



**Auditor of State  
Betty Montgomery**



**UNION TOWNSHIP  
CARROLL COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Governmental Fund Types – For the Year Ended December 31, 2002.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Governmental Fund Types – For the Year Ended December 31, 2001.....	4
Notes to the Financial Statements.....	5
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	11
Schedule of Findings.....	13

**This page intentionally left blank.**



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Union Township  
Carroll County  
1046 Alamo Rd. SE  
Carrollton, Ohio 44615

To the Board of Trustees:

We have audited the accompanying financial statements of Union Township, Carroll County, Ohio, (the Township) as of and for the years ended December 31, 2002 and 2001. 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 discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2003 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. 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.

This report is intended solely for the information and use of the management, the Board and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

June 16, 2003

**UNION TOWNSHIP  
CARROLL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$23,236	\$38,635	\$4,683	\$66,554
Intergovernmental	20,654	70,800		91,454
Charges for Services		571		571
Licenses, Permits, and Fees		2		2
Earnings on Investments	172	41		213
Other Revenue	205	3,243		3,448
Total Cash Receipts	<u>44,267</u>	<u>113,292</u>	<u>4,683</u>	<u>162,242</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	28,665	20,441		49,106
Public Safety		1,500		1,500
Public Works	432	69,687		70,119
Health	5,538			5,538
Debt Service:				
Redemption of Principal			8,000	8,000
Interest and Fiscal Charges			1,339	1,339
Capital Outlay		1,070		1,070
Total Cash Disbursements	<u>34,635</u>	<u>92,698</u>	<u>9,339</u>	<u>136,672</u>
Total Receipts Over/(Under) Disbursements	<u>9,632</u>	<u>20,594</u>	<u>(4,656)</u>	<u>25,570</u>
<b>Other Financing Receipts:</b>				
Sale of Fixed Assets		9,175		9,175
Other Sources	810			810
Total Other Financing Receipts	<u>810</u>	<u>9,175</u>	<u>0</u>	<u>9,985</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	10,442	29,769	(4,656)	35,555
Fund Cash Balances, January 1	<u>3,853</u>	<u>25,713</u>	<u>4,684</u>	<u>34,250</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$14,295</u></b>	<b><u>\$55,482</u></b>	<b><u>\$28</u></b>	<b><u>\$69,805</u></b>

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

**UNION TOWNSHIP  
CARROLL COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$20,342	\$38,401	\$4,684	\$63,427
Intergovernmental	17,812	71,334		89,146
Charges for Services		1,125		1,125
Earnings on Investments	2,872	1,956		4,828
Other Revenue	50	34		84
	<u>41,076</u>	<u>112,850</u>	<u>4,684</u>	<u>158,610</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	34,905	19,460		54,365
Public Works	4,953	79,616		84,569
Health	5,538			5,538
Capital Outlay	228	5,162		5,390
	<u>45,624</u>	<u>104,238</u>	<u>0</u>	<u>149,862</u>
Total Receipts Over/(Under) Disbursements	<u>(4,548)</u>	<u>8,612</u>	<u>4,684</u>	<u>8,748</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Advances-In	800	800		1,600
Advances-Out	(800)	(800)		(1,600)
Other Sources	331			331
	<u>331</u>	<u>0</u>	<u>0</u>	<u>331</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(4,217)	8,612	4,684	9,079
Fund Cash Balances, January 1	<u>8,071</u>	<u>17,101</u>	<u>0</u>	<u>25,172</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$3,854</u></b>	<b><u>\$25,713</u></b>	<b><u>\$4,684</u></b>	<b><u>\$34,251</u></b>

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



**UNION TOWNSHIP  
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Union Township, Carroll 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. The Township provides road and bridge maintenance. The Township contracts with the Village of Carrollton to provide fire 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 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 budgetary 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**

The Township maintains an interest bearing checking account used by all funds. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

**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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. 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:

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

**UNION TOWNSHIP  
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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

*Gasoline Tax Fund* - This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

**3. Debt Service Funds**

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:

Debt Service Fund – This is used to retire one note from Sky Bank.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund 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. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 cancelled and reappropriated the subsequent year.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**G. 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.

**UNION TOWNSHIP  
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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

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

	2002	2001
Demand deposits	\$64,468	\$29,011
Repurchase agreement	5,337	5,240
Total deposits and investments	\$69,805	\$34,251

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation,

**Investments:** The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements. The securities are not in the Township's name.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

**2002 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$35,454	\$45,077	\$9,623
Special Revenue	108,659	122,467	13,808
Debt Service	4,684	4,683	(1)
Total	\$148,797	\$172,227	\$23,430

**2002 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$34,635	(\$34,635)
Special Revenue	0	92,698	(92,698)
Debt Service	0	9,339	(9,339)
Total	\$0	\$136,672	(\$136,672)

**2001 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$42,207	\$41,407	(\$800)
Special Revenue	113,651	112,850	(801)
Debt Service	4,684	4,684	0
Total	\$160,542	\$158,941	(\$1,601)

**UNION TOWNSHIP  
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$45,624	(\$45,624)
Special Revenue	0	104,238	(104,238)
Debt Service	0	0	0
Total	\$0	\$149,862	(\$149,862)

Contrary to Ohio law, the Township did not pass an annual appropriation measure for either 2002 or 2001. Due to the fore mentioned noncompliance with Ohio law, budgetary expenditures exceeded appropriation authority in all of the Township's funds for the years ended December 31, 2002 and 2001. Also, contrary to Ohio law the Township did not certify any funds prior to an obligation being entered into.

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding 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 payment, 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 April 30.

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

**5. 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 postretirement healthcare, 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 2002 and 2001, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. The Township has paid all contributions required through December 31, 2002.

**UNION TOWNSHIP  
CARROLL COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**This page intentionally left blank.**



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Union Township  
Carroll County  
1046 Alamo Rd. SE  
Carrollton, Ohio 44615

To the Board of Trustees:

We have audited the accompanying financial statements of Union Township, Carroll County (the Township) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 16, 2003. 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.

**Compliance**

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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2002-41210-001 through 2002-41210-002. We also noted a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated June 16, 2003.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the 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 assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 16, 2003.

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

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

**Betty Montgomery**  
Auditor of State

June 16, 2003



UNION TOWNSHIP  
CARROLL COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001

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

FINDING NUMBER 2002-41210-001

**Noncompliance Citation**

**Ohio Rev. Code Section 5705.38**, states that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year-end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until April 1.

Though appropriations were posted to the accounting records by the Township Clerk, the Union Township Board of Trustees did not prepare or pass an appropriation measure for Fiscal Years 2002 or 2001. The Board of Trustees is the taxing authority of the Township.

We recommend that Township officials implement policies and procedures to prepare and pass appropriation measures as prescribed by Ohio Revised Code Section 5705.38.

FINDING NUMBER 2002-41210-002

**Noncompliance Citation**

**Ohio Rev. Code Section 5705.41(B)**, states in part that no subdivision or taxing unit is to expend money unless it has been appropriated.

As noted in Finding #2002-41210-001, Union Township failed to pass an appropriation resolution for 2002 and 2001. Therefore all expenditures made by the Township for 2002 and 2001 were expended without being appropriated.

We recommend that Township officials implement policies to provide assurance that expenditures are properly appropriated as prescribed by Section 5705.41(B).





**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**

**CARROLL 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  
JULY 8, 2003**