gasoline<br/>Tax</u> | <u>Road and<br/>Bridge</u> |
|--|------------------|-------------------------|----------------------------|
| <b><u>Assets:</u></b>                      |                  |                         |                            |
| Equity in Pooled Cash and Cash Equivalents | \$136,760        | \$18,912                | \$4,594                    |
| <i>Total Assets</i>                        | <u>\$136,760</u> | <u>\$18,912</u>         | <u>\$4,594</u>             |
| <br>                                       |                  |                         |                            |
| <b><u>Fund Balances:</u></b>               |                  |                         |                            |
| <i>Unreserved:</i>                         |                  |                         |                            |
| General Fund                               | \$136,760        | \$0                     | \$0                        |
| Special Revenue Funds                      | 0                | 18,912                  | 4,594                      |
| Permanent Fund                             | <u>0</u>         | <u>0</u>                | <u>0</u>                   |
| <i>Total Fund Balances</i>                 | <u>\$136,760</u> | <u>\$18,912</u>         | <u>\$4,594</u>             |

See accompanying notes to the basic financial statements.

| <u>Building</u> | <u>Fire</u>     | <u>Emergency Services</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|-----------------|-----------------|---------------------------|---------------------------------|---------------------------------|
| \$53,261        | \$77,618        | \$49,643                  | \$25,957                        | \$366,745                       |
| <u>\$53,261</u> | <u>\$77,618</u> | <u>\$49,643</u>           | <u>\$25,957</u>                 | <u>\$366,745</u>                |
| \$0             | \$0             | \$0                       | \$0                             | \$136,760                       |
| 53,261          | 77,618          | 49,643                    | 23,572                          | 227,600                         |
| <u>0</u>        | <u>0</u>        | <u>0</u>                  | <u>2,385</u>                    | <u>2,385</u>                    |
| <u>\$53,261</u> | <u>\$77,618</u> | <u>\$49,643</u>           | <u>\$25,957</u>                 | <u>\$366,745</u>                |

**UNION TOWNSHIP, ROSS COUNTY**  
*Statement of Receipts, Disbursements and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended December 31, 2005*

|  | General                 | Gasoline<br>Tax        | Road and<br>Bridge    |
|--|-------------------------|------------------------|-----------------------|
| <b><u>Receipts:</u></b>  |                         |                        |                       |
| Property Taxes and Other Local Taxes                                 | \$83,462                | \$0                    | \$91,808              |
| Charges for Services   | 0                       | 0                      | 0                     |
| Licenses, Permits and Fees   | 0                       | 0                      | 0                     |
| Intergovernmental  | 224,844                 | 86,446                 | 36,365                |
| Earnings on Investments  | 6,349                   | 151                    | 0                     |
| Miscellaneous  | 2,301                   | 4,273                  | 29,881                |
| <i>Total Receipts</i>  | <u>316,956</u>          | <u>90,870</u>          | <u>158,054</u>        |
| <b><u>Disbursements:</u></b>   |                         |                        |                       |
| <i>Current:</i>  |                         |                        |                       |
| General Government   | 127,875                 | 0                      | 0                     |
| Public Safety  | 0                       | 0                      | 0                     |
| Public Works   | 0                       | 100,789                | 259,722               |
| Health   | 0                       | 0                      | 0                     |
| Capital Outlay   | 0                       | 0                      | 0                     |
| <i>Debt Service:</i>   |                         |                        |                       |
| Principal Retirement   | 0                       | 0                      | 0                     |
| Interest and Fiscal Charges  | 0                       | 0                      | 0                     |
| <i>Total Disbursements</i>   | <u>127,875</u>          | <u>100,789</u>         | <u>259,722</u>        |
| <i>Excess of Receipts Over (Under) Disbursements</i>                 | <u>189,081</u>          | <u>(9,919)</u>         | <u>(101,668)</u>      |
| <b><u>Other Financing Sources (Uses):</u></b>                        |                         |                        |                       |
| Sale of Capital Assets   | 0                       | 0                      | 3,160                 |
| Transfers In   | 0                       | 0                      | 95,699                |
| Transfers Out  | (101,199)               | 0                      | 0                     |
| Advances In  | 1,034                   | 0                      | 0                     |
| Advances Out   | (1,034)                 | 0                      | 0                     |
| <i>Total Other Financing Sources (Uses)</i>                          | <u>(101,199)</u>        | <u>0</u>               | <u>98,859</u>         |
| <i>Net Change in Fund Balances</i>                                   | 87,882                  | (9,919)                | (2,809)               |
| <i>Fund Balances at Beginning of Year - As Restated (See Note 3)</i> | <u>48,878</u>           | <u>28,831</u>          | <u>7,403</u>          |
| <i>Fund Balances at End of Year</i>                                  | <u><u>\$136,760</u></u> | <u><u>\$18,912</u></u> | <u><u>\$4,594</u></u> |

