

**EAST UNION TOWNSHIP
WAYNE COUNTY, OHIO**

REGULAR AUDIT

**For The Years
Ended December 31, 2007 - 2006**



Mary Taylor, CPA
Auditor of State

Board of Trustees
East Union Township
PO Box 222
Apple Creek, Ohio 44606

We have reviewed the *Independent Auditor's Report* of East Union Township, Wayne County, prepared by Kennedy Cottrell Richards LLC for the audit period January 1, 2006 through December 31, 2007. 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. East Union Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 3, 2008

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INDEPENDENT AUDITOR'S REPORT

East Union Township
To the Trustees of East Union Township:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of East Union Township, Wayne County, Ohio (the Township), as of and for the years ended December 31, 2007 and 2006, 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 the Comptroller General of the United States' *Government Auditing Standards*. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 opinions.

As discussed in Note 1, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the remaining fund information of East Union Township, Wayne County, as of December 31, 2007 and 2006, and the respective changes in modified cash basis financial position and the respective budgetary comparison for the General, Gasoline Tax, Road and Bridge, and Fire District funds thereof for the years then ended in conformity with the accounting basis Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 22, 2008, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires.

We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Kennedy Cottrell Richards LLC". The signature is written in a cursive, flowing style.

Kennedy Cottrell Richards LLC
April 22, 2008

EAST UNION TOWNSHIP, WAYNE COUNTY

Management's Discussion and Analysis For the Years Ended December 31, 2007 and 2006 Unaudited

This discussion and analysis of the East Union Township's financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2007 and 2006, within the limitations of the Township's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2007 are as follows:

Net assets of governmental activities decreased \$308,174, or a 30 percent change from the 2006. The fund most affected by the decrease in cash and cash equivalents was the General Fund which realized the greatest burden of increased costs during 2007 related to increased capital outlay disbursements. The main reason for the increase in General Fund Capital outlay is due to the purchase of property with the Village of Apple Creek as part of the Joint Economic Development Agreement. The purchase of the land was split between the Township and the Village with the Township paying \$210,000

The Township's general receipts are primarily property taxes. These receipts represent \$482,233 or 72% and \$463,808 or 71% of the total general cash received for governmental activities during 2007 and 2006, respectively. Property tax receipts for 2007 increased 4.00 percent compared to 2006.

The Township's main project for 2007 was the maintenance and repair of the roadways and bridges. The Township improved some allotment areas by paving some of the culd-a-sac's rather than chip and sealing.

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

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

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a modified cash basis of accounting. This

EAST UNION TOWNSHIP, WAYNE COUNTY

Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified 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 Government as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2007 and 2006, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments 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 modified cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and real estate taxes.

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

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

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are all governmental.

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

EAST UNION TOWNSHIP, WAYNE COUNTY

Management's Discussion and Analysis

For the Years Ended December 31, 2007 and 2006

Unaudited

whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns.

The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds for both 2007 and 2006 included the General Fund, Road and Bridge, and Fire District. The Gasoline Tax Fund was a major fund for 2007 only as it did not meet the criteria to be included as a major fund for 2006. 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 Government as a Whole

Table 1 provides a summary of the Township's net assets for 2007 compared to 2006 on a modified cash basis:

(Table 1)
Net Assets

	Governmental Activities		
	2007	2006	2005
Assets			
Cash and Cash Equivalents	\$ 408,890	\$ 415,036	\$ 570,414
Investments	295,172	597,200	593,681
Total Assets	<u>704,062</u>	<u>1,012,236</u>	<u>1,164,095</u>
Net Assets			
Restricted for:			
Other Purposes	548,929	573,191	601,583
Unrestricted	155,133	439,045	562,512
Total Net Assets	<u>\$ 704,062</u>	<u>\$ 1,012,236</u>	<u>\$ 1,164,095</u>

As mentioned previously, net assets of governmental activities decreased \$ 308,174 or 30 percent during 2007. The primary reasons contributing to the decreases in cash balances are as follows:

- Increases in salaries ranging from 2% to 3% based on current governmental cost of living recommendations.
- Capital Outlay in the General Fund increased by \$133,205 and the Gasoline Tax Fund disbursed \$98,209 from 2006 to 2007.
- Total Net Assets decreased from 2005 to 2006 due to increased expenditures in 2006.

Table 2 reflects the changes in net assets in 2007. In future years, when prior year information is available, a comparative analysis will be presented.

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Management's Discussion and Analysis
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(Table 2)
Changes in Net Assets

