

***UNITY TOWNSHIP
COLUMBIANA COUNTY, OHIO***

AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2007

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Mary Taylor, CPA
Auditor of State

Board of Trustees
Unity Township
51977 State Route 14
East Palestine, OH 44413

We have reviewed the *Report of Independent Accountants* of Unity Township, Columbiana County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2007 to 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. Unity Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 5, 2008

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**UNITY TOWNSHIP
COLUMBIANA COUNTY
AUDIT REPORT**
For the year ended December 31, 2007

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

Unity Township
Columbiana County
51977 State Route 14
East Palestine, Ohio 44413

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Unity Township, Columbiana County, Ohio, (the Township), as of and for the year ended December 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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 accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Township, as of December 31, 2007, and the respective changes in cash basis financial position and the respective budgetary comparison for the General Fund, the Gasoline Tax Fund, the Road and Bridge Fund, the Fire District Fund, and the Road District Fund thereof for the year then ended in conformity with accounting basis Note 2 describes.

The management's discussion and analysis on pages 3 to 8 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, which consisted principally on inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 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, grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Charles E. Harris & Associates, Inc.

May 14, 2008

Unity Township, Columbiana County
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

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

Highlights

Key highlights for 2007 are as follows:

Net assets of governmental activities increased \$118,843, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the Road District Fund, which had less expenditures due to the better quality of the roads.

The Township's general receipts are primarily property taxes. These receipts represent 81.19 percent of the total cash received for governmental activities during the year.

During 2007, the Township received the former Unity Volunteer Fire Department property. Numerous repairs were required to bring the building back to a usable condition. At the present time, plans are uncertain for the property. However, funds are being held in the Fire District Fund to possibly open the property as a small fire station owned and operated by the township.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

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

Basis of Accounting

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

Unity Township, Columbiana County
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

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 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, within the limitations of 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 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 are 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 income taxes.

In the statement of net assets and the statement of activities, the Township has only governmental activities:

Governmental activities - All of the Township's basic services are reported here, including fire and roads. 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.

Business-type activity - The Township has no business-type activity. Business-type activities are financed by a fee charged to the customers receiving the service.

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 which is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are governmental only.

Unity Township, Columbiana County
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

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) are combined and presented in total in a single column. The Township's major governmental funds are the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Fire District Fund and Road District Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

The Government as a Whole

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

(Table 1)

Net Assets

	Governmental Activities 2007	Governmental Activities 2006
Assets		
Cash and Cash Equivalents	\$ 363,314	\$ 244,471
Total Assets	363,314	244,471
Net Assets		
Restricted for:		
Debt Service	-	9,229
Other Purposes	303,331	211,188
Permanent Fund		
Expendable	370	366
Nonexpendable	600	600
Unrestricted	59,013	23,088
Total Net Assets	\$ 363,314	\$ 244,471

As mentioned previously, net assets of governmental activities increased \$ 118,843 during 2007. The primary reasons for the increases are: less hot mix needed for patching roads. The total cost for the surface treatment program was less than 2006. Receipts were up more \$100,000.

Table 2 reflects the changes in net assets on a cash basis in 2007 and 2006 for governmental activities.

Unity Township, Columbiana County
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

(Table 2)
Changes in Net Assets

	Governmental Activities 2007	Governmental Activities 2006
	2007	2006
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$ 18,976	\$ 22,447
Operating Grants and Contributions	123,436	96,748
Total Program Receipts	142,412	119,195
General Receipts:		
Property and Other Local Taxes	452,243	339,133
Grants and Entitlements Not Restricted to Specific Programs	152,642	151,561
Interest	768	2,561
Note Issued	-	35,000
Other Financing Sources	9,191	424
Total General Receipts	614,844	528,679
Total Receipts	757,256	647,874
Disbursements:		
General Government	65,441	58,203
Public Safety	87,168	58,893
Public Health Services	14,325	16,000
Public Works	409,155	428,210
Capital Outlay	42,693	55,620
Principal Retirement	17,409	6,656
Interest and Fiscal Charges	2,222	1,186
Total Disbursements	638,413	624,768
Increase (Decrease) in Net Assets	118,843	23,106
Net Assets, January 1,	244,471	221,365
Net Assets, December 31,	\$ 363,314	\$ 244,471

Program receipts represent only 18.8 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 71.2 percent of the Township's total receipts, and of this amount, over 73.6 percent are local taxes. State and federal grants and entitlements make up a majority of the balance of the Township's general receipts (24.8 percent). 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 the Board of Trustees 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 to 10 percent of General Fund unrestricted receipts.