See accompanying notes to the basic financial statements.

| Building        | Fire            | Emergency Services | Other Governmental Funds | Total Governmental Funds |
|-----------------|-----------------|--------------------|--------------------------|--------------------------|
| \$25,039        | \$131,523       | \$131,387          | \$86,079                 | \$549,298                |
| 0               | 11,591          | 10,768             | 0                        | 22,359                   |
| 0               | 125             | 0                  | 11,928                   | 12,053                   |
| 3,452           | 35,488          | 17,194             | 62,075                   | 465,864                  |
| 0               | 0               | 0                  | 443                      | 6,943                    |
| 66              | 1,945           | 0                  | 15,056                   | 53,522                   |
| <u>28,557</u>   | <u>180,672</u>  | <u>159,349</u>     | <u>175,581</u>           | <u>1,110,039</u>         |
| 8,487           | 3               | 0                  | 0                        | 136,365                  |
| 0               | 167,409         | 168,164            | 0                        | 335,573                  |
| 0               | 0               | 0                  | 103,098                  | 463,609                  |
| 0               | 0               | 0                  | 24,344                   | 24,344                   |
| 0               | 1,830           | 0                  | 0                        | 1,830                    |
| 0               | 0               | 0                  | 38,497                   | 38,497                   |
| 0               | 0               | 0                  | 6,168                    | 6,168                    |
| <u>8,487</u>    | <u>169,242</u>  | <u>168,164</u>     | <u>172,107</u>           | <u>1,006,386</u>         |
| <u>20,070</u>   | <u>11,430</u>   | <u>(8,815)</u>     | <u>3,474</u>             | <u>103,653</u>           |
| 0               | 0               | 0                  | 0                        | 3,160                    |
| 0               | 0               | 0                  | 5,500                    | 101,199                  |
| 0               | 0               | 0                  | 0                        | (101,199)                |
| 0               | 0               | 0                  | 1,034                    | 2,068                    |
| 0               | 0               | 0                  | (1,034)                  | (2,068)                  |
| <u>0</u>        | <u>0</u>        | <u>0</u>           | <u>5,500</u>             | <u>3,160</u>             |
| 20,070          | 11,430          | (8,815)            | 8,974                    | 106,813                  |
| 33,191          | 66,188          | 58,458             | 16,983                   | 259,932                  |
| <u>\$53,261</u> | <u>\$77,618</u> | <u>\$49,643</u>    | <u>\$25,957</u>          | <u>\$366,745</u>         |

**UNION TOWNSHIP, ROSS COUNTY**  
*Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
General Fund  
For the Year Ended December 31, 2005*

