



UNION TOWNSHIP, FAYETTE COUNTY

Regular Audit

**For the Years Ended
December 31, 2008 and 2007**

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS





Mary Taylor, CPA

Auditor of State

Board of Trustees
Union Township
1376 Robinson Road
Washington Court House, Ohio 43160

We have reviewed the *Independent Auditor's Report* of Union Township, Fayette County, prepared by J.L. Uhrig and Associates, Inc., for the audit period January 1, 2007 through December 31, 2008. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

April 14, 2009

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Independent Auditor's Report

Board of Trustees
Union Township, Fayette County
1376 Robinson Road
Washington Court House, OH 43160

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Union Township (the Township), Fayette County as of and for the years ended December 31, 2008 and 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the accompanying financial statements and notes follow the cash basis of accounting. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township as of December 31, 2008 and 2007, and the respective changes in financial position and the respective budgetary comparisons for the General Fund, Gasoline Tax Fund, and Fire Fund for the years then ended in conformity with the cash basis of accounting presented in Note 2.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 27, 2009 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. While we do not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report when considering the results of our audit.

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

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

February 27 , 2009

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

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

In 2008, net assets of governmental activities increased \$257,645, or 39.89 percent. This increase was in large part due to an increase in estate taxes of \$208,030.

In 2007, net assets of governmental activities decreased \$42,907, or 6.23 percent. The funds most affected by the decrease in cash and cash equivalents were the General Fund and Fire Fund. The General Fund decreased in net assets by \$59,069, as a result of repairs to the township building. Also, the Fire Fund decreased in net assets by \$88,722 due to increases in contract costs for fire protection.

The Township's general receipts are primarily property taxes and grants and entitlement not restricted to specific programs. These receipts represent respectively 45.75 and 33.79 percent of the total cash received in 2008 for governmental activities during the year. Property tax receipts for 2008 changed very little compared to 2007 (2.29% decrease) as development within the Township has remained relatively unchanged.

For 2007, property taxes and grants and entitlements not restricted to specific programs represent respectively 61.44 and 9.99 percent of the total cash received for governmental activities during the year. Property tax receipts for 2007 changed very little compared to 2006 (5.33% increase) as development within the Township has remained relatively unchanged.

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

UNION TOWNSHIP, FAYETTE COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
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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 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 Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2008 and 2007, within the limitations of cash basis accounting. The statement of net assets presents the cash balances 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 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 taxes.

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

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

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

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 consist of one category: governmental.

Governmental Funds – The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund, Gasoline Tax Fund, and the Fire Fund. 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.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Township's programs.

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2008 compared to 2007 on a modified cash basis:

(Table 1)

	Governmental Activities		
	2008	2007	2006
Assets			
Cash and Cash Equivalents	\$903,547	\$645,902	\$688,809
Total Assets	\$903,547	\$645,902	\$688,809
Net Assets			
<i>Restricted for:</i>			
Other Purposes	\$432,313	\$395,965	\$379,803
Unrestricted	471,234	249,937	309,006
Total Net Assets	\$903,547	\$645,902	\$688,809

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

As mentioned previously, net assets of governmental activities increased \$257,645, or 39.89 percent during 2008. Net assets of governmental activities decreased \$42,907, or 6.23 percent during 2007. The primary reason contributing to the increases in cash balances for 2008 is as follows:

- The Township received a large windfall in estate taxes during 2008.

The primary reasons for the decrease in cash balances for 2007 are as follows:

- In 2007, the Township had increased costs for repairs to the township building. These costs were borne by the General Fund. Also, the Fire Fund incurred increased costs for fire protection services as the result of an increase in their fire contract.

Table 2 reflects the changes in net assets in 2008 and 2007.

(Table 2)

Changes in Net Assets

	Governmental Activities		
	2008	2007	2006
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$13,570	\$16,994	\$6,854
Operating Grants and Contributions	142,146	167,204	166,227
Total Program Receipts	<u>155,716</u>	<u>184,198</u>	<u>\$173,081</u>
General Receipts:			
Property and Other Local Taxes	352,575	360,871	349,373
Grants and Entitlements Not Restricted	262,630	48,835	67,946
Miscellaneous	14,968	5,067	19,582
Total General Receipts	<u>630,173</u>	<u>414,773</u>	<u>436,901</u>
Total Receipts	<u>785,889</u>	<u>598,971</u>	<u>609,982</u>
Disbursements:			
General Government	139,791	144,858	124,332
Public Safety	245,804	340,634	223,213
Public Works	108,644	82,713	164,601
Health	30,977	20,913	30,958
Other	0	120	188
Capital Outlay	3,028	52,640	238,990
Total Disbursements	<u>528,244</u>	<u>641,878</u>	<u>782,282</u>
Increase (Decrease) in Net Assets	257,645	(42,907)	(172,300)
Net Assets, January 1,	645,902	688,809	861,109
Net Assets, December 31,	<u>\$903,547</u>	<u>\$645,902</u>	<u>\$688,809</u>

UNION TOWNSHIP, FAYETTE COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2007
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Program receipts represent only 19.81 percent of total receipts during 2008 and 30.75 percent of total receipts during 2007. Program receipts are comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money and fines and permits.

