

**UNION TOWNSHIP
MUSKINGUM COUNTY**

AUDIT REPORT

JANUARY 1, 2004 – DECEMBER 31, 2005

**Wolfe, Wilson, & Phillips, Inc.
37 South Seventh Street
Zanesville, Ohio 43701**



**Auditor of State
Betty Montgomery**

Board of Trustees
Union Township, Muskingum County
9655 Pidcock Rd.
Zanesville, OH 43701

We have reviewed the *Independent Auditors' Report* of Union Township, Muskingum County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period January 1, 2004 through December 31, 2005. 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 Auditors' 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 Auditors' 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, Muskingum County is responsible for compliance with these laws and regulations.

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

BETTY MONTGOMERY
Auditor of State

October 23, 2006

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**UNION TOWNSHIP
MUSKINGUM COUNTY**

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WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701

INDEPENDENT AUDITORS' REPORT

Union Township
Muskingum County
P.O. Box 439
New Concord, Ohio 43762

We have audited the accompanying financial statements of Union Township, Muskingum County 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 *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 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. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, 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 year 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.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Union Township's combined funds as of December 31, 2005 and 2004, and their changes in financial position.

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

The aforementioned revision to generally accepted accounting principles also require the Township to include Management's Discussion and Analysis for the year 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 a report dated September 25, 2006, on our consideration of Union Township's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
September 25, 2006

**UNION TOWNSHIP
MUSKINGUM 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>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Fiduciary Funds</u>	
Cash Receipts:					
Local Taxes	\$ 29,865	\$ 63,026	\$ 10,742	\$ -	\$ 103,633
Intergovernmental	21,337	163,737	-	-	185,074
Earnings on Investments	2,832	106	-	58	2,996
Other Revenue	3,726	30,157	-	-	33,883
Total Cash Receipts	<u>57,760</u>	<u>257,026</u>	<u>10,742</u>	<u>58</u>	<u>325,586</u>
Cash Disbursements:					
Current:					
General Government	27,761	8,280	-	-	36,041
Public Safety	17,298	-	-	-	17,298
Public Works	-	246,133	-	-	246,133
Health	300	-	-	-	300
Capital Outlay	-	36,217	-	-	36,217
Debt Service:					
Redemption of Principal	-	-	8,722	-	8,722
Interest and Other Fiscal Charges	-	-	2,037	-	2,037
Total Cash Disbursements	<u>45,359</u>	<u>290,630</u>	<u>10,759</u>	<u>-</u>	<u>346,748</u>
Total Cash Receipts Over/(Under) Cash Disbursements	12,401	(33,604)	(17)	58	(21,162)
Other Financing Receipts (Disbursements):					
Sale of Notes	-	57,050	-	-	57,050
Total Other Financing Receipts (Disbursements):	<u>-</u>	<u>57,050</u>	<u>-</u>	<u>-</u>	<u>57,050</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	12,401	23,446	(17)	58	35,888
Fund Cash Balances, January 1	<u>8,307</u>	<u>86,588</u>	<u>12,221</u>	<u>1,842</u>	<u>108,958</u>
Fund Cash Balances, December 31	<u>\$ 20,708</u>	<u>\$ 110,034</u>	<u>\$ 12,204</u>	<u>\$ 1,900</u>	<u>\$ 144,846</u>

See notes to financial statements.

**UNION TOWNSHIP
MUSKINGUM 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>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Fiduciary Funds</u>	
Cash Receipts:					
Local Taxes	\$ 29,927	\$ 83,516	\$ 11,247	\$ -	\$ 124,690
Intergovernmental	30,056	87,470	-	-	117,526
Earnings on Investments	1,306	67	-	25	1,398
Other Revenue	3,095	553	-	-	3,648
Total Cash Receipts	<u>64,384</u>	<u>171,606</u>	<u>11,247</u>	<u>25</u>	<u>247,262</u>
Cash Disbursements:					
Current:					
General Government	67,142	10,358	-	-	77,500
Public Safety	-	24,971	-	-	24,971
Public Works	15,000	127,754	-	-	142,754
Debt Service:					
Redemption of Principal	-	-	8,722	-	8,722
Interest and Other Fiscal Charges	-	-	2,536	-	2,536
Total Cash Disbursements	<u>82,142</u>	<u>163,083</u>	<u>11,258</u>	<u>-</u>	<u>256,483</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(17,758)	8,523	(11)	25	(9,221)
Other Financing Receipts (Disbursements):					
Sale of Fixed Assets	-	600	-	-	600
Total Other Financing Receipts (Disbursements):	<u>-</u>	<u>600</u>	<u>-</u>	<u>-</u>	<u>600</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	(17,758)	9,123	(11)	25	(8,621)
Fund Cash Balances, January 1	<u>26,065</u>	<u>77,465</u>	<u>12,232</u>	<u>1,817</u>	<u>117,579</u>
Fund Cash Balances, December 31	<u>\$ 8,307</u>	<u>\$ 86,588</u>	<u>\$ 12,221</u>	<u>\$ 1,842</u>	<u>\$ 108,958</u>