|   | Budgeted Amounts |                  | Actual           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|------------------|------------------|------------------|---|
|   | Original         | Final            |                  |   |
| <b><u>Receipts:</u></b>   |                  |                  |                  |   |
| Property Taxes and Other Local Taxes  | \$85,271         | \$83,462         | \$83,462         | \$0   |
| Intergovernmental   | 113,238          | 224,844          | 224,844          | 0   |
| Earnings on Investments   | 2,000            | 6,300            | 6,349            | 49  |
| Miscellaneous   | 200              | 2,283            | 2,301            | 18  |
| <i>Total Receipts</i>   | <u>200,709</u>   | <u>316,889</u>   | <u>316,956</u>   | <u>67</u>   |
| <b><u>Disbursements:</u></b>  |                  |                  |                  |   |
| <i>Current:</i>   |                  |                  |                  |   |
| General Government  | 181,906          | 248,288          | 127,875          | 120,413   |
| <i>Total Disbursements</i>  | <u>181,906</u>   | <u>248,288</u>   | <u>127,875</u>   | <u>120,413</u>  |
| <i>Excess of Receipts Over (Under) Disbursements</i>  | <u>18,803</u>    | <u>68,601</u>    | <u>189,081</u>   | <u>120,480</u>  |
| <b><u>Other Financing Sources (Uses):</u></b>   |                  |                  |                  |   |
| Advances In   | 0                | 1,034            | 1,034            | 0   |
| Advances Out  | 0                | (1,034)          | (1,034)          | 0   |
| Transfers Out   | (9,094)          | (103,293)        | (101,199)        | 2,094   |
| <i>Total Other Financing Sources (Uses)</i>   | <u>(9,094)</u>   | <u>(103,293)</u> | <u>(101,199)</u> | <u>2,094</u>  |
| <i>Excess of Receipts and Other Financing Sources Over<br/>(Under) Disbursements and Other Financing Uses</i> | <u>9,709</u>     | <u>(34,692)</u>  | <u>87,882</u>    | <u>122,574</u>  |
| <i>Fund Balance at Beginning of Year</i>  | <u>48,878</u>    | <u>48,878</u>    | <u>48,878</u>    | <u>0</u>  |
| <i>Fund Balance at End of Year</i>  | <u>\$58,587</u>  | <u>\$14,186</u>  | <u>\$136,760</u> | <u>\$122,574</u>  |

See accompanying notes to the basic financial statements.

**UNION TOWNSHIP, ROSS COUNTY**  
*Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Gasoline Tax Fund  
For the Year Ended December 31, 2005*

|  | Budgeted Amounts |          | Actual   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|----------|----------|---|
|  | Original         | Final    |          |   |
| <b><u>Receipts:</u></b>                              |                  |          |          |   |
| Intergovernmental                                    | \$74,900         | \$86,446 | \$86,446 | \$0   |
| Earnings on Investments                              | 100              | 150      | 151      | 1   |
| Miscellaneous  | 0                | 4,272    | 4,273    | 1   |
| <i>Total Receipts</i>                                | 75,000           | 90,868   | 90,870   | 2   |
| <b><u>Disbursements:</u></b>                         |                  |          |          |   |
| Public Works   | 103,831          | 108,103  | 100,789  | 7,314   |
| <i>Total Disbursements</i>                           | 103,831          | 108,103  | 100,789  | 7,314   |
| <i>Excess of Receipts Over (Under) Disbursements</i> | (28,831)         | (17,235) | (9,919)  | 7,316   |
| <i>Fund Balance at Beginning of Year</i>             | 28,831           | 28,831   | 28,831   | 0   |
| <i>Fund Balance at End of Year</i>                   | \$0              | \$11,596 | \$18,912 | \$7,316   |

See accompanying notes to the basic financial statements.

**UNION TOWNSHIP, ROSS COUNTY**  
*Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Road and Bridge Fund  
For the Year Ended December 31, 2005*

|   | Budgeted Amounts |           | Actual    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|------------------|-----------|-----------|---|
|   | Original         | Final     |           |   |
| <b><u>Receipts:</u></b>   |                  |           |           |   |
| Property Taxes and Other Local Taxes  | \$94,496         | \$93,272  | \$91,808  | (\$1,464)   |
| Intergovernmental   | 35,141           | 36,365    | 36,365    | 0   |
| Miscellaneous   | 0                | 29,881    | 29,881    | 0   |
| <i>Total Receipts</i>   | 129,637          | 159,518   | 158,054   | (1,464)   |
| <b><u>Disbursements:</u></b>  |                  |           |           |   |
| Public Works  | 128,224          | 265,780   | 259,722   | 6,058   |
| <i>Total Disbursements</i>  | 128,224          | 265,780   | 259,722   | 6,058   |
| <i>Excess of Receipts Over (Under) Disbursements</i>  | 1,413            | (106,262) | (101,668) | 4,594   |
| <b><u>Other Financing Sources (Uses):</u></b>   |                  |           |           |   |
| Sale of Capital Assets  | 0                | 3,160     | 3,160     | 0   |
| Transfers In  | 0                | 95,699    | 95,699    | 0   |
| <i>Total Other Financing Sources (Uses)</i>   | 0                | 98,859    | 98,859    | 0   |
| <i>Excess of Receipts and Other Financing Sources Over<br/>(Under) Disbursements and Other Financing Uses</i> | 1,413            | (7,403)   | (2,809)   | 4,594   |
| <i>Fund Balance at Beginning of Year</i>  | 7,403            | 7,403     | 7,403     | 0   |
| <i>Fund Balance at End of Year</i>  | \$8,816          | \$0       | \$4,594   | \$4,594   |

See accompanying notes to the basic financial statements.