General receipts represent 80.19 percent in 2008 and 69.25 percent in 2007 of the Township's total receipts, and of this amount, over 55.95 percent in 2008 and 87.00 percent in 2007 are local taxes. State and federal grants and entitlements make up 41.66 percent in 2008 and 16.77 percent in 2007 of the Township's total general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

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

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

Governmental Activities

If you look at the Statement of Activities you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are public works and public safety, which account for \$354,448 or 67.10 percent in 2008 and \$423,347 or 65.95 percent in 2007 of all governmental disbursements, respectively. General government also represents a significant cost, about 26.46 percent in 2008 and 22.57 percent in 2007. The next column of the Statement entitled Program Receipts identifies grants received by the Township that must be used to provide a specific service. The net receipt (disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the statement. A comparison between the total cost of services and the net cost during 2008 and 2007 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
	2008	2008	2007	2007	2006	2006
General Government	\$139,791	\$139,791	\$144,858	\$144,858	\$124,332	\$59,243
Public Safety	245,804	221,726	340,634	316,998	223,213	223,213
Public Works	108,644	3,784	82,713	(25,970)	164,601	56,609
Health	30,977	29,482	20,913	16,993	30,958	30,958
Other	0	0	120	120	188	188
Capital Outlay	3,028	3,028	52,640	52,640	238,990	238,990
Total Expenses	\$528,244	\$397,811	\$641,878	\$505,639	\$782,282	\$609,201

The dependence upon property and other local tax receipts is apparent as 75.31 percent in 2008 and 78.77 percent in 2007 of governmental activities are supported through these general receipts.

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

The Township's Funds

Total governmental funds had receipts of \$785,889 in 2008 and \$598,973 in 2007 and disbursements of \$528,244 in 2008 and \$641,760 in 2007. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$221,297 as the result of increased receipts for 2008. The fund balance of the Fire Fund decreased \$88,722 as the result of increased contract costs for 2007.

Capital Assets and Debt Administration

Capital Assets

The Township uses the UAN Inventory Accounting System to keep track of its capital assets. The system is updated annually in January to reflect capital purchases and minor equipment purchases from the prior year. However, the Township does not report capital assets and infrastructure under the cash basis of accounting.

Debt

The Township had no debt in 2008 or 2007.

General Fund Budgeting Highlights

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

During 2008, the Township did not amend its General Fund budgeted receipts.

During 2007, the Township amended its General Fund budgeted receipts to reflect a decrease of \$30,000 or 16.12 percent from the original budgeted receipts, which was the intergovernmental receipts.

During 2008, General Fund final disbursements were budgeted at \$400,060 while actual disbursements were \$163,339. Final budgeted disbursements had no increase from the original budgeted disbursements.

During 2007, General Fund final disbursements were budgeted at \$495,100 while actual disbursements were \$205,141. Final budgeted disbursements decreased \$30,000 or 5.71 percent from the original budgeted disbursements.

Current Issues

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

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

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 Tom Rambo, Fiscal Officer, Union Township, Fayette County, 1376 Robinson Road, Washington Court House, Ohio 43160.

UNION TOWNSHIP, FAYETTE COUNTY

Statement of Net Assets

December 31, 2008

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$903,547</u>
<i>Total Assets</i>	<u>903,547</u>
<u>Net Assets:</u>	
<i>Restricted for:</i>	
Other Purposes	432,313
Unrestricted	<u>471,234</u>
<i>Total Net Assets</i>	<u><u>\$903,547</u></u>

See accompanying notes to the basic financial statements.

UNION TOWNSHIP, FAYETTE COUNTY

Statement of Activities

For the Year Ended December 31, 2008

	Program Receipts		Net (Disbursements) Receipts and Changes in Net Assets	
	Disbursements	Charges for Services	Operating Grants and Contributions	
<u>Governmental Activities:</u>			Governmental Activities	
General Government	\$139,791	\$5,446	\$24,188	(\$110,157)
Public Safety	245,804	0	17,876	(227,928)
Public Works	108,644	7,004	100,082	(1,558)
Health	30,977	1,120	0	(29,857)
Capital Outlay	3,028	0	0	(3,028)
<i>Total Governmental Activities</i>	\$528,244	\$13,570	\$142,146	(372,528)
<u>General Receipts:</u>				
Property Taxes and Other Local Taxes				352,575
Grants and Entitlements not Restricted to Specific Programs				262,630
Miscellaneous				14,968
<i>Total General Receipts</i>				630,173
 Change in Net Assets				 257,645
 <i>Net Assets at Beginning of Year</i>				 645,902
 <i>Net Assets at End of Year</i>				 \$903,547

See accompanying notes to the basic financial statements.