Public Safety is the cost of fire protection. Public Health is the fees paid to the County Health Department. Public Works is the cost of maintaining roads and ditches.

Unity Township, Columbiana County
 Management's Discussion and Analysis
 For the Year Ended December 31, 2007
 Unaudited

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 for public works and public safety, which account for 64 and 14 percent of all governmental disbursements, respectively. General government also represents a significant cost, about 13 percent. The next two columns of the Statement entitled Program Receipts identify (1) amounts paid by people who are directly charged for the service, and (2) grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Governmental Activities			
	Total Cost Of Services	Net Cost of Services	Total Cost Of Services	Net Cost of Services
	2007		2006	
General Government	\$ 65,441	\$ 47,509	\$ 58,203	\$ 41,779
Public Safety	87,168	87,168	58,893	58,893
Public Health Services	14,325	14,325	16,000	16,000
Public Works	409,155	284,675	428,210	325,439
Capital Outlay	42,693	42,693	55,620	55,620
Principal Retirement	17,409	17,409	6,656	6,656
Interest and Fiscal Charges	2,222	2,222	1,186	1,186
Total Expenses	\$ 638,413	\$ 496,001	\$ 624,768	\$ 505,573

The dependence upon property and income tax receipts is apparent as over 77 percent of governmental activities are supported through these general receipts.

The Township's Funds

Total governmental funds had receipts of \$762,256 and disbursements of \$643,414. The greatest change within governmental funds occurred within the Road District Fund. Total fund balance of the Road District Fund increased by \$72,361 as the result of less damage to the roads which means less expenditures for road materials.

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.

Unity Township, Columbiana County
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

During 2007, the Township amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were below original budgeted receipts due to unexpected slow growth in tax receipts. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements were budgeted at \$167,855 while actual disbursements were \$110,833. Receipts were larger than expected. The Township kept its spending very close to budgeted amounts as demonstrated by the reported variances. The result is the increase in fund balance of \$34,317 for 2007.

Capital Assets and Debt Administration

Capital Assets

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

Debt

At December 31, 2007, the Township's outstanding debt included \$25,878 for equipment purchases. For further information regarding the Township's debt, refer to Note 9 to the 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 chosen to limit commercial activity to support the tax base.

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 Nancy G. Herr, Fiscal Officer, 51977 S.R. 14, East Palestine, OH 44413.

Unity Township, Columbiana County
Statement of Net Assets - Cash Basis
December 31, 2007

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 363,314
<i>Total Assets</i>	<i>\$ 363,314</i>
 Net Assets	
Restricted for:	
Other Purposes	\$ 303,331
Permanent Funds	
Expendable	370
Nonexpendable	600
Unrestricted	59,013
<i>Total Net Assets</i>	<i>\$ 363,314</i>

See accompanying notes to the basic financial statements

Unity Township, Columbiana County
Statement of Activities - 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	Governmental Activities
Governmental Activities				
General Government	\$ 65,441	\$ 17,932	\$ -	\$ (47,509)
Public Safety	87,168	-	-	(87,168)
Public Works	409,155	1,044	123,436	(284,675)
Health	14,325	-	-	(14,325)
Capital Outlay	42,693	-	-	(42,693)
Debt Service				
Principal Retirement	17,409	-	-	(17,409)
Interest and Fiscal Charges	2,222	-	-	(2,222)
<i>Total Governmental Activities</i>	<u>\$ 638,413</u>	<u>\$ 18,976</u>	<u>\$ 123,436</u>	(496,001)
General Receipts				
Property Taxes Levied for:				
General Purposes				27,351
Special Purposes				424,892
Grants and Entitlements not Restricted to				
Specific Programs				152,642
Interest				768
Miscellaneous				9,191
<i>Total General Receipts</i>				<u>614,844</u>
Change in Net Assets				118,843
<i>Net Assets Beginning of Year</i>				<u>244,471</u>
<i>Net Assets End of Year</i>				<u>\$ 363,314</u>

See accompanying notes to the basic financial statements

Unity Township, Columbiana County
Statement of Cash Basis Assets and Fund Balances
 Governmental Funds
 December 31, 2007