**UNION TOWNSHIP, ROSS COUNTY**  
*Statement of Receipts , Disbursements and Changes*  
*in Fund Balance - Budget and Actual (Budget Basis)*  
*Building Fund*  
*For the Year Ended December 31, 2005*

|  | Budgeted Amounts |          | Actual   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|------------------|----------|----------|---|
|  | Original         | Final    |          |   |
| <b><u>Receipts:</u></b>                              |                  |          |          |   |
| Property Taxes and Other Local Taxes                 | \$25,365         | \$25,365 | \$25,039 | (\$326)   |
| Intergovernmental                                    | 3,280            | 3,280    | 3,452    | 172   |
| Miscellaneous  | 0                | 0        | 66       | 66  |
| <i>Total Receipts</i>                                | 28,645           | 28,645   | 28,557   | (88)  |
| <b><u>Disbursements:</u></b>                         |                  |          |          |   |
| General Government                                   | 29,850           | 29,850   | 8,487    | 21,363  |
| Capital Outlay                                       | 28,000           | 28,000   | 0        | 28,000  |
| <i>Total Disbursements</i>                           | 57,850           | 57,850   | 8,487    | 49,363  |
| <i>Excess of Receipts Over (Under) Disbursements</i> | (29,205)         | (29,205) | 20,070   | 49,275  |
| <i>Fund Balance at Beginning of Year</i>             | 33,191           | 33,191   | 33,191   | 0   |
| <i>Fund Balance at End of Year</i>                   | \$3,986          | \$3,986  | \$53,261 | \$49,275  |

See accompanying notes to the basic financial statements.

**UNION TOWNSHIP, ROSS COUNTY**  
*Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*  
**Fire Fund**  
For the Year Ended December 31, 2005

|   | Budgeted Amounts |           | Actual    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|------------------|-----------|-----------|---|
|   | Original         | Final     |           |   |
| <b><u>Receipts:</u></b>   |                  |           |           |   |
| Property Taxes and Other Local Taxes  | \$136,819        | \$130,423 | \$131,523 | \$1,100   |
| Charges for Services  | 4,147            | 11,301    | 11,591    | 290   |
| Licenses, Permits and Fees  | 0                | 125       | 125       | 0   |
| Intergovernmental   | 25,000           | 34,488    | 35,488    | 1,000   |
| Miscellaneous   | 500              | 1,945     | 1,945     | 0   |
| <i>Total Receipts</i>   | 166,466          | 178,282   | 180,672   | 2,390   |
| <b><u>Disbursements:</u></b>  |                  |           |           |   |
| General Government  | 0                | 3         | 3         | 0   |
| Public Safety   | 197,081          | 194,577   | 167,409   | 27,168  |
| Capital Outlay  | 0                | 2,500     | 1,830     | 670   |
| <i>Total Disbursements</i>  | 197,081          | 197,080   | 169,242   | 27,838  |
| <i>Excess of Receipts Over (Under) Disbursements</i>  | (30,615)         | (18,798)  | 11,430    | 30,228  |
| <b><u>Other Financing Sources (Uses):</u></b>   |                  |           |           |   |
| Transfers In  | 246              | 0         | 0         | 0   |
| <i>Total Other Financing Sources (Uses)</i>   | 246              | 0         | 0         | 0   |
| <i>Excess of Receipts and Other Financing Sources Over<br/>(Under) Disbursements and Other Financing Uses</i> | (30,369)         | (18,798)  | 11,430    | 30,228  |
| <i>Fund Balance at Beginning of Year</i>  | 66,188           | 66,188    | 66,188    | 0   |
| <i>Fund Balance at End of Year</i>  | \$35,819         | \$47,390  | \$77,618  | \$30,228  |

See accompanying notes to the basic financial statements.