	Governmental Activities 2007	Governmental Activities 2006	Governmental Activities 2005
Receipts:			
Program Receipts:			
Charges for Services and Sales	4,973	10,054	17,026
Operating Grants and Contributions	121,336	122,000	108,058
Total Program Receipts	<u>126,309</u>	<u>132,054</u>	<u>125,084</u>
General Receipts:			
Property and Other Local Taxes	482,233	463,808	436,965
Grants and Entitlements Not Restricted to Specific Programs	137,961	147,948	138,589
Interest	24,839	31,110	20,560
Miscellaneous	27,914	6,769	5,714
Total General Receipts	<u>672,947</u>	<u>649,635</u>	<u>601,828</u>
Total Receipts	<u>799,256</u>	<u>781,689</u>	<u>726,912</u>
Disbursements:			
General Government	244,048	170,263	133,029
Public Safety	54,063	57,417	63,669
Public Works	436,463	428,091	436,534
Health	23,924	23,623	22,113
Human Services	1,811	2,817	1,273
Conservation-Recreation	3,253	2,535	1,916
Other	-	2,591	552
Capital Outlay	257,627	155,423	21,999
Principal Retirement	82,574	82,571	82,571
Interest and Fiscal Charges	3,667	8,217	12,485
Total Disbursements	<u>1,107,430</u>	<u>933,548</u>	<u>776,141</u>
Excess (Deficiency) Before Transfers	(308,174)	(151,859)	(49,229)
Transfers	-	-	-
Increase (Decrease) in Net Assets	<u>(308,174)</u>	<u>(151,859)</u>	<u>(49,229)</u>
Net Assets, January 1	<u>1,012,236</u>	<u>1,164,095</u>	<u>1,213,324</u>
Net Assets, December 31	<u>704,062</u>	<u>1,012,236</u>	<u>1,164,095</u>

Program receipts represent approximately 17 percent of total receipts for both 2007 and 2006 and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent approximately 83 percent of the Township's total receipts for both 2007 and 2006, and of this amount, approximately 70 percent are local taxes for both 2007 and 2006. State and federal grants and entitlements make up most of the remaining balance of the Township's general receipts for both 2007 and 2006. Other receipts are very insignificant and somewhat unpredictable revenue sources.

From 2005 to 2006 expenditures increased from \$776,141 to \$933,548 primarily as a result of increased capital expenditures and general government expenditures.

EAST UNION TOWNSHIP, WAYNE COUNTY

Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
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Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Government activities. These include the costs of the board of trustees and clerk. Since these costs do not represent direct services to residents, we try to limit these costs.

Public Safety is the costs of fire protection; Public Health Services is the health department; Conservation and Recreation are the costs of maintaining the parks and playing fields; The Public Works is the costs for upkeep on Township roads and other related projects.

Governmental Activities

If you look at the Statement of Activities on pages 11 and 19, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for general government, public works, debt service and capital outlay which account 22%, 39%, 8% and 26% for 2007, and 18% 45%, 9% and 17% for 2006, respectively. 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 Government that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities	Total Cost	Net Cost	Total Cost	Net Cost	Total Cost	Net Cost
	Of Services	of Services	Of Services	of Services	Of Services	of Services
	2007	2007	2006	2006	2005	2005
General Government	\$ 244,048	\$ 244,048	\$ 170,263	\$ 170,263	\$ 133,029	\$ 133,029
Public Safety	54,063	49,090	57,417	47,363	63,669	46,643
Public Works	436,463	315,127	428,091	306,091	436,534	327,473
Health	23,924	23,924	23,623	23,623	22,113	22,113
Human Services	1,811	1,811	2,817	2,817	1,273	1,273
Conservation-Recreation	3,253	3,253	2,535	2,535	1,916	1,916
Other	-	-	2,591	2,591	552	552
Capital Outlay	257,627	257,627	155,423	155,423	21,999	21,999
Principal Retirement	82,574	82,574	82,571	82,571	82,571	82,571
Interest and Fiscal Charges	3,667	3,667	8,217	8,217	12,485	12,485
Total Expenses	<u>\$ 1,107,430</u>	<u>\$ 981,121</u>	<u>\$ 933,548</u>	<u>\$ 801,494</u>	<u>\$ 776,141</u>	<u>\$ 650,054</u>

Table 3 illustrates the reliance the Township places on general receipts such as property taxes.

The Township's Funds

Total governmental funds had receipts of \$799,256 and \$781,689 for 2007 and 2006 and disbursements of \$1,107,430 and \$933,548 for 2007 and 2006 respectively. From 2005 to 2006 total governmental expenditures increased \$157,407 from increased construction and services in 2006. The greatest change within governmental funds occurred within the General Fund from 2007 to 2006 as the fund balance decreased \$283,911 and in the Road and Bridge Fund during 2006 as fund balance decreased \$155,142. These decreases are the result of increased costs for operating supplies, repairs and maintenance costs, purchase of economic development property, and not achieving anticipated growth in income and property tax receipts.

EAST UNION TOWNSHIP, WAYNE COUNTY

Management's Discussion and Analysis
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It was the recommendation of the fiscal officer that a reduction in disbursements along with a transfer of funds from the General Fund was preferable to requesting additional funds from the taxpayers. Some of these reductions have already been implemented for 2007 including cuts in repair and maintenance spending and operating expenses. These cuts will not eliminate the need for additional funds (or additional cuts) in the future if the growth in property taxes remains stagnant.

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 funds are the General Fund and the Road and Bridge Fund.

Final budgeted receipts were above original budgeted receipts due to higher than expected estate taxes, interest income, and contributions. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements for 2007 for the General Fund were budgeted at \$591,165 while actual disbursements were \$485,962.

Capital Assets and Debt Administration

Capital Assets

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

Debt

The Township retired general obligation bonds in the amount of \$165,145 during the audit period by making principal payments in the amount of \$82,574 during 2007 and \$82,571 during 2006. For further information regarding the Township's debt, refer to Note 9 to the basic financial statements.