UNION TOWNSHIP, FAYETTE COUNTY

Balance Sheet

Governmental Funds

December 31, 2008

	<u>General</u>	<u>Gasoline Tax</u>	<u>Fire</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	\$471,234	\$218,069	\$52,883	\$161,361	\$903,547
<i>Total Assets</i>	<u>\$471,234</u>	<u>\$218,069</u>	<u>\$52,883</u>	<u>\$161,361</u>	<u>\$903,547</u>
 <u>Fund Balances:</u>					
<i>Unreserved:</i>					
General Fund	\$471,234	\$0	\$0	\$0	\$471,234
Special Revenue Funds	<u>0</u>	<u>218,069</u>	<u>52,883</u>	<u>161,361</u>	<u>432,313</u>
<i>Total Fund Balances</i>	<u>\$471,234</u>	<u>\$218,069</u>	<u>\$52,883</u>	<u>\$161,361</u>	<u>\$903,547</u>

See accompanying notes to the basic financial statements.

UNION TOWNSHIP, FAYETTE COUNTY
Statement of Receipts, Disbursements and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended December 31, 2008

	General	Gasoline Tax	Fire	Other Governmental Funds	Total Governmental Funds
<u>Receipts:</u>					
Property Taxes and Other Local Taxes	\$101,964	\$0	\$217,481	\$40,133	\$359,578
Licenses, Permits and Fees	0	0	0	5,446	5,446
Intergovernmental	265,525	89,722	24,078	11,187	390,512
Earnings on Investments	3,566	3,566	0	7,133	14,265
Miscellaneous	13,581	0	1,387	1,120	16,088
<i>Total Receipts</i>	<u>384,636</u>	<u>93,288</u>	<u>242,946</u>	<u>65,019</u>	<u>785,889</u>
<u>Disbursements:</u>					
<i>Current:</i>					
General Government	139,791	0	0	0	139,791
Public Safety	800	0	245,004	0	245,804
Public Works	0	63,758	0	44,886	108,644
Health	20,095	0	0	10,882	30,977
Capital Outlay	2,653	0	0	375	3,028
<i>Total Disbursements</i>	<u>163,339</u>	<u>63,758</u>	<u>245,004</u>	<u>56,143</u>	<u>528,244</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>221,297</u>	<u>29,530</u>	<u>(2,058)</u>	<u>8,876</u>	<u>257,645</u>
<i>Net Change in Fund Balances</i>	221,297	29,530	(2,058)	8,876	257,645
<i>Fund Balances at Beginning of Year</i>	<u>249,937</u>	<u>188,539</u>	<u>54,941</u>	<u>152,485</u>	<u>645,902</u>
<i>Fund Balances at End of Year</i>	<u><u>\$471,234</u></u>	<u><u>\$218,069</u></u>	<u><u>\$52,883</u></u>	<u><u>\$161,361</u></u>	<u><u>\$903,547</u></u>

See accompanying notes to the basic financial statements.

UNION TOWNSHIP, FAYETTE COUNTY
*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes and Other Local Taxes	\$112,930	\$112,930	\$101,964	(\$10,966)
Intergovernmental	28,294	28,294	265,525	237,231
Earnings on Investments	7,400	7,400	3,566	(3,834)
Miscellaneous	2,500	2,500	13,581	11,081
<i>Total Receipts</i>	151,124	151,124	384,636	233,512
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	339,260	339,260	139,791	199,469
Public Safety	800	800	800	0
Health	28,000	28,000	20,095	7,905
Capital Outlay	32,000	32,000	2,653	29,347
<i>Total Disbursements</i>	400,060	400,060	163,339	236,721
<i>Excess of Receipts Over (Under) Disbursements</i>	(248,936)	(248,936)	221,297	470,233
<u>Other Financing Sources (Uses):</u>				
Other Financing Uses	(500)	(500)	0	500
<i>Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses</i>	(249,436)	(249,436)	221,297	470,733
<i>Fund Balance at Beginning of Year</i>	249,937	249,937	249,937	0
<i>Fund Balance at End of Year</i>	\$501	\$501	\$471,234	\$470,733

See accompanying notes to the basic financial statements.