**UNION TOWNSHIP, ROSS COUNTY**  
*Statement of Receipts, Disbursements and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
Emergency Services Fund  
For the Year Ended December 31, 2005*

|   | Budgeted Amounts |           | Actual    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|------------------|-----------|-----------|---|
|   | Original         | Final     |           |   |
| <b><u>Receipts:</u></b>   |                  |           |           |   |
| Property Taxes and Other Local Taxes  | \$132,303        | \$132,303 | \$131,387 | (\$916)   |
| Charges for Services  | 0                | 8,327     | 10,768    | 2,441   |
| Intergovernmental   | 16,636           | 16,636    | 17,194    | 558   |
| <i>Total Receipts</i>   | 148,939          | 157,266   | 159,349   | 2,083   |
| <b><u>Disbursements:</u></b>  |                  |           |           |   |
| Public Safety   | 177,300          | 185,627   | 168,164   | 17,463  |
| <i>Total Disbursements</i>  | 177,300          | 185,627   | 168,164   | 17,463  |
| <i>Excess of Receipts Over (Under) Disbursements</i>  | (28,361)         | (28,361)  | (8,815)   | 19,546  |
| <b><u>Other Financing Sources (Uses):</u></b>   |                  |           |           |   |
| Transfers In  | 848              | 848       | 0         | (848)   |
| <i>Total Other Financing Sources (Uses)</i>   | 848              | 848       | 0         | (848)   |
| <i>Excess of Receipts and Other Financing Sources Over<br/>(Under) Disbursements and Other Financing Uses</i> | (27,513)         | (27,513)  | (8,815)   | 18,698  |
| <i>Fund Balance at Beginning of Year</i>  | 58,458           | 58,458    | 58,458    | 0   |
| <i>Fund Balance at End of Year</i>  | \$30,945         | \$30,945  | \$49,643  | \$18,698  |

See accompanying notes to the basic financial statements.

**UNION TOWNSHIP, ROSS COUNTY**  
**Notes to the Basic Financial Statements**  
**For the Years Ended December 31, 2006 and 2005**

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**Note 1 – Reporting Entity**

The Union Township, Ross 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.

The Township provides general government services, maintenance of Township roads and bridges, maintenance of cemeteries and fire and emergency service protection. The Ross County Sheriff's Department provides the Township with protection at no cost to the Township.

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

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. 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. The statements distinguished between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. The Township has no business-type activities.

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

*UNION TOWNSHIP, ROSS COUNTY*  
*Notes to the Basic Financial Statements*  
*For the Years Ended December 31, 2006 and 2005*

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**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 and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

**B. Fund Accounting**

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are divided into one category: governmental.

**Governmental Funds**

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. Governmental funds focus on the sources, uses, and balances of current financial resources.

The following is the Township's major governmental funds:

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

**Gasoline Tax Fund** – This fund is comprised of taxes on the sale of gasoline which is distributed to the Township based upon road mileage determined by the state. The Township uses the Gasoline Tax Fund for the repair and maintenance of Township roads.

**Road and Bridge Fund** – This fund is comprised of property taxes designated for the repair and maintenance of Township roads and bridges. The Township uses the Road and Bridge Fund for the repair and maintenance of Township roads.

**Building Fund** – This fund is comprised of property taxes used to maintain the up keep of the Township's buildings.

**Fire Fund** – This fund is comprised of property taxes and contract for services designated to be used for the operation of the Fire and Emergency Service Department.

**Emergency Services Fund** – This fund is comprised of property taxes designated to be used for the salary of paid employees and volunteer members of the Fire and Emergency Service Department.

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

**UNION TOWNSHIP, ROSS COUNTY**  
**Notes to the Basic Financial Statements**  
**For the Years Ended December 31, 2006 and 2005**

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

**C. Basis of Accounting**

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

**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, function, 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 certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

**E. Cash and Investments**

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

During 2006 and 2005, the Township invested in nonnegotiable certificates of deposit, and STAR Ohio. The nonnegotiable certificates of deposit are reported at cost.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2006 and 2005.