During 2007 the Township also entered into a capital lease financing agreement for the purchase of a \$370,416 fire truck tanker through Sutphen, Inc. For further information regarding the Township's lease, 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, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. Our newly prepared financial forecast predicts a decrease in funds for 2007; therefore, the fiscal officer and the trustees are looking at strategies to delay any deficits in any funds. We reviewed our sources of revenue and determined that increases were unlikely. We then reviewed the disbursement history of the Government.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Valorie L. Lewis, Fiscal Officer, East Union Township, P.O. Box 222, Apple Creek, Ohio 44606.

EAST UNION TOWNSHIP, WAYNE COUNTY

Statement of Net Assets - Modified Cash Basis

December 31, 2007

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 408,890
Investments	295,172
<i>Total Assets</i>	<u>704,062</u>
Net Assets	
Restricted for:	
Other Purposes	548,929
Unrestricted	155,133
<i>Total Net Assets</i>	<u>\$ 704,062</u>

See accompanying notes to the basic financial statements

EAST UNION TOWNSHIP, WAYNE COUNTY

Statement of Activities - Modified Cash Basis

For the Year Ended December 31, 2007

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Total Governmental Activities
Governmental Activities				
General Government	\$ 244,048	\$ -	\$ -	\$ (244,048)
Public Safety	54,063	4,973	-	(49,090)
Public Works	436,463	-	121,336	(315,127)
Health	23,924	-	-	(23,924)
Human Services	1,811	-	-	(1,811)
Conservation-Recreation	3,253	-	-	(3,253)
Capital Outlay	257,627	-	-	(257,627)
Debt Service:				
Principal	82,574	-	-	(82,574)
Interest	3,667	-	-	(3,667)
<i>Total Governmental Activities</i>	<u>1,107,430</u>	<u>4,973</u>	<u>121,336</u>	<u>(981,121)</u>
General Receipts				
Property Taxes				473,507
Other Taxes				8,726
Grants and Entitlements not Restricted to Specific Programs				137,961
Earnings on Investments				24,839
Other Debt Proceeds				10,000
Sale of Fixed Assets				3,000
Miscellaneous				14,914
<i>Total General Receipts</i>				<u>672,947</u>
Change in Net Assets				(308,174)
<i>Net Assets Beginning of Year</i>				<u>1,012,236</u>
<i>Net Assets End of Year</i>				<u><u>704,062</u></u>

See accompanying notes to the basic financial statements

EAST UNION TOWNSHIP, WAYNE COUNTY
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007

	General	Gasoline Tax	Road and Bridge	Fire District	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 19,961	\$ 104,501	\$ 135,089	\$ 20,945	\$ 128,394	\$ 408,890
Investments	135,172	-	160,000	-	-	295,172
<i>Total Assets</i>	<u>155,133</u>	<u>104,501</u>	<u>295,089</u>	<u>20,945</u>	<u>128,394</u>	<u>704,062</u>
Fund Balances						
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	155,133	-	-	-	-	155,133
Special Revenue Funds	-	104,501	295,089	20,945	128,394	548,929
<i>Total Fund Balances</i>	<u>\$ 155,133</u>	<u>\$ 104,501</u>	<u>\$ 295,089</u>	<u>\$ 20,945</u>	<u>\$ 128,394</u>	<u>\$ 704,062</u>

See accompanying notes to the basic financial statements

EAST UNION TOWNSHIP, WAYNE COUNTY
Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	General	Gasoline Tax	Road and Bridge	Fire District	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 71,696	\$ -	\$ 303,698	\$ 106,839	\$ -	\$ 482,233
Licenses, Permits and Fees	-	-	-	-	4,973	4,973
Intergovernmental	95,801	88,980	31,556	10,604	32,356	259,297
Earnings on Investments	24,492	222	-	-	125	24,839
Miscellaneous	10,062	-	4,852	10,000	-	24,914
Total Receipts	202,051	89,202	340,106	127,443	37,454	796,256
Disbursements						
Current:						
General Government	244,048	-	-	-	-	244,048
Public Safety	442	-	-	51,014	2,607	54,063
Public Works	-	102,003	319,608	-	14,852	436,463
Health	23,924	-	-	-	-	23,924
Human Services	173	-	1,638	-	-	1,811
Conservation-Recreation	3,253	-	-	-	-	3,253
Capital Outlay	214,122	-	36,937	6,568	-	257,627
Debt Service:						
Principal Retirement	-	-	-	82,574	-	82,574
Interest and Fiscal Charges	-	-	-	3,667	-	3,667
Total Disbursements	485,962	102,003	358,183	143,823	17,459	1,107,430
Excess of Receipts Over (Under) Disbursements	(283,911)	(12,801)	(18,077)	(16,380)	19,995	(311,174)
Other Financing Sources						
Sale of Fixed Assets	-	-	-	3,000	-	3,000
Net Change in Fund Balances	(283,911)	(12,801)	(18,077)	(13,380)	19,995	(308,174)
Fund Balances Beginning of Year	439,044	117,302	313,166	34,325	108,399	1,012,236
Fund Balances End of Year	\$ 155,133	\$ 104,501	\$ 295,089	\$ 20,945	\$ 128,394	\$ 704,062