	General	Gasoline Tax	Road and Bridge	Fire District Fund	Road District	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$ 59,013	\$ 8,572	\$ 56,793	\$ 127,983	\$ 90,201	\$ 20,752	\$ 363,314
<i>Total Assets</i>	<u>\$ 59,013</u>	<u>\$ 8,572</u>	<u>\$ 56,793</u>	<u>\$ 127,983</u>	<u>\$ 90,201</u>	<u>\$ 20,752</u>	<u>\$ 363,314</u>
Fund Balances							
Reserved:							
Reserved for Encumbrances	\$ 1,608	\$ -	\$ 1,372	\$ 1,702	11,262	\$ 133	\$ 16,077
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	57,405	-	-	-	-	-	57,405
Special Revenue Funds	-	8,572	55,421	126,281	\$ 78,939	\$ 19,649	288,862
Permanent Fund	-	-	-	-	-	970	970
<i>Total Fund Balances</i>	<u>\$ 59,013</u>	<u>\$ 8,572</u>	<u>\$ 56,793</u>	<u>\$ 127,983</u>	<u>\$ 90,201</u>	<u>\$ 20,752</u>	<u>\$ 363,314</u>

See accompanying notes to the basic financial statements

Unity Township, Columbiana County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	General	Gasoline Tax	Road and Bridge	Fire District	Road District	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$ 27,351	\$ -	\$ 149,615	\$ 100,681	148,438	\$ 26,158	\$ 452,243
Charges for Services	-	-	1,044	-	-	-	1,044
Licenses, Permits and Fees	17,932	-	-	-	-	-	17,932
Intergovernmental	104,070	92,921	18,892	11,756	\$ 17,924	30,515	276,078
Interest	649	16	-	-	-	103	768
Other	148	67	3,959	4,444	526	47	9,191
<i>Total Receipts</i>	<u>150,150</u>	<u>93,004</u>	<u>173,510</u>	<u>116,881</u>	<u>166,888</u>	<u>56,823</u>	<u>757,256</u>
Disbursements							
Current:							
General Government	65,441	-	-	-	-	-	65,441
Public Safety	-	-	-	87,168	-	-	87,168
Public Works	26,919	99,229	137,086	-	94,527	51,394	409,155
Health	14,325	-	-	-	-	-	14,325
Capital Outlay	288	-	750	41,493	-	162	42,693
Debt Service:							
Principal Retirement	2,252	-	3,184	-	-	11,973	17,409
Interest and Fiscal Charges	-	-	-	-	-	2,222	2,222
<i>Total Disbursements</i>	<u>109,225</u>	<u>99,229</u>	<u>141,020</u>	<u>128,661</u>	<u>94,527</u>	<u>65,751</u>	<u>638,413</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>40,925</u>	<u>(6,225)</u>	<u>32,490</u>	<u>(11,780)</u>	<u>72,361</u>	<u>(8,928)</u>	<u>118,843</u>
Other Financing Sources (Uses)							
Transfers In	-	-	-	-	-	5,000	5,000
Transfers Out	(5,000)	-	-	-	-	-	(5,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(5,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	<u>35,925</u>	<u>(6,225)</u>	<u>32,490</u>	<u>(11,780)</u>	<u>72,361</u>	<u>(3,928)</u>	<u>118,843</u>
<i>Fund Balances Beginning of Year</i>	<u>23,088</u>	<u>14,797</u>	<u>24,303</u>	<u>139,763</u>	<u>17,840</u>	<u>24,680</u>	<u>244,471</u>
<i>Fund Balances End of Year</i>	<u>\$ 59,013</u>	<u>\$ 8,572</u>	<u>\$ 56,793</u>	<u>\$ 127,983</u>	<u>\$ 90,201</u>	<u>\$ 20,752</u>	<u>\$ 363,314</u>

See accompanying notes to the basic financial statements

Unity Township, Columbiana 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			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 29,000	\$ 27,279	\$ 27,351	\$ 72
Licenses, Permits and Fees	17,900	17,900	17,932	32
Intergovernmental	90,340	103,793	104,070	277
Interest	500	647	649	2
Other	200	200	148	(52)
<i>Total receipts</i>	<u>137,940</u>	<u>149,819</u>	<u>150,150</u>	<u>331</u>
Disbursements				
Current:				
General Government	53,105	68,684	66,149	2,535
Public Works	78,150	73,271	27,219	46,052
Health	15,000	15,000	14,325	675
Capital Outlay	12,348	8,648	888	7,760
Debt Service:				
Principal Retirement	2,252	2,252	2,252	-
<i>Total Disbursements</i>	<u>160,855</u>	<u>167,855</u>	<u>110,833</u>	<u>57,022</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(22,915)	(18,036)	39,317	57,353
Other Financing Sources (Uses)				
Transfers Out	-	(5,000)	(5,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(22,915)	(23,036)	34,317	57,353
<i>Fund Balance Beginning of Year</i>	<u>23,088</u>	<u>23,088</u>	<u>23,088</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 173</u>	<u>\$ 52</u>	<u>\$ 57,405</u>	<u>\$ 57,353</u>