UNION TOWNSHIP, FAYETTE COUNTY
*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Gasoline Tax Fund
For the Year Ended December 31, 2008*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Intergovernmental	\$81,579	\$81,579	\$89,722	\$8,143
Earnings on Investments	7,400	7,400	3,566	(3,834)
<i>Total Receipts</i>	88,979	88,979	93,288	4,309
<u>Disbursements:</u>				
<i>Current:</i>				
Public Works	277,518	277,518	63,758	213,760
<i>Total Disbursements</i>	277,518	277,518	63,758	213,760
<i>Excess of Receipts Over (Under) Disbursements</i>	(188,539)	(188,539)	29,530	218,069
<i>Fund Balance at Beginning of Year</i>	188,539	188,539	188,539	0
<i>Fund Balance at End of Year</i>	\$0	\$0	\$218,069	\$218,069

See accompanying notes to the basic financial statements.

UNION TOWNSHIP, FAYETTE COUNTY
*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
Fire Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes and Other Local Taxes	\$156,000	\$156,000	\$217,481	\$61,481
Intergovernmental	16,665	46,665	24,078	(22,587)
Miscellaneous	1,000	1,000	1,387	387
<i>Total Receipts</i>	173,665	203,665	242,946	39,281
<u>Disbursements:</u>				
<i>Current:</i>				
Public Safety	228,606	258,606	245,004	13,602
<i>Total Disbursements</i>	228,606	258,606	245,004	13,602
<i>Excess of Receipts Over (Under) Disbursements</i>	(54,941)	(54,941)	(2,058)	52,883
<i>Fund Balance at Beginning of Year</i>	54,941	54,941	54,941	0
<i>Fund Balance at End of Year</i>	\$0	\$0	\$52,883	\$52,883

See accompanying notes to the basic financial statements.

UNION TOWNSHIP, FAYETTE COUNTY
Statement of Fiduciary Net Assets - Cash Basis
December 31, 2008

	<u>Private Purpose Trust</u>
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$3,000</u>
<i>Total Receipts</i>	<u><u>\$3,000</u></u>
<u>Net Assets</u>	
<i>Restricted for:</i>	
Other Purposes	<u>\$3,000</u>
<i>Total Net Assets</i>	<u><u>\$3,000</u></u>

See accompanying notes to the basic financial statements.

UNION TOWNSHIP, FAYETTE COUNTY
Statement of Changes in Fiduciary Net Assets
December 31, 2008

	<u>Private Purpose Trust</u>
Additions	\$0
Deductions	<u>0</u>
Change in Net Assets	0
Net Assets - Beginning of Year	<u>3,000</u>
Net Assets - End of Year	<u><u>\$3,000</u></u>

See accompanying notes to the basic financial statements.

UNION TOWNSHIP, FAYETTE COUNTY

Statement of Net Assets

December 31, 2007

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$645,902</u>
<i>Total Assets</i>	<u>645,902</u>
<u>Net Assets:</u>	
<i>Restricted for:</i>	
Other Purposes	395,965
Unrestricted	<u>249,937</u>
<i>Total Net Assets</i>	<u><u>\$645,902</u></u>

See accompanying notes to the basic financial statements.

UNION TOWNSHIP, FAYETTE COUNTY

Statement of Activities

For the Year Ended December 31, 2007

	Program Receipts		Net (Disbursements) Receipts and Changes in Net Assets	
	Disbursements	Charges for Services	Operating Grants and Contributions	
<u>Governmental Activities:</u>			Governmental Activities	
General Government	\$144,858	\$9,854	\$67,606	(\$67,398)
Public Safety	340,634	0	0	(340,634)
Public Works	82,713	7,140	99,598	24,025
Health	20,913	0	0	(20,913)
Other	120	0	0	(120)
Capital Outlay	52,640	0	0	(52,640)
<i>Total Governmental Activities</i>	<u>\$641,878</u>	<u>\$16,994</u>	<u>\$167,204</u>	<u>(457,680)</u>
				<u>General Receipts:</u>
				Property Taxes and Other Local Taxes
				360,871
				Grants and Entitlements not Restricted to Specific Programs
				48,835
				Miscellaneous
				5,067
				<i>Total General Receipts</i>
				414,773
				Change in Net Assets
				(42,907)
				<i>Net Assets at Beginning of Year</i>
				688,809
				<i>Net Assets at End of Year</i>
				\$645,902

See accompanying notes to the basic financial statements.

UNION TOWNSHIP, FAYETTE COUNTY

Balance Sheet

Governmental Funds

December 31, 2007

	<u>General</u>	<u>Gasoline Tax</u>	<u>Fire</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	\$249,937	\$188,539	\$54,941	\$152,485	\$645,902
<i>Total Assets</i>	<u>\$249,937</u>	<u>\$188,539</u>	<u>\$54,941</u>	<u>\$152,485</u>	<u>\$645,902</u>
 <u>Fund Balances:</u>					
<i>Unreserved:</i>					
General Fund	\$249,937	\$0	\$0	\$0	\$249,937
Special Revenue Funds	<u>0</u>	<u>188,539</u>	<u>54,941</u>	<u>152,485</u>	<u>395,965</u>
<i>Total Fund Balances</i>	<u>\$249,937</u>	<u>\$188,539</u>	<u>\$54,941</u>	<u>\$152,485</u>	<u>\$645,902</u>

See accompanying notes to the basic financial statements.