See accompanying notes to the basic financial statements

EAST UNION TOWNSHIP, WAYNE COUNTY

Statement of Receipts, Disbursements and Changes

In Fund Balance - Budget and Actual -Budget Basis

General Fund

For the Year Ended December 31, 2007

	Budgeted Amounts			(Optional) Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 65,697	\$ 65,697	\$ 71,696	\$ 5,999
Intergovernmental	85,605	85,605	95,801	10,196
Earnings on Investments	10,609	10,609	24,492	13,883
Miscellaneous	211	211	10,062	9,851
<i>Total receipts</i>	<u>162,122</u>	<u>162,122</u>	<u>202,051</u>	<u>39,929</u>
Disbursements				
Current:				
General Government	230,400	278,900	244,048	34,852
Public Safety	1,000	1,000	442	558
Health	28,500	28,500	23,924	4,576
Human Services	2,000	2,000	173	1,827
Conservation-Recreation	8,000	8,000	3,253	4,747
Capital Outlay	321,265	272,765	214,122	58,643
<i>Total Disbursements</i>	<u>591,165</u>	<u>591,165</u>	<u>485,962</u>	<u>105,203</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(429,043)</u>	<u>(429,043)</u>	<u>(283,911)</u>	<u>145,132</u>
Other Financing Sources (Uses)				
Transfers In	(10,000)	(10,000)	-	10,000
Transfers Out	-	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>(10,000)</u>	<u>(10,000)</u>	<u>-</u>	<u>10,000</u>
<i>Net Change in Fund Balance</i>	<u>(439,043)</u>	<u>(439,043)</u>	<u>(283,911)</u>	<u>155,132</u>
<i>Fund Balance Beginning of Year</i>	<u>439,044</u>	<u>439,044</u>	<u>439,044</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 155,133</u>	<u>\$ 155,132</u>

See accompanying notes to the basic financial statements

EAST UNION TOWNSHIP, WAYNE COUNTY

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Gasoline Tax Fund*

For the Year Ended December 31, 2007

	Budgeted Amounts			(Optional) Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Intergovernmental	\$ 51,984	\$ 51,984	\$ 88,980	\$ 36,996
Earnings on Investments	685	685	222	(463)
<i>Total receipts</i>	<u>52,669</u>	<u>52,669</u>	<u>89,202</u>	<u>36,533</u>
Disbursements				
Current:				
Public Works	<u>169,900</u>	<u>169,900</u>	<u>102,003</u>	<u>67,897</u>
<i>Total Disbursements</i>	<u>169,900</u>	<u>169,900</u>	<u>102,003</u>	<u>67,897</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(117,231)</u>	<u>(117,231)</u>	<u>(12,801)</u>	<u>104,430</u>
<i>Net Change in Fund Balance</i>	(117,231)	(117,231)	(12,801)	104,430
<i>Fund Balance Beginning of Year</i>	<u>117,302</u>	<u>117,302</u>	<u>117,302</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 71</u>	<u>\$ 71</u>	<u>\$ 104,501</u>	<u>\$ 104,430</u>

See accompanying notes to the basic financial statements

EAST UNION TOWNSHIP, WAYNE COUNTY

Statement of Receipts, Disbursements and Changes

In Fund Balance - Budget and Actual -Budget Basis

Road & Bridge Fund

For the Year Ended December 31, 2007

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 273,735	\$ 273,735	\$ 303,698	\$ 29,963
Intergovernmental	35,247	35,247	31,556	(3,691)
Miscellaneous	1,639	1,639	4,852	3,213
<i>Total receipts</i>	<u>310,621</u>	<u>310,621</u>	<u>340,106</u>	<u>29,485</u>
Disbursements				
Current:				
Public Works	495,000	495,000	319,608	175,392
Human Services	2,000	2,000	1,638	362
Capital Outlay	126,700	126,700	36,937	89,763
<i>Total Disbursements</i>	<u>623,700</u>	<u>623,700</u>	<u>358,183</u>	<u>265,517</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(313,079)</u>	<u>(313,079)</u>	<u>(18,077)</u>	<u>295,002</u>
<i>Net Change in Fund Balance</i>	(313,079)	(313,079)	(18,077)	295,002
<i>Fund Balance Beginning of Year</i>	<u>313,166</u>	<u>313,166</u>	<u>313,166</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 87</u>	<u>\$ 87</u>	<u>\$ 295,089</u>	<u>\$ 295,002</u>

See accompanying notes to the basic financial statements

EAST UNION TOWNSHIP, WAYNE COUNTY

Statement of Receipts, Disbursements and Changes

In Fund Balance - Budget and Actual -Budget Basis

Fire District Fund

For the Year Ended December 31, 2007

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 102,327	\$ 102,327	\$ 106,839	\$ 4,512
Intergovernmental	13,901	13,901	10,604	(3,297)
Miscellaneous	219	219	10,000	9,781
<i>Total receipts</i>	<u>116,447</u>	<u>116,447</u>	<u>127,443</u>	<u>10,996</u>
Disbursements				
Current:				
Public Safety	61,275	57,678	51,014	6,664
Capital Outlay	2,680	6,568	6,568	-
Debt Service:				
Principal Retirement	82,571	82,574	82,574	-
Interest and Fiscal Charges	4,244	3,950	3,667	283
<i>Total Disbursements</i>	<u>150,770</u>	<u>150,770</u>	<u>143,823</u>	<u>6,947</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(34,323)</u>	<u>(34,323)</u>	<u>(16,380)</u>	<u>17,943</u>
Other Financing Sources				
Sale of Fixed Assets	-	-	3,000	3,000
<i>Net Change in Fund Balance</i>	<u>(34,323)</u>	<u>(34,323)</u>	<u>(13,380)</u>	<u>20,943</u>
<i>Fund Balance Beginning of Year</i>	<u>34,325</u>	<u>34,325</u>	<u>34,325</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 20,945</u>	<u>\$ 20,943</u>

