



**Auditor of State  
Betty Montgomery**



**UNION TOWNSHIP  
LOGAN 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 – All Governmental Fund Types – For the Year Ended December 31, 2002.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance – Nonexpendable Trust Fund For the Year Ended December 31, 2002.....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2001.....	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance – Nonexpendable Trust Fund For the Year Ended December 31, 2001.....	6
Notes to the Financial Statements .....	7
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	13

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Union Township  
Logan County  
4627 S.R. 508  
Bellefontaine, Ohio 43311

To the Board of Trustees:

We have audited the accompanying financial statements of Union Township, Logan County (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, and reserves for encumbrances, 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 18, 2003, on our consideration of the Government'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.

Union Township  
Logan County  
Independent Accountants' Report  
Page 2

This report is intended solely for the information and use of the management and 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 18, 2003

**UNION TOWNSHIP  
LOGAN COUNTY**

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

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$17,858	\$20,239	\$26,728	\$64,825
Charges for Services	1,574			1,574
Licenses, Permits, and Fees		2,837		2,837
Intergovernmental	17,791	63,178	69,176	150,145
Earnings on Investments	893	676	347	1,916
Miscellaneous Revenue	10,129	3,157		13,286
	<u>48,245</u>	<u>90,087</u>	<u>96,251</u>	<u>234,583</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	29,041	3,209	553	32,803
Public Safety	8,067			8,067
Public Works		85,903		85,903
Health	7,986	3,016		11,002
Capital Outlay			66,036	66,036
Debt Service:				
Redemption of Principal	4,500		18,037	22,537
Interest and Fiscal Charges	810		3,898	4,708
	<u>50,404</u>	<u>92,128</u>	<u>88,524</u>	<u>231,056</u>
Total Receipts Over/(Under) Disbursements	(2,159)	(2,041)	7,727	3,527
Fund Cash Balances, January 1	<u>17,347</u>	<u>36,685</u>	<u>10,310</u>	<u>64,342</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$15,188</u></u>	<u><u>\$34,644</u></u>	<u><u>\$18,037</u></u>	<u><u>\$67,869</u></u>

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

UNION TOWNSHIP  
LOGAN COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
NONEXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2002

<b>Operating Cash Receipts</b>	
Earnings on Investments	\$6
<b>Operating Cash Disbursements</b>	<u>0</u>
Receipts Over Disbursements	6
Fund Cash Balance, January 1	<u>288</u>
<b>Fund Cash Balance, December 31</b>	<u><u>\$294</u></u>

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



**UNION TOWNSHIP  
LOGAN COUNTY**

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

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$15,887	\$18,006	\$26,478	\$60,371
Charges for Services	1,336			1,336
Licenses, Permits, and Fees		2,637		2,637
Intergovernmental	22,639	62,671	16,170	101,480
Earnings on Investments	1,676	698	479	2,853
Miscellaneous Revenue	2,763			2,763
Total Cash Receipts	<u>44,301</u>	<u>84,012</u>	<u>43,127</u>	<u>171,440</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	34,756	2,471		37,227
Public Safety	7,842			7,842
Public Works		62,935		62,935
Health	6,958	443		7,401
Capital Outlay			20,009	20,009
Debt Service:				
Redemption of Principal	4,500		16,797	21,297
Interest and Fiscal Charges	1,080		5,138	6,218
Total Cash Disbursements	<u>55,136</u>	<u>65,849</u>	<u>41,944</u>	<u>162,929</u>
Total Receipts Over/(Under) Disbursements	(10,835)	18,163	1,183	8,511
Fund Cash Balances, January 1	<u>28,182</u>	<u>18,522</u>	<u>9,127</u>	<u>55,831</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$17,347</u></u>	<u><u>\$36,685</u></u>	<u><u>\$10,310</u></u>	<u><u>\$64,342</u></u>
Reserve for Encumbrances, December 31	<u><u>\$3,171</u></u>	<u><u>\$1,923</u></u>		<u><u>\$5,094</u></u>

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

UNION TOWNSHIP  
LOGAN COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE  
NONEXPENDABLE TRUST FUND  
FOR THE YEAR ENDED DECEMBER 31, 2001

<b>Operating Cash Receipts</b>	
Earnings on Investments	\$8
<b>Operating Cash Disbursements</b>	<u>0</u>
Receipts Over Disbursements	8
Fund Cash Balance, January 1	<u>280</u>
<b>Fund Cash Balance, December 31</b>	<u><u>\$288</u></u>

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

**UNION TOWNSHIP  
LOGAN COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Union Township, Logan 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 general governmental services, including road & bridge maintenance, cemetery maintenance, emergency medical services, and fire protection.

The Township contracts with Riverside Emergency Medical to provide emergency medical services and with the Village of DeGraff and Village of West Liberty to provide fire protection.

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 passbook savings account and STAR Ohio are valued at cost.

**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 tax money to pay for constructing, maintaining and repairing Township roads and bridges.