See notes to financial statements.

**UNION TOWNSHIP
MUSKINGUM COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Union Township, Muskingum County (the Township), is a body corporate and politic 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 and a publicly elected Fiscal Officer. The Township provides road and bridge maintenance, cemetery maintenance, fire protection, and emergency medical services. The Township contracts with the Village of New Concord, Muskingum County, to provide fire protection and emergency medical services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and cash disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report expenditures when a commitment is made (i.e., when an encumbrance is approved.)

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

All cash is maintained in an interest-bearing checking account and savings account.

D. Fund Accounting

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

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

Special Revenue Funds

These funds are used to 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:

**UNION TOWNSHIP
MUSKINGUM COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Special Revenue Funds (Continued)

Gasoline Tax Fund – This fund receives gasoline tax money for constructing, maintaining and repairing Township roads.

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

Debt Service Fund

The Debt Service Fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

General Bond (Note) Retirement Fund – This fund receives property tax monies and is used to account for activity related to the retirement of notes issued for the purchase of road equipment.

Fiduciary Fund

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain a corpus of trust, the fund is classified as a non-expendable trust fund. The Township has established a Cemetery Bequest Fund as a Non-Expendable Trust Fund.

E. Budgetary Process

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

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. Appropriations lapse at year-end.

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.

**UNION TOWNSHIP
MUSKINGUM COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS

F. Budgetary Process (Continued)

Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are canceled and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

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

G. Property, Plant and Equipment

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

H. Accumulated Leave

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

2. EQUITY IN POOLED CASH

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

	2005	2004
Demand Deposits	\$ 144,846	\$ 108,958

Deposits:

Deposits are either 1) insured by the Federal Depository Insurance Corporation or 2) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2005 and 2004 was as follows:

2005 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 57,151	\$ 57,760	\$ 609
Special Revenue	306,633	314,076	7,443
Debt Service	10,742	10,742	-
Fiduciary	130	58	(72)
Total	\$ 374,656	\$ 382,636	\$ 7,980

**UNION TOWNSHIP
MUSKINGUM COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS

3. BUDGETARY ACTIVITY (continued)

2005 Budgeted vs. Actual Budgetary Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General	\$ 65,458	\$ 45,359	\$ 20,099
Special Revenue	393,221	290,630	102,591
Debt Service	10,759	10,759	-
Fiduciary	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 469,438</u>	<u>\$ 346,748</u>	<u>\$ 122,690</u>

2004 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 63,356	\$ 64,384	\$ 1,028
Special Revenue	187,893	172,206	(15,687)
Debt Service	11,247	11,247	-
Fiduciary	<u>127</u>	<u>25</u>	<u>(102)</u>
Total	<u>\$ 262,623</u>	<u>\$ 247,862</u>	<u>\$ (14,761)</u>

2004 Budgeted vs. Actual Budgetary Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General	\$ 89,421	\$ 82,142	\$ 7,279
Special Revenue	265,358	163,083	102,275
Debt Service	11,258	11,258	-
Fiduciary	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 366,037</u>	<u>\$ 256,483</u>	<u>\$ 109,554</u>

Amendments made to the Township's appropriations were neither formally approved by the Board of Trustees, nor certified to the County Auditor, contrary to Ohio law.

Contrary to Ohio Revised Code Section 5705.41(B), the Gasoline Tax Fund had expenditures greater than appropriations in 2005 and the General Fund had expenditures greater than appropriations in 2004.

