



**Auditor of State  
Betty Montgomery**



ROSS TOWNSHIP  
BUTLER COUNTY

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**Auditor of State  
Betty Montgomery**

Ross Township  
Butler County  
3133 Hamilton-Cleves Road  
Hamilton, Ohio 45013

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your 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. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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

**Betty Montgomery**  
Auditor of State

October 12, 2006

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Ross Township  
Butler County  
3133 Hamilton-Cleves Road  
Hamilton, Ohio 45013

To the Board of Trustees:

We have audited the accompanying financial statements of Ross Township, Butler County, Ohio (the Township), as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004 the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

Corporate Centre of Blue Ash / 11117 Kenwood Rd. / Blue Ash, OH 45242  
Telephone: (513) 361-8550 (800) 368-7419 Fax: (513) 361-8577  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2005 and 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2005 and 2004 or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Ross Township, Butler County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2006, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Betty Montgomery**  
Auditor of State

October 12, 2006



**ROSS TOWNSHIP  
BUTLER COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>					
Local Taxes	\$123,051	\$520,839	\$173,087		\$816,977
Intergovernmental	1,599,712	655,165			2,254,877
Charges for Services		106,209			106,209
Licenses, Permits, and Fees	19,089	304			19,393
Fines, Forfeitures, and Penalties	8,492	1,047			9,539
Earnings on Investments	94,504	5,324		\$32,635	132,463
Other Revenue	8,726	11,734			20,460
	<u>1,853,574</u>	<u>1,300,622</u>	<u>173,087</u>	<u>32,635</u>	<u>3,359,918</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	369,175	245,617			614,792
Public Safety	48,289	239,789	500	911,854	1,200,432
Public Works	8,210	758,731			766,941
Health	3,339				3,339
Debt Service:					
Redemption of Principal			80,000		80,000
Interest and Fiscal Charges			92,587		92,587
Capital Outlay		239,102			239,102
	<u>429,013</u>	<u>1,483,239</u>	<u>173,087</u>	<u>911,854</u>	<u>2,997,193</u>
Total Cash Receipts Over/(Under) Disbursements	<u>1,424,561</u>	<u>(182,617)</u>	<u>0</u>	<u>(879,219)</u>	<u>362,725</u>
<b>Other Financing Receipts and (Disbursements):</b>					
Sale of Fixed Assets	26,711	300			27,011
Transfers-In		55,000			55,000
Advances-In	82,854	10,000	35,000		127,854
Transfers-Out	(55,000)				(55,000)
Advances-Out	(45,000)	(82,854)			(127,854)
	<u>9,565</u>	<u>(17,554)</u>	<u>35,000</u>	<u>0</u>	<u>27,011</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	1,434,126	(200,171)	35,000	(879,219)	389,736
Fund Cash Balances, January 1	<u>1,250,596</u>	<u>957,783</u>	<u>0</u>	<u>1,439,669</u>	<u>3,648,048</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$2,684,722</u></b>	<b><u>\$757,612</u></b>	<b><u>\$35,000</u></b>	<b><u>\$560,450</u></b>	<b><u>\$4,037,784</u></b>
Reserve for Encumbrances, December 31	<u>\$13,705</u>	<u>\$167,671</u>	<u>\$0</u>	<u>\$519,253</u>	<u>\$700,629</u>