**UNION TOWNSHIP, ROSS COUNTY**  
**Notes to the Basic Financial Statements**  
**For the Years Ended December 31, 2006 and 2005**

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

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 2006 was \$13,112 which includes \$8,012 assigned from other Township funds. The interest receipts credited to the General Fund during 2005 was \$6,349 which includes \$4,292 assigned from other Township funds.

**F. Inventory and Prepaid Items**

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

**G. 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.

**H. Interfund Receivables/Payables**

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

**I. Accumulated Leave**

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

**J. 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 8 and 9, the employer contributions include portions for pension benefits and for postemployment health care benefits.

**K. Long-Term Obligations**

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

**L. 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. Net assets restricted for other purposes include resources restricted for state grants reported in special revenue funds.

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.

**UNION TOWNSHIP, ROSS COUNTY**  
**Notes to the Basic Financial Statements**  
**For the Years Ended December 31, 2006 and 2005**

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

**M. Fund Balance Reserves**

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

**Note 3 – Prior Period Adjustment and Change in Basis of Accounting**

**Change in Basis of Accounting**

Last year the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor’s Office. This year the Township has implemented the cash basis of accounting described in note 2. For Fiscal Year 2005, the Township has implemented GASB Statement No. 34 , “Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments,” GASB Statement No. 37, “Basic Financial Statements for State and Local Governments: Omnibus,” GASB Statement No. 38 “Certain Financial Statement Note Disclosures,” GASB Statement No. 40, “Deposit and Investment Risk Disclosures.” The implementation of GASB Statement No. 40 had some effect on the disclosure requirements, however, there was no effect on the prior period fund balances of the Township. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

**2006 Prior Period Adjustment**

In December 2006, the Township voided a check issued in November 2005. This resulted in a restatement of the prior period cash balance.

|   | Governmental<br>Activities | Emergency<br>Services |
|---|----------------------------|-----------------------|
| Net Assets at December 31, 2005             | \$366,745                  | \$49,643              |
| Understatement of Cash and Cash Equivalents | 14                         | 14                    |
| Adjusted Net Assets at December 31, 2005    | \$366,759                  | \$49,657              |

**2005 Prior Period Adjustment**

In January 2005, the Township voided a check issued in 2004 and reissued a check. This resulted in a restatement of the prior period cash balance.

|   | Governmental<br>Activities | Emergency<br>Services |
|---|----------------------------|-----------------------|
| Net Assets at December 31, 2004             | \$259,846                  | \$58,372              |
| Understatement of Cash and Cash Equivalents | 86                         | 86                    |
| Adjusted Net Assets at December 31, 2004    | \$259,932                  | \$58,458              |

**UNION TOWNSHIP, ROSS COUNTY**  
**Notes to the Basic Financial Statements**  
**For the Years Ended December 31, 2006 and 2005**

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**Note 4 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Building Fund, Fire Fund and Emergency Services Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. There are no differences between the budgetary basis and the cash basis.

**Note 5 – 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;
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;

**UNION TOWNSHIP, ROSS COUNTY**  
**Notes to the Basic Financial Statements**  
**For the Years Ended December 31, 2006 and 2005**

**Note 5 – Deposits and Investments – (continued)**

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’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Township.

At December 31, 2006, the carrying amount of all Township deposits was \$96,792. Based on the criteria described in GASB Statement No. 40, “Deposit and Investment Risk Disclosures”, as of December 31, 2006, \$22,986 of the Township’s bank balance of \$122,986 was exposed to custodial risk as discussed above while \$100,000 was covered by Federal Deposit Insurance. The \$22,986 exposed to custodial risk was collateralized with securities held by the Township or its agency in the Township’s name.

At December 31, 2005, the carrying amount of all Township deposits was \$87,365. Based on the criteria described in GASB Statement No. 40, “Deposit and Investment Risk Disclosures”, as of December 31, 2005, \$18,481 of the Township’s bank balance of \$118,481 was exposed to custodial risk as discussed above while \$100,000 was covered by Federal Deposit Insurance. The \$18,481 exposed to custodial risk was collateralized with securities held by the Township or its agency in the Township’s name.