See accompanying notes to the basic financial statements

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$ 71,147	\$ 92,897	\$ 92,921	\$ 24
Interest	20	20	16	(4)
Other	200	100	67	(33)
<i>Total receipts</i>	<u>71,367</u>	<u>93,017</u>	<u>93,004</u>	<u>(13)</u>
Disbursements				
Current:				
General Government	200	200	-	200
Public Works	85,900	99,900	99,229	671
<i>Total Disbursements</i>	<u>86,100</u>	<u>100,100</u>	<u>99,229</u>	<u>871</u>
<i>Net Change in Fund Balance</i>	(14,733)	(7,083)	(6,225)	858
<i>Fund Balance Beginning of Year</i>	<u>14,797</u>	<u>14,797</u>	<u>14,797</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 64</u>	<u>\$ 7,714</u>	<u>\$ 8,572</u>	<u>\$ 858</u>

See accompanying notes to the basic financial statements

Unity Township, Columbiana County
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual -Budget Basis
 Road and Bridge
 For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 151,005	\$ 149,605	\$ 149,615	\$ 10
Charges for Services	-	1,000	1,044	44
Intergovernmental	13,000	18,776	18,892	116
Other	6,130	4,130	3,959	(171)
<i>Total receipts</i>	170,135	173,511	173,510	(1)
Disbursements				
Current:				
General Government	250	250	-	250
Public Works	178,577	178,577	138,458	40,119
Capital Outlay	11,050	7,050	750	6,300
Principal Retirement	-	4,000	3,184	816
<i>Total Disbursements</i>	189,877	189,877	142,392	47,485
<i>Net Change in Fund Balance</i>	(19,742)	(16,366)	31,118	47,484
<i>Fund Balance Beginning of Year</i>	19,677	19,677	19,677	-
Prior Year Encumbrances Appropriated	4,626	4,626	4,626	-
<i>Fund Balance End of Year</i>	\$ 4,561	\$ 7,937	\$ 55,421	\$ 47,484

See accompanying notes to the basic financial statements

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 94,277	\$ 100,657	\$ 100,681	\$ 24
Intergovernmental	9,200	11,776	11,756	(20)
Other	1,700	4,450	4,444	(6)
<i>Total receipts</i>	105,177	116,883	116,881	(2)
Disbursements				
Current:				
General Government	200	200	-	200
Public Safety	96,509	120,909	87,971	32,938
Capital Outlay	95,000	80,600	42,392	38,208
<i>Total Disbursements</i>	191,709	201,709	130,363	71,346
<i>Net Change in Fund Balance</i>	(86,532)	(84,826)	(13,482)	71,344
<i>Fund Balance Beginning of Year</i>	139,706	139,706	139,706	-
Prior Year Encumbrances Appropriated	57	57	57	-
<i>Fund Balance End of Year</i>	\$ 53,231	\$ 54,937	\$ 126,281	\$ 71,344

See accompanying notes to the basic financial statements

Unity Township, Columbiana County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road District
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 149,872	\$ 148,572	\$ 148,438	\$ (134)
Intergovernmental	16,700	18,000	17,924	(76)
Other	1,000	1,000	526	(474)
<i>Total receipts</i>	<u>167,572</u>	<u>167,572</u>	<u>166,888</u>	<u>(684)</u>
Disbursements				
Current:				
General Government	200	200	-	200
Public Works	151,091	151,091	105,789	45,302
Capital Outlay	27,500	27,500	-	27,500
<i>Total Disbursements</i>	<u>178,791</u>	<u>178,791</u>	<u>105,789</u>	<u>73,002</u>
<i>Net Change in Fund Balance</i>	(11,219)	(11,219)	61,099	72,318
<i>Fund Balance Beginning of Year</i>	11,294	11,294	11,294	-
Prior Year Encumbrances Appropriated	6,546	6,546	6,546	-
<i>Fund Balance End of Year</i>	<u>\$ 6,621</u>	<u>\$ 6,621</u>	<u>\$ 78,939</u>	<u>\$ 72,318</u>

See accompanying notes to the basic financial statements

Note 1 – Reporting Entity

Unity Township, Columbiana 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 Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading. 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 cemetery maintenance. The Township contracts with the Village of New Waterford and the City of East Palestine for fire protection. Police protection is provided by the Columbiana County Sheriff's Office.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, 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. The Township does not apply FASB statements issued after November 30, 1989, to its governmental activities. 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, except for fiduciary funds. The statements distinguish 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. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Township has no business-type activities.