UNION TOWNSHIP, FAYETTE COUNTY
Statement of Receipts, Disbursements and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended December 31, 2007

	General	Gasoline Tax	Fire	Other Governmental Funds	Total Governmental Funds
<u>Receipts:</u>					
Property Taxes and Other Local Taxes	\$103,223	\$0	\$225,713	\$39,075	\$368,011
Licenses, Permits and Fees	0	0	0	9,854	9,854
Intergovernmental	59,866	88,979	23,636	13,770	186,251
Earnings on Investments	7,447	7,447	0	14,894	29,788
Miscellaneous	3,156	0	1,913	0	5,069
<i>Total Receipts</i>	<u>173,692</u>	<u>96,426</u>	<u>251,262</u>	<u>77,593</u>	<u>598,973</u>
<u>Disbursements:</u>					
<i>Current:</i>					
General Government	141,305	0	0	3,555	144,860
Public Safety	650	0	339,984	0	340,634
Public Works	0	28,816	0	53,897	82,713
Health	19,772	0	0	1,141	20,913
Capital Outlay	43,414	0	0	9,226	52,640
<i>Total Disbursements</i>	<u>205,141</u>	<u>28,816</u>	<u>339,984</u>	<u>67,819</u>	<u>641,760</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(31,449)</u>	<u>67,610</u>	<u>(88,722)</u>	<u>9,774</u>	<u>(42,787)</u>
<u>Other Financing Sources/(Uses):</u>					
Transfers In	0	0	0	30,000	30,000
Transfers Out	(30,000)	0	0	0	(30,000)
Advances In	2,500	0	0	0	2,500
Advances Out	0	0	0	(2,500)	(2,500)
Other Financing Uses	(120)	0	0	0	(120)
<i>Total Other Financing Sources/(Uses)</i>	<u>(27,620)</u>	<u>0</u>	<u>0</u>	<u>27,500</u>	<u>(120)</u>
<i>Net Change in Fund Balances</i>	(59,069)	67,610	(88,722)	37,274	(42,907)
<i>Fund Balances at Beginning of Year</i>	<u>309,006</u>	<u>120,929</u>	<u>143,663</u>	<u>115,211</u>	<u>688,809</u>
<i>Fund Balances at End of Year</i>	<u><u>\$249,937</u></u>	<u><u>\$188,539</u></u>	<u><u>\$54,941</u></u>	<u><u>\$152,485</u></u>	<u><u>\$645,902</u></u>

See accompanying notes to the basic financial statements.

UNION TOWNSHIP, FAYETTE 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		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes and Other Local Taxes	\$103,150	\$103,150	\$103,223	\$73
Intergovernmental	68,500	38,500	59,866	21,366
Earnings on Investments	7,500	7,500	7,447	(53)
Miscellaneous	7,000	7,000	3,156	(3,844)
<i>Total Receipts</i>	186,150	156,150	173,692	17,542
<u>Disbursements:</u>				
<i>Current:</i>				
General Government	428,950	398,950	141,305	257,645
Public Safety	650	650	650	0
Health	28,500	28,500	19,772	8,728
Capital Outlay	67,000	67,000	43,414	23,586
<i>Total Disbursements</i>	525,100	495,100	205,141	289,959
<i>Excess of Receipts Over (Under) Disbursements</i>	(338,950)	(338,950)	(31,449)	307,501
<u>Other Financing Sources (Uses):</u>				
Transfers Out	0	(30,000)	(30,000)	0
Advances In	0	0	2,500	2,500
Other Financing Uses	(400)	(400)	(120)	280
<i>Total Other Financing Sources (Uses)</i>	(400)	(30,400)	(27,620)	2,780
<i>Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses</i>	(339,350)	(369,350)	(59,069)	310,281
<i>Fund Balance at Beginning of Year</i>	309,006	309,006	309,006	0
<i>Fund Balance at End of Year</i>	(\$30,344)	(\$60,344)	\$249,937	\$310,281

See accompanying notes to the basic financial statements.

UNION TOWNSHIP, FAYETTE 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		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Intergovernmental	\$45,500	\$45,500	\$88,979	\$43,479
Earnings on Investments	7,500	7,500	7,447	(53)
<i>Total Receipts</i>	53,000	53,000	96,426	43,426
<u>Disbursements:</u>				
<i>Current:</i>				
Public Works	170,000	170,000	28,816	141,184
<i>Total Disbursements</i>	170,000	170,000	28,816	141,184
<i>Excess of Receipts Over (Under) Disbursements</i>	(117,000)	(117,000)	67,610	184,610
<i>Fund Balance at Beginning of Year</i>	120,929	120,929	120,929	0
<i>Fund Balance at End of Year</i>	\$3,929	\$3,929	\$188,539	\$184,610

See accompanying notes to the basic financial statements.