See accompanying notes to the basic financial statements

EAST UNION TOWNSHIP, WAYNE COUNTY

Statement of Net Assets - Modified Cash Basis

December 31, 2006

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 415,036
Investments	597,200
<i>Total Assets</i>	<u><u>1,012,236</u></u>
Net Assets	
Restricted for:	
Other Purposes	573,191
Unrestricted	439,045
<i>Total Net Assets</i>	<u><u>\$ 1,012,236</u></u>

See accompanying notes to the basic financial statements

EAST UNION TOWNSHIP, WAYNE COUNTY

Statement of Activities - Modified Cash Basis

For the Year Ended December 31, 2006

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Total Governmental Activities
Governmental Activities				
General Government	\$ 170,263	\$ -	\$ -	\$ (170,263)
Public Safety	57,417	10,054	-	(47,363)
Public Works	428,091	-	122,000	(306,091)
Health	23,623	-	-	(23,623)
Human Services	2,817	-	-	(2,817)
Conservation-Recreation	2,535	-	-	(2,535)
Other	2,591	-	-	(2,591)
Capital Outlay	155,423	-	-	(155,423)
Debt Service:				
Principal	82,571	-	-	(82,571)
Interest	8,217	-	-	(8,217)
<i>Total Governmental Activities</i>	<u>933,548</u>	<u>10,054</u>	<u>122,000</u>	<u>(801,494)</u>
General Receipts				
Property Taxes				454,887
Other Taxes				8,921
Grants and Entitlements not Restricted to Specific Programs				147,948
Earnings on Investments				31,110
Miscellaneous				6,769
<i>Total General Receipts</i>				<u>649,635</u>
Change in Net Assets				(151,859)
<i>Net Assets Beginning of Year</i>				<u>1,164,095</u>
<i>Net Assets End of Year</i>				<u><u>1,012,236</u></u>

See accompanying notes to the basic financial statements

EAST UNION TOWNSHIP, WAYNE COUNTY
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

	General	Gasoline Tax	Road and Bridge	Fire District	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 76,844	\$ 117,302	\$ 78,166	\$ 34,325	\$ 108,399	\$ 415,036
Investments	362,200	-	235,000	-	-	597,200
<i>Total Assets</i>	<u>439,044</u>	<u>117,302</u>	<u>313,166</u>	<u>34,325</u>	<u>108,399</u>	<u>1,012,236</u>
Fund Balances						
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	439,044	-	-	-	-	439,044
Special Revenue Funds	-	117,302	313,166	34,325	108,399	573,192
<i>Total Fund Balances</i>	<u>\$ 439,044</u>	<u>\$ 117,302</u>	<u>\$ 313,166</u>	<u>\$ 34,325</u>	<u>\$ 108,399</u>	<u>\$ 1,012,236</u>

See accompanying notes to the basic financial statements

EAST UNION TOWNSHIP, WAYNE COUNTY
Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	General	Gasoline Tax	Road and Bridge	Fire District	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 69,196	\$ -	\$ 292,087	\$ 102,525	\$ -	\$ 463,808
Licenses, Permits and Fees	-	-	-	-	10,054	10,054
Intergovernmental	104,583	90,304	32,438	10,927	31,696	269,948
Earnings on Investments	30,894	153	-	-	63	31,110
Miscellaneous	1,329	-	5,395	-	45	6,769
Total Receipts	206,002	90,457	329,920	113,452	41,858	781,689
Disbursements						
Current:						
General Government	170,263	-	-	-	-	170,263
Public Safety	442	-	-	53,129	3,846	57,417
Public Works	-	3,794	424,214	-	83	428,091
Health	23,623	-	-	-	-	23,623
Human Services	1,690	-	1,127	-	-	2,817
Conservation-Recreation	2,535	-	-	-	-	2,535
Other	-	-	-	-	2,591	2,591
Capital Outlay	80,917	-	59,721	14,785	-	155,423
Debt Service:						
Principal Retirement	-	-	-	82,571	-	82,571
Interest and Fiscal Charges	-	-	-	8,217	-	8,217
Total Disbursements	279,470	3,794	485,062	158,702	6,520	933,548
Excess of Receipts Over (Under) Disbursements	(73,468)	86,663	(155,142)	(45,250)	35,338	(151,859)
Other Financing Sources (Uses)						
Transfers In	-	-	-	50,000	-	50,000
Transfers Out	(50,000)	-	-	-	-	(50,000)
Total Other Financing Sources (Uses)	(50,000)	-	-	50,000	-	-
Net Change in Fund Balance	(123,468)	86,663	(155,142)	4,750	35,338	(151,859)
Fund Balances Beginning of Year	562,512	30,639	468,308	29,575	73,061	1,164,095
Fund Balances End of Year	<u>\$ 439,044</u>	<u>\$ 117,302</u>	<u>\$ 313,166</u>	<u>\$ 34,325</u>	<u>\$ 108,399</u>	<u>\$ 1,012,236</u>