Note 2 – Summary of Significant Accounting Policies (continued)

A. Basis of Presentation (continued)

The statement of net assets presents the cash balance 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 cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the years, 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 governmental only.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township has five major governmental funds which are the General Fund, the Gasoline Tax Fund, the Road and Bridge Fund, the Fire District Fund and the Road District Fund. 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 Gasoline Tax Fund accounts for all gasoline tax receipts from the state and may be used for repair, reconstruction and construction of roads, labor, road equipment purchases, etc. The Road and Bridge Funds is a portion of the inside millage real property taxes and may be used for the construction, reconstruction, resurfacing and repair of roads and bridges. The Fire District Fund consists of two 1 mill voted levies for the purpose of providing fire protection to township residents. The Road District Fund is a vote 2 mill levy used for the construction, reconstruction, resurfacing and repair of township roads and bridges.

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

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. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods 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 appropriation resolution, 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 appropriation resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the 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 appropriation resolution 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 resolution 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".

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 \$649 respectively.

Note 2 – Summary of Significant Accounting Policies (continued)

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, 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.

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 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 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits. Beyond annual contributions, pensions are the liability of the State or Federal Programs and are not liabilities of Unity Township.

L. 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.

Note 2 – Summary of Significant Accounting Policies (continued)

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. 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.

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. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

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. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

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 Statements 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, Fire District Fund and Road District Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The differences between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end 2007 (budgetary basis) amounted to \$1,608 for the General Fund \$1,372 for the Road and Bridge Fund, \$1,702 for the Fire District Fund and \$11,262 for the Road District Fund.

Note 4 – Deposits and Investments

State statutes classify monies held by the Township into three categories.

Active deposits are public deposits necessary to meet current demands on the Township treasury. Such 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 Township has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by 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 may 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;
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.

Note 4 – Deposits and Investments (continued)

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the Township had no undeposited cash on hand.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party.

At December 31, 2007 \$293,248 of the Township's bank balance of \$393,248 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

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

At December 31, 2007, the Township had no investments.

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2007 represent the collection of 2006 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2006, were levied after October 1, 2006, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2007 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

Unity Township, Columbiana County
Notes to the Financial Statements
For the Years Ended December 31, 2007

Note 5 – Property Taxes (continued)

The full tax rate for all Township operations for the years ended December 31, 2007 and 2006, was \$6.50 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		
Residential and Agricultural	\$	114,677,400
Other		14,109,830
Public Utility		
Personal		7,266,800
Tangible Personal Property		4,816,974
Total Assessed Value	\$	140,871,004

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 2007 the Township contracted with the Westfield Company and Professional Government Underwriters to provide insurance protection against those various risks.

Legal Liability	\$1,000,000	Per Occurrence
Automobile Liability	1,000,000	Per Occurrence
Wrongful Acts	1,000,000	Per Occurrence
Property	328,911	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. 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.

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. Unity Township participates only in the traditional plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional plan. 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.

Note 7 – Defined Benefit Pension Plan (continued)

A. Ohio Public Employees Retirement System (continued)

For the year ended December 31, 2007, members were required to contribute 9.5 percent of their annual covered salaries and the Township's contribution rate for 2007 was 13.85 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township paid all contributions required through December 31, 2007.

Note 8 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with the traditional plan. Health care coverage for disability recipients and primary survivor 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 the traditional plan is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 local government employer contribution rate was 13.85 percent of covered payroll; 5 percent of covered payroll was the portion that was used to fund health care for the period of January 1, 2007 through June 30, 2007, 6 percent was used for the period of July 1, 2007 through December 31, 2007.

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 (the latest information available), 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 6.3 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 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 374,979. Actual employer contributions for 2007 and 2006 which were used to fund postemployment benefits were \$25,519 and \$23,018 respectively. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 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 OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

Unity Township, Columbiana County
Notes to the Financial Statements
For the Years Ended December 31, 2007

Note 9 - Debt

The Township's long-term debt activity for the year ended December 31, 2007 is as follows:

	<u>Interest Rate</u>	<u>Balance December 31, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2007</u>	<u>Due Within One Year</u>
International Dump Truck	4.51%	\$ 11,328	\$ -	\$ 11,328	\$ -	\$ -
Case Backhoe	5.67%	31,959	-	6,081	25,878	6,426

The Township signed a promissory note to finance the purchase of an International Dump Truck for Township road maintenance. The Township will fund the debt with tax revenues.