UNION TOWNSHIP, FAYETTE COUNTY
*Statement of Receipts, Disbursements and Changes
in Fund Balance - Budget and Actual (Budget Basis)
Fire Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes and Other Local Taxes	\$200,000	\$200,000	\$225,713	\$25,713
Intergovernmental	32,000	193,365	23,636	(169,729)
Miscellaneous	2,000	2,000	1,913	(87)
<i>Total Receipts</i>	234,000	395,365	251,262	(144,103)
<u>Disbursements:</u>				
<i>Current:</i>				
Public Safety	234,000	345,096	339,984	5,112
<i>Total Disbursements</i>	234,000	345,096	339,984	5,112
<i>Excess of Receipts Over (Under) Disbursements</i>	0	50,269	(88,722)	(138,991)
<i>Fund Balance at Beginning of Year</i>	143,663	143,663	143,663	0
<i>Fund Balance at End of Year</i>	\$143,663	\$193,932	\$54,941	(\$138,991)

See accompanying notes to the basic financial statements.

UNION TOWNSHIP, FAYETTE COUNTY
Statement of Fiduciary Net Assets - Cash Basis
December 31, 2007

	<u>Private Purpose Trust</u>
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$3,000</u>
<i>Total Receipts</i>	<u><u>\$3,000</u></u>
<u>Net Assets</u>	
<i>Restricted for:</i>	
Other Purposes	<u>\$3,000</u>
<i>Total Net Assets</i>	<u><u>\$3,000</u></u>

See accompanying notes to the basic financial statements.

UNION TOWNSHIP, FAYETTE COUNTY
Statement of Changes in Fiduciary Net Assets
December 31, 2007

	<u>Private Purpose Trust</u>
Additions	\$0
Deductions	<u>0</u>
Change in Net Assets	0
Net Assets - Beginning of Year	<u>3,000</u>
Net Assets - End of Year	<u><u>\$3,000</u></u>

See accompanying notes to the basic financial statements.

UNION TOWNSHIP, FAYETTE COUNTY
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008 and 2007

Note 1 – Reporting Entity

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

The Township provides general government services, maintenance of Township roads and bridges, and maintenance of cemeteries. The Township contracts with the City of Washington Court House for fire protection. Police protection is provided by the Fayette County Sheriff.

Note 2 – Summary of Significant Accounting Policies

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

The statement of net assets presents the cash and investment balances of the governmental and business-type 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 or business-type activity is self-financing on a cash basis or draws from the Township's general receipts.

UNION TOWNSHIP, FAYETTE COUNTY
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008 and 2007

Note 2 – Summary of Significant Accounting Policies (continued)

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

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

The following are the Township's major governmental funds:

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

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

Fire Fund – This fund is comprised of property taxes for providing fire protection for Township residents.

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 cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

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

UNION TOWNSHIP, FAYETTE COUNTY
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008 and 2007

Note 2 – Summary of Significant Accounting Policies (continued)

D. Budgetary Process

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

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

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

E. Cash and Investments

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

During 2008 and 2007, the Township invested in a repurchase agreement. Repurchase agreements are reported at cost.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2008 was \$3,566 and during 2007 was \$7,447.

F. Inventory and Prepaid Items

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

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.

UNION TOWNSHIP, FAYETTE COUNTY
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008 and 2007

Note 2 – Summary of Significant Accounting Policies (continued)

I. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for state grants reported in special revenue funds.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

Note 3 – Accountability and Compliance

A. Change in Accounting Principles

For 2008, the Township has implemented GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 50 establishes standards that more closely align the financial reporting requirements for pensions with those of other postemployment benefits. The implementation of GASB Statement No. 50 did not have an effect on the financial statements of the Township.

B. Noncompliance

ORC 5705.36 – The Township should have obtained a reduced amended certificate of estimated resources in the Fire Fund during 2007.

ORC 5705.39 – Total Appropriations exceed available resources in the General Fund during 2007.

Note 4 – Budgetary Basis of Accounting

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

Note 5 – Deposits and Investments

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

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

UNION TOWNSHIP, FAYETTE COUNTY
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008 and 2007

Note 5 – Deposits and Investments – (Continued)

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 public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
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 obligation, 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.

UNION TOWNSHIP, FAYETTE COUNTY
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008 and 2007

Note 5 – Deposits and Investments (Continued)

Deposits

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

At December 31, 2008, the carrying amount of all Township deposits was \$282,103. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of December 31, 2008, \$33,997 of the Township’s bank balance of \$283,997 was exposed to custodial credit risk as discussed above, while \$250,000 was covered by the Federal Deposit Insurance limit effective October 2008.