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

**ROSS TOWNSHIP  
BUTLER COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>				
Local Taxes	\$114,090	\$612,033		\$726,123
Intergovernmental	297,188	468,673		765,861
Charges for Services		50,318		50,318
Licenses, Permits, and Fees	34,897	497		35,394
Fines, Forfeitures, and Penalties	9,562	973		10,535
Earnings on Investments	26,871	1,644	\$321	28,836
Other Revenue	2,629	3,269		5,898
	<u>485,237</u>	<u>1,137,407</u>	<u>321</u>	<u>1,622,965</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	329,268	188,129		517,397
Public Safety	119,298	178,782	60,652	358,732
Public Works	7,099	273,420		280,519
Health	3,775			3,775
Capital Outlay		282,595		282,595
	<u>459,440</u>	<u>922,926</u>	<u>60,652</u>	<u>1,443,018</u>
Total Cash Disbursements	<u>459,440</u>	<u>922,926</u>	<u>60,652</u>	<u>1,443,018</u>
Total Receipts Over/(Under) Disbursements	<u>25,797</u>	<u>214,481</u>	<u>(60,331)</u>	<u>179,947</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Proceeds of OTA Lease			1,500,000	1,500,000
Transfers-In		71,206		71,206
Advances-In		82,854		82,854
Transfers-Out	(71,206)			(71,206)
Advances-Out	(82,854)			(82,854)
	<u>(154,060)</u>	<u>154,060</u>	<u>1,500,000</u>	<u>1,500,000</u>
Total Other Financing Receipts/(Disbursements)	<u>(154,060)</u>	<u>154,060</u>	<u>1,500,000</u>	<u>1,500,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(128,263)	368,541	1,439,669	1,679,947
Fund Cash Balances, January 1	<u>1,378,859</u>	<u>589,242</u>	<u>0</u>	<u>1,968,101</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$1,250,596</u></b>	<b><u>\$957,783</u></b>	<b><u>\$1,439,669</u></b>	<b><u>\$3,648,048</u></b>
Reserve for Encumbrances, December 31	<u>\$44,987</u>	<u>\$129,335</u>	<u>\$0</u>	<u>\$174,322</u>

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

**ROSS TOWNSHIP  
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Ross Township, Butler County, Ohio (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, fire protection and emergency medical services and police services.

The Township's management believes these financial statements present all activities for which the Township is financially accountable, except the financial statements do not include debt service funds external custodians maintain. Note 10 describes these assets.

**B. Basis of Accounting**

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Cash and Deposits**

The Township holds demand deposits.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Fire District Fund - This fund receives property tax and intergovernmental revenue for the operation of the Township fire department

Police District Fund - This fund receives property tax and intergovernmental revenue for the operation of the Township police department.

**ROSS TOWNSHIP  
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

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

**3. Debt Service Funds**

These funds account for resources the Township accumulates to pay bond and note debt. The Township had the following significant Debt Service Fund:

OTA Lease Fund – This fund is used to account for debt service requirements for the Ohio Township Association Lease Purchase Agreement.

**4. Capital Project Fund**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following Capital Project Fund:

Bond Millville Fire Station Fund – This fund was used to account for the proceeds from the Certificates of Participation (see Note 5) and the related construction costs for the Millville Fire Station building.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2005 and 2004 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**ROSS TOWNSHIP  
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

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

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. EQUITY IN POOLED CASH AND DEPOSITS**

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

	2005	2004
Demand deposits	3,477,334	2,208,378
Fidelity Treasury Money Market	560,450	1,439,670
Total deposits	\$4,037,784	\$3,648,048

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,571,503	\$1,880,285	\$308,782
Special Revenue	1,155,506	1,355,922	200,416
Debt Service	173,087	173,087	0
Capital Projects	0	32,635	32,635
Total	\$2,900,096	\$3,441,929	\$541,833

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,832,889	\$497,718	\$2,335,171
Special Revenue	2,102,498	1,650,910	451,588
Debt Service	173,087	173,087	0
Capital Projects	1,439,669	1,431,107	8,562
Total	\$6,548,143	\$3,752,822	\$2,795,321

**ROSS TOWNSHIP  
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$484,155	\$485,237	\$1,082
Special Revenue	1,208,960	1,208,613	(347)
Capital Projects	1,500,000	1,500,321	321
Total	\$3,193,115	\$3,194,171	\$1,056

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,863,015	\$575,633	\$1,287,382
Special Revenue	1,798,202	1,052,261	745,941
Capital Projects	1,500,000	60,652	1,439,348
Total	\$5,161,217	\$1,688,546	\$3,472,671

**4. PROPERTY TAX**

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

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

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

**5. DEBT**

Debt outstanding at December 31, 2005 was as follows:

	Principal	Average Interest Rate
Ohio Township Association Lease Purchase Agreement	\$1,420,000	3.87%

On November 1, 2004 the Township entered into a financing agreement with the Ohio Township Association (OTA) for the construction of its Fire Station. Under the financing agreement, the Township is obligated to make payments to Ohio Township Association Leasing through 2019 in amounts required to retire \$1.5 million in Certificates of Participation issued by the Bank of New York. These Certificates of Participation mature through 2019 and carry interest rates ranging from 2.10% to 4.3%.