Investments

As of December 31, 2006, the Township had the following investments and maturities:

| Investment Type | Fair Value | 6 Months or Less |
|-----------------|------------|------------------|
| STAROhio        | \$227,422  | \$227,422        |
| Totals          | \$227,422  | \$227,422        |

**UNION TOWNSHIP, ROSS COUNTY**  
**Notes to the Basic Financial Statements**  
**For the Years Ended December 31, 2006 and 2005**

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**Note 5 – Deposits and Investments** – (continued)

As of December 31, 2005, the district had the following investments and maturities:

| Investment Type | Fair Value | 6 Months or Less |
|-----------------|------------|------------------|
| STAROhio        | \$279,380  | \$279,380        |
| Totals          | \$279,380  | \$279,380        |

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the Township’s investment policy permits limits investment portfolio maturities to five years or less

*Credit Risk:* Standard and Poor’s has assigned STAROhio an “AAAm” money market rating.

*Custodial Credit Risk:* For investments, custodian credit risk is the risk that, in the event of the failure of the counter party, the Township will not be able to recover the value of it’s investments or collateral securities in the possession of an outside party. Township policy provides that investment collateral is held by the counter party as trust department or agent, and may be held in the name of the Township or not.

**Note 6 – 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 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2004, were levied after October 1, 2005, 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 2006 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. 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.

**UNION TOWNSHIP, ROSS COUNTY**  
**Notes to the Basic Financial Statements**  
**For the Years Ended December 31, 2006 and 2005**

**Note 6 – Property Taxes**– (continued)

The full tax rate for all Township operations for the years ended December 31, 2006 and 2005, was \$7.40 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 and 2005 property tax receipts were based are as follows:

|                               |              |
|-------------------------------|--------------|
| Real Property                 |              |
| Residential                   | \$76,707,400 |
| Agricultural                  | 9,439,350    |
| Commercial/Industrial/Mineral | 2,098,810    |
| Tangible Personal Property    | 937,460      |
| Public Utility                | 4,326,910    |
| Total Assessed Value          | \$93,509,930 |

**Note 7 – 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 2006 and 2005, the Township contracted with several companies for various types of insurance coverage as follows:

| Company                              | Type of Coverage    | Amount of Coverage    |           |
|--------------------------------------|---------------------|-----------------------|-----------|
|                                      |                     | 2006                  | 2005      |
| Ohio Government Risk Management Plan | Commercial Property | \$1,061,200           | \$951,000 |
|                                      | General Liability   | 2,000,000 / 4,000,000 | 2,000,000 |
|                                      | Wrongful Acts       | 2,000,000 / 4,000,000 | 2,000,000 |
|                                      | Inland Marine       | 591,349               | 591,349   |
|                                      | Vehicle             | 2,000,000             | 2,000,000 |
|                                      | Public Officials    | 10,000                | 10,000    |
|                                      | Fire Vehicle RC     | 1,381,000             | 1,381,000 |
|                                      | EDP                 | 10,000                | 10,000    |

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

**UNION TOWNSHIP, ROSS COUNTY**  
**Notes to the Basic Financial Statements**  
**For the Years Ended December 31, 2006 and 2005**

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**Note 8 – 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. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. 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) 222-6705 or (800) 222-7377.

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The Township's contribution rate for pension benefits for 2006 was 9.8 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 13.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The Township's contribution rate for pension benefits for 2005 was 9.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 13.55 percent of covered payroll. 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, 2006, 2005, and 2004 were \$11,192, \$12,302, and \$15,656, respectively. The full amount has been contributed for 2006, 2005 and 2004. Contributions to the member-directed plan for 2006 were \$16,667 and for 2005 were \$17,454.