Contrary to Ohio Revised Code Section 5705.41(D), the Township made expenditures without prior certification of availability.

**UNION TOWNSHIP
MUSKINGUM COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS

4. PROPERTY TAX

Real property taxes become a lien on January 1 proceeding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the county by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners who must file a list of such property to the County by each June 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	Interest rate
G. O. Notes - Equipment	\$ 26,167	5.71%
G. O. Notes - Tractor	57,050	4.75%
Total	\$ 83,217	

The general obligation notes – equipment were issued to finance the purchase of a new road grader to be used for Township road maintenance. The notes are collateralized solely by the Township’s taxing authority.

The general obligation notes – tractor were issued to finance the purchase of a new tractor and mower to be used for Township road maintenance. The notes are collateralized solely by the Township’s taxing authority.

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

Year Ended December 31	G. O. Note Equipment	G. O. Note Tractor
2006	\$ 10,237	\$ 10,949
2007	9,732	10,473
2008	9,227	10,086
2009	-	9,699
2010	-	9,311
2011	-	8,924
2012	-	8,537
Total	\$ 29,196	\$ 67,979

**UNION TOWNSHIP
MUSKINGUM COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS

6. RETIREMENT SYSTEMS

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement health care, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2005 and 2004, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2005 and 2004. The Township has paid all contributions required through December 31, 2005.

7. RISK MANAGEMENT

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 governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation. If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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.

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, 2004 and 2003, the latest information available.

Casualty Coverage	2004	2003
Assets	\$ 30,687,203	\$ 27,792,223
Liabilities	(13,640,962)	(11,791,300)
Retained Earnings	\$ 17,046,241	\$ 16,000,923
Property Coverage		
Assets	\$ 7,799,073	\$ 6,791,060
Liabilities	(753,906)	(750,956)
Retained Earnings	\$ 7,045,167	\$ 6,040,104

WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENT PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.**

Union Township
Muskingum County
P.O. Box 439
New Concord, Ohio 43762

We have audited the financial statements of Union Township as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated September 25, 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Perry Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all reportable 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 that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted immaterial instances of noncompliance that we have reported to the management of Union Township in a separate letter dated September 25, 2006.

Compliance and Other matters

As part of obtaining reasonable assurance about whether Union Township's combined financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings as item 2005-01. We also noted immaterial instances of noncompliance that we have reported to the management of Union Township in a separate letter dated September 25, 2006.

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

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
September 25, 2006

**UNION TOWNSHIP
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005**

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

FINDING NUMBER 2005-01

Ohio Revised Code Section 5705.41(D) states in part that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of fiscal officer of the subdivision. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

Prior certification was not obtained for 22% in 2005 and 27% in 2004 of the expenditures tested.

The Fiscal Officer should certify funds before each payment is made through the issuance of a regular, blanket, or super blanket purchase order. Blanket certificates should be issued for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of council against any specific line item account over a period not running beyond the end of the current fiscal year. A super blanket purchase order can be completed for any amount for expenditures and contracts from a specific line item appropriation account in a specified fund for most recurring or reasonable predictable operating expenditures. This is not to extend beyond the current year. More than one super blanket may be outstanding at one particular time for a particular line item appropriation account.

Also, as an alternative, the Township can issue then and now certificates for expenses up to \$3,000. Then and now certificates allow the Fiscal Officer to certify that both at the time the expenditure was made and at the time that the certification is completed, sufficient funds are available. These certificates can be certified by the Fiscal Officer without subsequent authorization from the Trustees. However, then and now certificates issued by the Fiscal Officer over \$3,000 must be authorized by the Trustees within thirty days after payment.

Client Response: We agree with finding and will try to improve in the future.

**UNION TOWNSHIP
MUSKINGUM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
YEARS ENDED DECEMBER 31, 2005 AND 2004**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2003-001	ORC 5705.10 Revenue not posted to proper fund	Yes	Finding No Longer Valid.
2003-002	ORC 5705.41(D) Prior certification of availability not done	No	Not Corrected: Stated as Finding Number 2005-01 in current report



**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

UNION TOWNSHIP

MUSKINGUM 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**