See accompanying notes to the basic financial statements

EAST UNION TOWNSHIP, WAYNE 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			(Optional) Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 62,932	\$ 62,932	\$ 69,196	\$ 6,264
Intergovernmental	78,423	78,423	104,583	26,160
Earnings on Investments	10,300	10,300	30,894	20,594
Miscellaneous	205	205	1,329	1,124
<i>Total receipts</i>	<u>151,860</u>	<u>151,860</u>	<u>206,002</u>	<u>54,142</u>
Disbursements				
Current:				
General Government	208,000	226,200	170,263	55,937
Public Safety	1,000	1,000	442	558
Health	26,000	28,000	23,623	4,377
Human Services	1,000	2,000	1,690	310
Conservation-Recreation	11,000	11,000	2,535	8,465
Capital Outlay	301,000	301,000	80,917	220,083
<i>Total Disbursements</i>	<u>548,000</u>	<u>569,200</u>	<u>279,470</u>	<u>289,730</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(396,140)</u>	<u>(417,340)</u>	<u>(73,468)</u>	<u>343,872</u>
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	(166,300)	(145,100)	(50,000)	95,100
<i>Total Other Financing Sources (Uses)</i>	<u>(166,300)</u>	<u>(145,100)</u>	<u>(50,000)</u>	<u>95,100</u>
<i>Net Change in Fund Balance</i>	(562,440)	(562,440)	(123,468)	438,972
<i>Fund Balance Beginning of Year</i>	<u>562,512</u>	<u>562,512</u>	<u>562,512</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 72</u>	<u>\$ 72</u>	<u>\$ 439,044</u>	<u>\$ 438,972</u>

See accompanying notes to the basic financial statements

EAST UNION TOWNSHIP, WAYNE 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			(Optional) Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Intergovernmental	\$ 50,470	\$ 50,470	\$ 90,304	\$ 39,834
Earnings on Investments	665	665	153	(512)
<i>Total receipts</i>	<u>51,135</u>	<u>51,135</u>	<u>90,457</u>	<u>39,322</u>
Disbursements				
Current:				
Public Works	81,700	81,700	3,794	77,906
<i>Total Disbursements</i>	<u>81,700</u>	<u>81,700</u>	<u>3,794</u>	<u>77,906</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(30,565)</u>	<u>(30,565)</u>	<u>86,663</u>	<u>117,228</u>
<i>Net Change in Fund Balance</i>	(30,565)	(30,565)	86,663	117,228
<i>Fund Balance Beginning of Year</i>	<u>30,639</u>	<u>30,639</u>	<u>30,639</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 74</u>	<u>\$ 74</u>	<u>\$ 117,302</u>	<u>\$ 117,228</u>

See accompanying notes to the basic financial statements

EAST UNION TOWNSHIP, WAYNE COUNTY

Statement of Receipts, Disbursements and Changes

In Fund Balance - Budget and Actual -Budget Basis

Road & Bridge Fund

For the Year Ended December 31, 2006

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 267,647	\$ 267,647	\$ 292,087	\$ 24,440
Intergovernmental	34,220	34,220	32,438	(1,782)
Miscellaneous	1,591	1,591	5,395	3,804
<i>Total receipts</i>	<u>303,458</u>	<u>303,458</u>	<u>329,920</u>	<u>26,462</u>
Disbursements				
Current:				
Public Works	465,500	555,500	424,214	131,286
Human Services	2,000	5,000	1,127	3,873
Capital Outlay	304,200	211,200	59,721	151,479
<i>Total Disbursements</i>	<u>771,700</u>	<u>771,700</u>	<u>485,062</u>	<u>286,638</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(468,242)</u>	<u>(468,242)</u>	<u>(155,142)</u>	<u>313,100</u>
<i>Net Change in Fund Balance</i>	(468,242)	(468,242)	(155,142)	313,100
<i>Fund Balance Beginning of Year</i>	<u>468,308</u>	<u>468,308</u>	<u>468,308</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 66</u>	<u>\$ 66</u>	<u>\$ 313,166</u>	<u>\$ 313,100</u>

See accompanying notes to the basic financial statements

EAST UNION TOWNSHIP, WAYNE COUNTY

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Fire District Fund*

For the Year Ended December 31, 2006

	Budgeted Amounts			(Optional) Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 95,883	\$ 95,883	\$ 102,525	\$ 6,642
Charges for Services	7,426	7,426	-	(7,426)
Intergovernmental	14,084	14,084	10,927	(3,157)
Miscellaneous	212	212	-	(212)
<i>Total receipts</i>	<u>117,605</u>	<u>117,605</u>	<u>113,452</u>	<u>(4,153)</u>
Disbursements				
Current:				
Public Safety	54,675	74,675	53,129	21,546
Capital Outlay	1,440	15,481	14,785	696
Debt Service:				
Principal Retirement	82,571	82,571	82,571	-
Interest and Fiscal Charges	8,488	8,488	8,217	271
<i>Total Disbursements</i>	<u>147,174</u>	<u>181,215</u>	<u>158,702</u>	<u>22,513</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(29,569)</u>	<u>(63,610)</u>	<u>(45,250)</u>	<u>18,360</u>
Other Financing Sources (Uses)				
Transfers In	-	50,000	50,000	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	50,000	50,000	-
<i>Net Change in Fund Balance</i>	(29,569)	(13,610)	4,750	18,360
<i>Fund Balance Beginning of Year</i>	<u>29,575</u>	<u>29,575</u>	<u>29,575</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 6</u>	<u>\$ 15,965</u>	<u>\$ 34,325</u>	<u>\$ 18,360</u>

See accompanying notes to the basic financial statements

EAST UNION TOWNSHIP, WAYNE COUNTY

Notes to the Basic Financial Statements

For the Years Ended December 31, 2007 and 2006

Note 1 – Reporting Entity

The East Union Township, Wayne 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 reporting entity is comprised of the primary government.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, cemetery maintenance, and fire and emergency medical services. The Township contracts with the City of Orrville, which provides fire protection services to the northeast section of the Township.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township.