At December 31, 2007, the carrying amount of all Township deposits was \$38,445. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of December 31, 2007, none of the Township bank balance of \$43,906 was exposed to custodial risk as discussed above, rather \$43,906 was covered by Federal Deposit Insurance.

Investments

As of December 31, 2008, the Township had the following investments and maturities:

	Fair Value	6 Months or Less
Repurchase Agreement	\$624,444	\$624,444
Totals	\$624,444	\$624,444

As of December 31, 2007, the Township had the following investments and maturities:

	Fair Value	6 Months or Less
Repurchase Agreement	\$610,457	\$610,457
Totals	\$610,457	\$610,457

Repurchase Agreements – State statute permits the Township to enter into repurchase agreements. All sales of investments under repurchase agreements are for fixed terms. In investing the proceeds from repurchase agreements, it is the Township’s policy that the term to maturity of the investment be the same as the term of the repurchase agreement.

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

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Township limits its investments to those authorized by State statute.

UNION TOWNSHIP, FAYETTE COUNTY
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008 and 2007

Note 5 – Deposits and Investments (Continued)

Custodial Credit Risk: For investments, custodial credit risk is the risk that, in the event of the failure of the counter party, the Township will not be able to recover the value of its investments or collateral securities in the possession of an outside party. The Repurchase Agreements are exposed to custodial credit risk as they are uninsured, unregistered, and held in the counterparty’s trust department or agent but not in the Township’s name. The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2).

Note 6 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2008 represent the collection of 2007 taxes. Real property taxes received in 2008 were levied after October 1, 2007, on the assessed values as of January 1, 2007, the lien date. 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 2008 represent the collection of 2007 taxes. Public utility real and tangible personal property taxes received in 2008 became a lien on December 31, 2007, were levied after October 1, 2007, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2008 (other than public utility property) represent the collection of 2008 taxes. Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the true value as of December 31, 2007. Tangible personal property is being phased out. For 2007, tangible personal property tax was assessed at 12.50 percent for property, including inventory. This percentage was reduced to 6.25 percent for 2008 and will be reduced to zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2008 and 2007, was \$4.8 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2008 and 2007 property tax receipts were based are as follows:

	2008	2007
Real Property		
Residential/Agricultural	\$54,072,920	\$53,416,090
Commercial/Industrial/Mineral	16,365,220	13,222,360
Personal Property	13,203,877	13,203,877
Public Utility	1,661,730	4,926,980
Total Assessed Value	\$72,099,870	\$71,564,980

UNION TOWNSHIP, FAYETTE COUNTY
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008 and 2007

Note 7 – Risk Management

The Township is exposed to various risks on property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio Townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements, and other expenses resulting from covered claims that exceed the members’ deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool 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 additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA’s retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 or \$3,000,000 as noted above.

Property Coverage

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides 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 in 2006 or \$100,000 and \$300,000 in 2007. Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA’s primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective Township.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

OTARMA’s financial statements (audited by other accountants) conform with the generally accepted accounting principles, and reported the following assets, liabilities and retained earning at December 31, 2007 and 2006 (latest information available):

<u>Combined Coverage</u>	<u>2007</u>	<u>2006</u>
Assets	\$43,210,703	\$42,042,275
Liabilities	(13,357,837)	(12,120,661)
Retained Earnings	\$29,852,866	\$29,921,614

UNION TOWNSHIP, FAYETTE COUNTY
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008 and 2007

Note 7 – Risk Management (Continued)

At December 31, 2007 and 2006, respectively, casualty coverage liabilities noted above include approximately \$11.6 million and \$10.8 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$8,850. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

The Township's required contributions to OTARMA for the years ended December 31, 2008, 2007, and 2006 were \$4,423, \$4,474, and \$4,397, respectively.

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation 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.

Note 8 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS Administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

UNION TOWNSHIP, FAYETTE COUNTY
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008 and 2007

Note 8 – Defined Benefit Pension Plan (Continued)

For the year ended December 31, 2008, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 10.0 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.10 percent of their annual covered salary; members in public safety contributed 10.1 percent. The Township's contribution rate for pension benefits for 2008 was 14.0 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 17.4 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

For the year ended December 31, 2007, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9.5 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 9.75 percent. The Township's contribution rate for pension benefits for 2007 was 13.85 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 17.17 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, 2008, 2007, and 2006 were \$11,475, \$11,755, and \$22,948 respectively. The full amount has been contributed for 2008, 2007 and 2006.

Note 9 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2008 local government employer contribution rate was 14.0 percent of covered payroll (17.40 percent for public safety and law enforcement); 7.0 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, 2007 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 4.0 percent based on additional annual pay increases. Health care premiums were assumed to increase between .5 and 4.0 percent annually for the next seven years and 4.00 percent annually after seven 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.