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

**UNION TOWNSHIP  
LOGAN COUNTY**

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

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

**3. Capital Projects Fund**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project funds:

**Public Works Projects Fund** - The Township accounts for the memo receipts and expenditures for Issue II and Logan County sales tax money received for constructing, maintaining and repairing Township roads.

**Permanent Improvement Fund** - This fund receives money from a levy to help pay for the construction of the new Township building.

**4. Fiduciary Fund (Trust Fund)**

These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following significant fiduciary fund:

**Non-Expendable Cemetery Bequest Fund** – Amounts donated are maintained in perpetuity. Investment earnings are used for maintaining of the designees' grave.

**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. 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 reappropriated.

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

**UNION TOWNSHIP  
LOGAN COUNTY**

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

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

**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.

**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	\$1,523	\$1,548
HIFI Deposit Account	51,456	41,177
Passbook Savings	294	288
Total Deposits	1,817	1,836
STAR Ohio	14,889	21,617
Total deposits and investments	\$68,162	\$64,630

**Deposits and Investments:** Deposits are insured by the Federal Depository Insurance Corporation. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2001 and December 31, 2000 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$46,311	\$48,245	\$1,934
Special Revenue	84,455	90,087	5,632
Capital Projects	93,287	96,251	2,964
NonExpendable Trust	7	6	(1)
Total	\$224,060	\$234,589	\$10,529

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditure	Variance
General	\$63,667	\$50,404	\$13,263
Special Revenue	121,140	92,128	29,012
Capital Projects	103,597	88,524	15,073
NonExpendable Trust	295	295	295
Total	\$288,699	\$231,056	\$57,643

**UNION TOWNSHIP  
LOGAN COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$43,719	\$44,301	\$582
Special Revenue	79,476	84,012	4,536
Capital Projects	38,297	43,127	4,830
NonExpendable Trust		8	8
Total	<u>\$161,492</u>	<u>\$171,448</u>	<u>\$9,956</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$71,902	\$58,307	\$13,595
Special Revenue	97,998	67,772	30,226
Capital Project	47,424	41,944	5,480
NonExpendable Trust	280		280
Total	<u>\$217,604</u>	<u>\$168,023</u>	<u>\$49,581</u>

**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 January 20. The second half payment is due July 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.

**UNION TOWNSHIP  
LOGAN COUNTY**

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

**5. DEBT**

Debt outstanding at December 31, 2002 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Township Building Construction	\$39,783	7.25%
Land Purchase	9,000	6 %

During 2001, the Township entered into a \$75,000 loan to help finance the construction of a Township building. This loan will be paid in semi-annual installments starting in 2001 from the Capital Projects Permanent Improvement Fund. A tax levy was passed by the Township to pay for the cost of the building.

During 2001, the Township entered into a \$24,000 contract for the purchase of land for the new Township building. The land purchase required a \$6,000 down payment with \$18,000 balance to be paid over four years starting in 2001. The land debt is being paid from the General Fund.

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

<u>Year Ending</u>	<u>Township Building</u>	<u>Land Purchase</u>	<u>Total</u>
2003	\$21,935	\$5,040	\$26,975
2004	<u>21,935</u>	<u>4,770</u>	<u>26,705</u>
TOTAL	\$43,487	\$9,810	\$53,297

**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 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. The Township has paid all contributions required through December 31, 2002.

**7. Risk Pool Membership**

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.

**UNION TOWNSHIP  
LOGAN COUNTY**

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

**7. Risk Pool Membership (Continued)**

**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 \$10,000 on any specific loss with an annual aggregate of \$700,000 for 2001 and \$1,250,000 for 2002. The Travelers Indemnity Company reinsures losses exceeding \$10,000 if the annual aggregate is reached and all specific losses exceeding \$100,000. APEEP's Operating Fund and Guarantee Fund pay for losses and loss adjustment expenses should they exceed 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 government.

**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:

<u>Casualty Coverage</u>	<u>2002</u>	<u>2001</u>
Assets	\$23,757,036	\$23,703,776
Liabilities	(9,197,512)	(9,379,003)
Retained earnings	<u>\$14,559,524</u>	<u>\$14,324,773</u>

<u>Property Coverage</u>	<u>2002</u>	<u>2001</u>
Assets	\$6,596,996	\$5,011,131
Liabilities	(1,204,326)	(647,667)
Retained earnings	<u>\$5,392,670</u>	<u>\$4,363,464</u>





**Auditor of State  
Betty Montgomery**

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

Union Township  
Logan County  
4627 S.R. 508  
Bellefontaine, Ohio 43311

To the Board of Trustees:

We have audited the financial statements of Union Township, Logan County (the "Township"), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated June 18, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 18, 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 18, 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 18, 2003



**Auditor of State  
Betty Montgomery**

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Columbus, Ohio 43216-1140

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800-282-0370

Facsimile 614-466-4490

**UNION TOWNSHIP**

**LOGAN 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 17, 2003**