East Union Township does not operate any component units.

C. Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools

The Township participates in a jointly governed organization. The Township and the Village of Apple Creek entered into a Joint Economic Development Agreement for development of the Apple Creek Developmental Center property as presented in note 12 to the basic financial statements.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a modified cash basis of accounting. This modified 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 modified 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

EAST UNION TOWNSHIP, WAYNE COUNTY

Notes to the Basic Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 2 – Summary of Significant Accounting Policies (continued)

November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Township does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Township's accounting policies.

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

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's only major governmental fund is the General Fund. The Township had three additional major funds, the Gasoline Tax Fund, Road and Bridge Fund, and the Fire District Fund.

EAST UNION TOWNSHIP, WAYNE COUNTY

Notes to the Basic Financial Statements

For the Years Ended December 31, 2007 and 2006

Note 2 – Summary of Significant Accounting Policies (continued)

The Gasoline Tax Fund receives monies from the other Governmental Agencies designated specifically for use on road and bridge repair and maintenance. The Road and Bridge Fund receives property tax money to construct, maintain, and repair Township roads and bridges. The Fire District Fund receives tax revenues from special levies to pay for fire services provided to Township residents. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

C. Basis of Accounting

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

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

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds. The Board of Trustees must annually approve appropriation measure and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

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.

EAST UNION TOWNSHIP, WAYNE COUNTY

Notes to the Basic Financial Statements

For the Years Ended December 31, 2007 and 2006

Note 2 – Summary of Significant Accounting Policies (continued)

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”.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2007 and 2006, the Township invested STAR Ohio. 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, 2007 and December 31, 2006.

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 2007 was \$24,492 and \$30,894 for the period ending December 31, 2006.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

G. Inventory and Prepaid Items

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

H. Capital Assets

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

EAST UNION TOWNSHIP, WAYNE COUNTY

Notes to the Basic Financial Statements

For the Years Ended December 31, 2007 and 2006

Note 2 – Summary of Significant Accounting Policies (continued)

I. Interfund Receivables/Payables

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

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 11 and 12, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

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

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for Township road and bridge maintenance and repair and Fire and Ambulance services to the Township residents.

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.

The Township had restricted funds totaling \$548,929 and \$573,191 on December 31, 2007 and December 31, 2006, respectively.

N. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. The Miscellaneous Special Revenue – FEMA Fund is segregated to be specifically spent as a reimbursement to the Apple Creek Volunteer Fire Department for their FEMA work down in Belmont County. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

EAST UNION TOWNSHIP, WAYNE COUNTY

Notes to the Basic Financial Statements

For the Years Ended December 31, 2007 and 2006

Note 2 – Summary of Significant Accounting Policies (continued)

O. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and the major funds gasoline tax fund, road and bridge fund, and fire district fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the modified cash basis is (are) outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (modified cash basis)).

Note 4 – Deposits and Investments

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

EAST UNION TOWNSHIP, WAYNE COUNTY

Notes to the Basic Financial Statements

For the Years Ended December 31, 2007 and 2006

Note 4 - Deposits and Investments (continued)

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

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

Cash Deposits – At December 31, 2007, the carrying amount of the Township's cash deposits was \$408,890 while the banks balance was \$424,970. At December 31, 2006, the carrying amount of the Township's cash deposits was \$415,036 while the banks balance was \$429,994. In each year, \$100,000 of the bank balance was covered by federal depository insurance and the remaining was collateralized by securities specifically pledged by the financial institution to the Township.

Investments

As of December 31 the Township had the following investments:

	<u>12/31/07</u>	<u>12/31/06</u>
STAR Ohio	<u>\$295,172</u>	<u>\$597,200</u>

STAR Ohio carries a rating of AAAM by Standard and Poor's. The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

EAST UNION TOWNSHIP, WAYNE COUNTY

Notes to the Basic Financial Statements

For the Years Ended December 31, 2007 and 2006

Note 5– Property Taxes

Property taxes are levied and assessed on a calendar year basis. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the City. All property is required to be revalued every six years.

Real property taxes are levied after April 1 on the assessed value listed as of the preceding January 1, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Public utility property taxes, attached as a lien on December 31 of the preceding year, are levied April 1 and are collected with real property taxes. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value.

Real and public utility property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, 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.