UNION TOWNSHIP, FAYETTE COUNTY
Notes to the Basic Financial Statements
For the Year Ended December 31, 2008 and 2007

Note 9 - Postemployment Benefits (Continued)

The number of active contributing participants in the traditional and combined plans for December 31, 2008 and December 31, 2007 were 363,503 and 364,076, respectively. Actual employer contributions for 2008 and 2007 which were used to fund postemployment benefits were \$5,738 and \$4,668, 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, 2007, (the latest information available) were \$12.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.8 billion and \$17.0 billion, respectively.

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.

Note 10 – Inter-fund Transfers

During 2007 the following transfer was made:

Transfers from the General Fund to:	
Other Governmental Funds	<u>\$30,000</u>
Total Transfers from the General Fund	<u><u>\$30,000</u></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. During 2007, \$30,000 was transferred to the Cemetery Fund from the General Fund due to a decrease in revenue and an increase in cost to maintain the cemeteries. The Cemeteries in Union Township do not support their own activities. In the past, the Cemetery Fund has always been supplemented with money from the General Fund.

Independent Accountant's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards

Board of Trustees
Union Township, Fayette County
1376 Robinson Road
Washington Court House, OH 43160

We have audited the accompanying financial statements of Union Township, Fayette County, Ohio (the Township) , as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated February 27, 2009. As discussed in Note 2, the Township followed the cash basis of accounting, which is a comprehensive basis other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Internal Control over Financial Reporting

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

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 certain deficiencies in the internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting: 2008-001.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Board of Trustees
Union Township, Fayette County
Independent Accountant's Report on Internal Control over Financial
Reporting and on Compliance and Other Matters Required by
Government Auditing Standards

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

We noted certain internal control matters that we reported to the Township's management in a separate letter dated February 27, 2009.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain additional matters that we have reported to management of the Township in a separate letter dated February 27, 2009.

The Township's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

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

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

February 27, 2009

UNION TOWNSHIP, FAYETTE COUNTY
Schedule of Findings
For the Years Ended December 31, 2008 and 2007

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

Finding Number 2008-001

Financial Record Keeping - Significant Deficiency

Ohio Administrative Code (OAC) Section 117-2-02(A) directs all public offices to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, and analyze, classify, record, and report its transactions, maintain accountability for the related assets, and prepare financial statements required by Rule 117-2-03 of the OAC. OAC Section 117-2-02(D) allows the records to be maintained manually or in a computerized format and requires the following: (1) Cash journal with the amount, date, receipt number, check number, account code, and any other information necessary to properly classify the transaction; (2) Receipts ledger to assemble and classify receipts into separate accounts for each type of receipt of each fund consisting of the amount, date, name of the payer, purpose, receipt number, and other information necessary to record the transaction on this ledger, and; (3) Appropriation ledger to assemble and classify disbursements into separate accounts for, at a minimum, each account listed in the appropriation resolution. The amount, date, fund, check number, purchase order number, encumbrance amount, unencumbered balance, amount of disbursement, uncommitted balance of appropriations, and any other information required may be entered in the appropriate columns.

Although the Township utilizes the Uniform Accounting Network (UAN) System developed and monitored by the Auditor of State, several receipts were incorrectly posted to improper accounts in 2008. This did not allow the Fiscal Officer to accurately reflect the receipt transactions of the Township.

The fact that the posting errors resulting in reclassification entries occurred, indicates a significant deficiency in the internal controls over financial record keeping and reporting and resulted in the inaccurate reflection of the receipts of the Fire Fund for 2008.

We recommend the Fiscal Officer review the requirements of OAC Section 117-2-02 and the description of the accounts in the UAN System and maintain the receipt ledger in the manner prescribed therein.

Officials' Response

After reviewing the information and discussing the posting errors associated with revenue received from the state as part of the homestead and 10% rollback monies sent back to the township, I agree that they should have been posted into account 535, not 101 as they were entered. We will correct this in the future and will post these monies into account 535, per the language in the UAN revenue code descriptions.

UNION TOWNSHIP, FAYETTE COUNTY
Schedule of Prior Audit Findings
For the Year Ended December 31, 2008 and 2007

Description	Status	Comments
<i>Government Auditing Standards:</i>		
1. ORC 5705.41(D) - Subdivision shall not expend money from any fund unless the Fiscal Officer has attached a certificate that unencumbered funds are available to meet that obligation.	Corrected	N/A
2. ORC 5705.10(D) - Subdivision shall not post monies into any fund for any purpose other than that for which the fund was established.	Corrected	N/A



Mary Taylor, CPA
Auditor of State

UNION TOWNSHIP

FAYETTE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 7, 2009**