**UNION TOWNSHIP, ROSS COUNTY**  
**Notes to the Basic Financial Statements**  
**For the Years Ended December 31, 2006 and 2005**

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**Note 9 - Postemployment Benefits**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.7 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.50 percent of covered payroll was the portion that was used to fund health care. The 2005 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

At December 31, 2006, the number of active contributing participants in the traditional and combined plans was 369,214. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$5,475. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

**UNION TOWNSHIP, ROSS COUNTY**  
**Notes to the Basic Financial Statements**  
**For the Years Ended December 31, 2006 and 2005**

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**Note 10 - Notes Payable**

A summary of the note transactions for the year ended December 31, 2006, follows:

|                                | Interest<br>Rate | Balance<br>December 31,<br>2005 | Additions        | Reductions      | Balance<br>December 31,<br>2006 |
|--------------------------------|------------------|---------------------------------|------------------|-----------------|---------------------------------|
| <u>Governmental Activities</u> |                  |                                 |                  |                 |                                 |
| 2002 Ambulance                 | 4.25%            | \$30,161                        | \$0              | \$14,753        | \$15,408                        |
| 2003 Ambulance                 | 4.00%            | 40,210                          | 0                | 12,861          | 27,349                          |
| 2003 Heart Monitors            | 4.00%            | 38,930                          | 0                | 12,531          | 26,399                          |
| 2006 Fire Truck                | 4.94%            | 0                               | 256,584          | 0               | 256,584                         |
| Total Governmental Activities  |                  | <u>\$109,301</u>                | <u>\$256,584</u> | <u>\$40,145</u> | <u>\$325,740</u>                |

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 2006 Fire Truck Note relates to the purchase of a fire truck in 2006. The Note will be repaid in annual installments of \$33,325, including interest.

**UNION TOWNSHIP, ROSS COUNTY**  
**Notes to the Basic Financial Statements**  
**For the Years Ended December 31, 2006 and 2005**

**Note 10 - Notes Payable** (continued)

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

| Year Ending December 31:           | 2002<br>Ambulance | 2003<br>Ambulance | 2003<br>Heart Monitors | 2006<br>Fire Truck |
|------------------------------------|-------------------|-------------------|------------------------|--------------------|
| 2007                               | \$16,089          | \$14,532          | \$14,045               | \$33,325           |
| 2008                               | 0                 | 14,532            | 14,045                 | 33,325             |
| 2009                               | 0                 | 0                 | 0                      | 33,325             |
| 2010                               | 0                 | 0                 | 0                      | 33,325             |
| 2011                               | 0                 | 0                 | 0                      | 33,325             |
| 2012                               | 0                 | 0                 | 0                      | 33,325             |
| 2013                               | 0                 | 0                 | 0                      | 33,325             |
| 2014                               | 0                 | 0                 | 0                      | 33,325             |
| 2015                               | 0                 | 0                 | 0                      | 33,325             |
| 2016                               | 0                 | 0                 | 0                      | 33,325             |
| Total Debt Payments                | 16,089            | 29,064            | 28,090                 | 333,250            |
| Less: Amount Representing Interest | 681               | 1,715             | 1,691                  | 76,666             |
| Total Principal                    | <u>\$15,408</u>   | <u>\$27,349</u>   | <u>\$26,399</u>        | <u>\$256,584</u>   |

**Note 11 – Related Party Transactions**

A volunteer on the Union Township Fire Department 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 comparisons with like organizations. The Township purchased items totaling \$20,841 and \$18,126 in fiscal years 2006 and 2005, respectively, from the Company.

The Township also made purchases from Big Dog Customs, which is owned by a volunteer on the Union Township Fire Department. The Trustees approve all purchases made from the company, but not before cost comparisons with like organizations. The Township purchased items totaling \$1,304 and \$1,306 in fiscal years 2006 and 2005, respectively, from Big Dog Customs.

**Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Required by  
Government Auditing Standards**

Board of Trustees  
Union Township, Ross County  
9254 Williamsport Pike  
Chillicothe, OH 45601

We have audited the accompanying financial statements of Union Township, Ross County, Ohio (Township) , as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated March 29, 2007, which we noted the Township implemented Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*; GASB Statement No. 37, *Basic Financial Statements for State and Local Governments: Omnibus*; GASB Statement No. 38, *Certain Financial Statement Note Disclosures*; and GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. As discussed in Note 2, the Township followed the cash basis of accounting, which is a comprehensive basis other than accounting principles generally accepted in the United States of America. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

**Internal Control over Financial Reporting**

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

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.

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

Union Township, Ross County  
Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Required by  
Government Auditing Standards

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the Board of Trustees, management, and audit committee, and is not intended to be and should not be used by anyone other than these specified parties.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.

March 29, 2007



Mary Taylor, CPA  
Auditor of State

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  
MAY 15, 2007