The Township signed a promissory note to finance the purchase of a Case Backhoe for Township road maintenance. The Township will fund the debt with tax revenues.

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

	<u>Principal</u>	<u>Interest</u>
2008	\$ 6,426	\$ 1,363
2009	6,794	994
2010	7,180	608
2011	5,478	152
Total	\$ 25,878	\$ 3,117

Note 10 – Contingent Liabilities/ Subsequent Events

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Management believes there are no pending claims or lawsuits.

Note 11 – Budgetary Noncompliance

Contrary to Ohio Revised Code Section 5705.39, the Township had appropriations exceeding estimated resources in various funds.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Unity Township
Columbiana County
51977 State Route 14
East Palestine, Ohio 44413

To the Township Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Unity Township, Columbiana County, Ohio (the Township) as of and for the year ended December 31, 2007, which collectively comprise the Township's financial statements and have issued our report thereon dated May 14, 2008, wherein we noted that the Township uses the cash basis of accounting rather than generally accepted accounting principles. 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 Controls 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 opinions 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.

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

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 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 a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control. We consider the deficiency described in the accompanying Schedule of Findings, item 2007-UT-002 to be a significant deficiency in internal control over financial reporting.

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 Township'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. However, we believe the significant deficiency described above to be a material weakness.

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, grant agreements and other matters, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2007-UT-001 and 002.

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

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

Charles E. Harris and Associates, Inc.

May 14, 2008

**UNITY TOWNSHIP
COLUMBIANA COUNTY, OHIO
SCHEDULE OF FINDINGS
DECEMBER 31, 2007**

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

FINDING NUMBER 2007 - UT – 001

Noncompliance Citation

Appropriations vs. Total Estimated Resources

Ohio Revised Code Section 5705.39 states, in part, that "... The total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there from, as certified by the budget commission..." This section also provides that no appropriation measure shall become effective until the Township obtains the County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources. Contrary to this requirement, the following funds had total appropriations in excess of estimated resources plus carryover balances:

Fund	Estimated Resources	Appropriations	Variance
<u>2007</u>			
Motor Vehicle License Tax	\$23,061	\$26,200	(\$3,139)
General Bond Retirement	14,328	15,370	(1,042)

We recommend that the Township develop policies and procedures to ensure the total appropriations do not exceed the total estimated resources.

Management's Response:

Management is now aware of the above requirement and will consistently monitor all budgetary activity to avoid such a situation in the future.

FINDING NUMBER 2007 - UT – 002

Noncompliance Citation and Material Weakness

Ohio Administrative Code Section 117-2-02(A) provides that all local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance and finance-related legal and contractual requirements and prepare financial statements.

The Ohio Township Handbook provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example). Using these classifications and the aforementioned accounting records will provide the Township with information required to monitor compliance and with the budget and prepare annual reports in the format required by the Auditor of State.

**UNITY TOWNSHIP
COLUMBIANA COUNTY, OHIO
SCHEDULE OF FINDINGS
DECEMBER 31, 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2007 - UT – 002 - Continued

The Fiscal Officer posted franchise fees, charges for services, intergovernmental receipts, and proceeds of notes, under “Other Revenue” or “Other Financing Sources”. The following are the adjustments made:

Fund	From	To	Amount
2007			
General	Other Financing Sources	Licenses, Permits & Fees	\$ 17,932
Road & Bridge	Other Receipts	Charges for Services	1,044
Road & Bridge	Other Receipts	Intergovernmental	1,000

We recommend that the Fiscal Officer follow the Ohio Township Handbook guidelines and the Ohio Revised Code and appropriate Auditor of State Bulletins in the proper posting of transactions.

Management’s Response:

Management has noted the above classifications and will monitor all entries into the accounting system to avoid such adjustments in the future.

**UNITY TOWNSHIP
COLUMBIANA COUNTY, OHIO**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2006-UT-001	ORC 5705.39 Appropriations over Estimated Resources	No	Not corrected. Reissued as finding 2007-UT-001.
2006-UT-002	OAC-117-2-02(A) Certain transactions classified improperly	No	Not corrected. Reissued as finding 2007-UT-002.



Mary Taylor, CPA
Auditor of State

UNITY TOWNSHIP

COLUMBIANA 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
SEPTEMBER 18, 2008**