Tangible personal property tax revenue received in calendar 2007 (other than public utility property tax) represents the collection of calendar year 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2006, on the value as of December 31, 2006. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessed percentage for all property including inventory for 2006 was 18.75 percent. This will be reduced to 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The full tax rate for all Township operations for the year ended December 31, 2006 and 2005, was \$6.30 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property	2007
Residential & Agriculture	\$92,185,530
Public Utility Property	
Personal	\$ 11,157,990
Tangible Personal Property	\$2,986,250
Total Assessed Value	<u>\$106,329,770</u>

EAST UNION TOWNSHIP, WAYNE COUNTY

Notes to the Basic Financial Statements

For the Years Ended December 31, 2007 and 2006

Note 6 – Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2005 and 2004 the Township contracted with the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio Townships. OTAMRA provides property and casualty coverage for its members. OTAMRA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTAMRA. OTAMRA pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductibles. Coverage provided by OTAMRA is as follows:

	2007	2006	
Legal Liability	\$2,000,000	\$2,000,000	Per Occurrence
Automobile Liability	\$2,000,000	\$2,000,000	Per Occurrence
Wrongful Acts	\$2,000,000	\$2,000,000	Per Occurrence
Property	\$7,610,580	\$7,630,132	Total Coverage

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years for both 2007 and 2006. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs. For health and dental insurance the township is the Wayne County Commissioners and through Teachers Protection Agency for life and cancer insurance.

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

Casualty Coverage

For an occurrence on or subsequent to January 1, 2006, OTARMA retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA

If losses exhaust OTARMA's retained earning, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per-claim limit of \$3,000,000.

Property Coverage

Beginning in 2005, Travelers Insurance reinsures specific losses exceeding \$250,000 up to \$600 Million per occurrence. APEEP reinsures members for specific losses exceeding \$1000, 000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provide aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 Million per occurrence limit.

EAST UNION TOWNSHIP, WAYNE COUNTY

Notes to the Basic Financial Statements

For the Years Ended December 31, 2007 and 2006

Note 7 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. 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 years ended December 31, 2007 and 2006, 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 2007 and 2006 was 9.5 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 13.77 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, 2007, 2006, and 2005 were \$21,140, \$15,259, and \$14,882, respectively. The full amount has been contributed for each year.

EAST UNION TOWNSHIP, WAYNE COUNTY

Notes to the Basic Financial Statements

For the Years Ended December 31, 2007 and 2006

Note 8 - Postemployment Benefits

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

OPERS provides retirement, disability, and survivor benefits as well as postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. 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 OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2005 and 2004 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, 2004, include a rate of return on investments of 8.00 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 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight 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.

The number of active contributing participants in the traditional and combined plans was 355,287. OPERS net assets available for payment of benefits at December 31, 2004 (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 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 the OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

EAST UNION TOWNSHIP, WAYNE COUNTY

Notes to the Basic Financial Statements

For the Years Ended December 31, 2007 and 2006

Note 9- Bonds Payable

A summary of the note transactions for the year ended December 31, 2007, follows:

	Interest Rate	Balance December 31, 2005	Additions	Reductions	Balance December 31, 2007
Governmental Activities					
General Obligation Debt	5.14 %	\$165,145	\$ 0.00	\$165,145	\$ 0

The general obligation bonds were issued to finance the acquisition of a fire station, including all necessary appurtenances. The bonds were completely paid off in 2007.

Note 10 – Leases

During 2007 the Township entered into a capital financing lease arrangement through All Points Financing to purchase a new fire truck tanker with an original principal obligation of \$370,416. The Townships first obligation payment is due in 2008. Future financing payments are as follows:

<u>Year</u>	<u>Amount</u>
2008	\$ 47,806
2009	47,806
2010	47,806
2011	47,806
2012	47,806
2013-2017	239,030
Total	478,060
Less Interest	(107,644)
Total Future Minimum Lease Payments	<u>\$ 370,416</u>

Note 11 – Contingent Liabilities

The Township is defendant in one lawsuit. Although management cannot presently determine the outcome of this event, they believe the resolution of these matters will not adversely impact the Township's financial condition.

Note 12 – Jointly Governed Organizations

The Township entered into a Joint Economic Development agreement with the Village of Apple Creek for the purchase and the development of the Apple Creek Developmental Center property. A separate JEDD Board was approved that consists of one appointed Township Trustee, one appointed Village of Apple Creek Council member and one appointed resident of either the Village of Apple Creek or East Union Township. The Township purchased one half of the property for \$214,000 including closing costs. The Township further put \$7,500 for one half of the beginning operating monies for the Joint Economic Development District formed and approved by the Wayne County Commissioners in 2007.

EAST UNION TOWNSHIP, WAYNE COUNTY

Notes to the Basic Financial Statements

For the Years Ended December 31, 2007 and 2006

Note 13 – Interfund Transfers

During 2006 the following transfers were made:

Transfers from the General Fund to:	
Fire District Fund	<u>\$50,000</u>
Total Transfers from the General Fund	<u>\$50,000</u>

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The transfer from the General Fund to the Fire District Fund was to the fund pay for expenditures.

There were no transfers during 2007.

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

East Union Township
To the Trustees of East Union Township:

We have audited the financial statements of the East Union Township, Wayne County (the Township) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated April 22, 2008. 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.

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 auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion 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 the normal course of 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 entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the modified cash basis of accounting such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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 deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 grant agreements, 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.

East Union Township
Wayne County
Report on Internal Control and Compliance and
Other Matters Required by *Government Auditing Standards*

We noted certain matters that we reported to management of the Township in a separate letter dated April 22, 2008.

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

A handwritten signature in black ink that reads "Kennedy Cottrell Richards LLC". The signature is written in a cursive, flowing style.

Kennedy Cottrell Richards LLC
April 22, 2008



Mary Taylor, CPA
Auditor of State

EAST UNION TOWNSHIP

WAYNE 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
JUNE 17, 2008**