**ROSS TOWNSHIP  
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**5. DEBT (Continued)**

Amortization of the above lease-purchase agreement, including interest, is scheduled as follows:

Year ending December 31:	<u>Principal and Interest</u>
2006	\$132,728
2007	135,928
2008	133,675
2009	136,423
2010	133,498
2011 – 2015	672,533
2016 – 2019	<u>542,573</u>
Total	<u><u>\$1,887,358</u></u>

Note: The above lease payments also include administrative fees.

**6. RETIREMENT SYSTEMS**

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

The Ohio Revised Code also prescribes contribution rates. For 2005 and 2004, OPERS members contributed 8.5 percent of their gross salaries. The Township contributed an amount equaling 13.55 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2005.

**7. RISK MANAGEMENT**

**Risk Pool Membership**

The Township is exposed to various risks of 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.

**ROSS TOWNSHIP  
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

Casualty Coverage

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. Townships can elect additional coverage, from \$2,000,000 to \$12,000,000 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.

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence. APEEP's Guarantee Fund was responsible for losses and loss adjustment expenses exceeding operating contributions.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 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, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2005 was \$1,682,589.

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.

Members may withdraw on each anniversary of the date they joined OTARMA. They must 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 contribution, minus the subsequent year's premium. Also upon withdrawal, payments for all property and casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2005 and 2004.



**ROSS TOWNSHIP  
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

<u>Casualty Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$30,485,638	\$28,132,620
Liabilities	<u>(12,344,576)</u>	<u>(11,086,379)</u>
Retained earnings	<u>\$18,141,062</u>	<u>\$17,046,241</u>

<u>Property Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$9,177,796	\$7,588,343
Liabilities	<u>(1,406,031)</u>	<u>(543,176)</u>
Retained earnings	<u>\$7,771,765</u>	<u>\$7,045,167</u>

The Casualty Coverage assets and retained earnings above include approximately \$11.6 million and \$10.3 million of unpaid claims to be billed to approximately 950 member townships in the future, as of December 31, 2005 and 2004, respectively. OTARMA will collect these amounts in future annual premium billings when OTARMA's related liabilities are due for payment. The Township's share of these unpaid claims is approximately \$93,856.

**8. CONTINGENT LIABILITIES**

The Township is defendant in a lawsuit involving an automobile accident. The management of the Township cannot determine the outcome of this suit.

**9. DEBT SERVICE TRUSTEED FUNDS**

The 2005 OTA Lease required the Township to establish a debt service fund in which proceeds are to be maintained by a custodian bank. The Township has established this fund. At December 31, 2005, the custodian bank held \$3,514 in Township assets. These assets, and the related receipts and disbursements are not reflected in the accompanying financial statements.

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## Auditor of State Betty Montgomery

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

Ross Township  
Butler County  
3133 Hamilton-Cleves Road  
Hamilton, Ohio 45013

To the Board of Trustees:

We have audited the financial statements of Ross Township, Butler County, Ohio (the Township), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated October 12, 2006, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted that the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standard applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

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

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

#### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Township's management dated October 12, 2006, we reported other matters related to noncompliance we deemed immaterial.

Corporate Centre of Blue Ash / 11117 Kenwood Rd. / Blue Ash, OH 45242

Telephone: (513) 361-8550 (800) 368-7419 Fax: (513) 361-8577

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

We intend this report solely for the information and use of the audit committee, management, the Board of Trustees, and other officials authorized to receive this report under section 117.26, Ohio Revised Code. It is not intended for anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

October 12, 2006



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**ROSS TOWNSHIP**

**BUTLER 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  
NOVEMBER 9, 2006**