



Dave Yost • Auditor of State

**UNION TOWNSHIP
BELMONT COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2013.....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2012.....	4
Notes to the Financial Statements	5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13
Schedule of Findings	15
Schedule of Prior Audit Findings	18

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Union Township
Belmont County
101 Memory Lane
P.O. Box 1
Morristown, Ohio 43759

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Union Township, Belmont County, Ohio (the Township), as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Union Township, Belmont County, Ohio, as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

September 12, 2014

**UNION TOWNSHIP
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$35,257	\$199,990			\$235,247
Licenses, Permits and Fees		2,800			2,800
Intergovernmental	44,354	131,900			176,254
Earnings on Investments	222	85		\$4	311
Miscellaneous	1,661	7,432			9,093
<i>Total Cash Receipts</i>	<u>81,494</u>	<u>342,207</u>	<u>\$0</u>	<u>4</u>	<u>423,705</u>
Cash Disbursements					
Current:					
General Government	166,094	4,612			170,706
Public Safety	10,000	137,327			147,327
Public Works	45,744	144,475			190,219
Health		3,600			3,600
Capital Outlay		35,462			35,462
Debt Service:					
Principal Retirement		10,365			10,365
Interest and Fiscal Charges		610			610
<i>Total Cash Disbursements</i>	<u>221,838</u>	<u>336,451</u>	<u>0</u>	<u>0</u>	<u>558,289</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(140,344)</u>	<u>5,756</u>	<u>0</u>	<u>4</u>	<u>(134,584)</u>
Other Financing Receipts					
Sale of Notes		35,462			35,462
Other Financing Sources	1,270				1,270
<i>Total Other Financing Receipts</i>	<u>1,270</u>	<u>35,462</u>	<u>0</u>	<u>0</u>	<u>36,732</u>
<i>Net Change in Fund Cash Balances</i>	<u>(139,074)</u>	<u>41,218</u>	<u>0</u>	<u>4</u>	<u>(97,852)</u>
<i>Fund Cash Balances, January 1</i>	<u>356,250</u>	<u>210,701</u>	<u>12,153</u>	<u>1,503</u>	<u>580,607</u>
Fund Cash Balances, December 31					
Nonspendable				1,507	1,507
Restricted		251,919			251,919
Assigned			12,153		12,153
Unassigned (Deficit)	217,176				217,176
<i>Fund Cash Balances, December 31</i>	<u>\$217,176</u>	<u>\$251,919</u>	<u>\$12,153</u>	<u>\$1,507</u>	<u>\$482,755</u>

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

**UNION TOWNSHIP
BELMONT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$31,991	\$187,808			\$219,799
Licenses, Permits and Fees		3,200			3,200
Intergovernmental	93,122	135,680			228,802
Earnings on Investments	257	64		\$3	324
Miscellaneous	974	10,926			11,900
<i>Total Cash Receipts</i>	<u>126,344</u>	<u>337,678</u>	<u>\$0</u>	<u>3</u>	<u>464,025</u>
Cash Disbursements					
Current:					
General Government	141,891	5,189			147,080
Public Safety		122,069			122,069
Public Works	22,479	162,327			184,806
Health	4,075	2,830			6,905
Debt Service:					
Principal Retirement		11,801			11,801
Interest and Fiscal Charges		812			812
<i>Total Cash Disbursements</i>	<u>168,445</u>	<u>305,028</u>	<u>0</u>	<u>0</u>	<u>473,473</u>
<i>Excess of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(42,101)</u>	<u>32,650</u>	<u>0</u>	<u>3</u>	<u>(9,448)</u>
Other Financing Receipts (Disbursements)					
Transfers In			10,000		10,000
Transfers Out	(10,000)				(10,000)
Other Financing Sources	643				643
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(9,357)</u>	<u>0</u>	<u>10,000</u>	<u>0</u>	<u>643</u>
<i>Net Change in Fund Cash Balances</i>	<u>(51,458)</u>	<u>32,650</u>	<u>10,000</u>	<u>3</u>	<u>(8,805)</u>
<i>Fund Cash Balances, January 1</i>	<u>407,708</u>	<u>178,051</u>	<u>2,153</u>	<u>1,500</u>	<u>589,412</u>
Fund Cash Balances, December 31					
Nonspendable				1,503	1,503
Restricted		210,701			210,701
Assigned			12,153		12,153
Unassigned (Deficit)	356,250				356,250
<i>Fund Cash Balances, December 31</i>	<u>\$356,250</u>	<u>\$210,701</u>	<u>\$12,153</u>	<u>\$1,503</u>	<u>\$580,607</u>

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

**UNION TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

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 Union Township, Belmont County (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, cemetery maintenance, fire protection and emergency medical services. The Township contracts with Morristown, Bethesda, Flushing, and Lafferty Volunteer Fire Departments to provide fire services and Belmont, Bethesda, and Lafferty Volunteer Fire Departments to provide ambulance services.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio Townships. Note 7 to the financial statements provides additional information for this entity.

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

B. Accounting Basis

These financial statements follow the accounting basis 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. Deposits

The Township values certificates of deposit 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 accounts for and reports all financial resources not accounted for and reported in another fund.

**UNION TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. 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.

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

Fire District Fund – This fund receives property tax money for the general purpose of providing fire services.

3. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant Capital Projects Fund:

Building Fund - The Township transferred monies from the General Fund for repairs to the Township building that houses road equipment.

4. Permanent Funds

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting Township's programs (for the benefit of the Township or its citizenry). The Township had the following significant Permanent Fund:

Cemetery Endowment Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

**UNION TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

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. 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 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 canceled, and reappropriated in the subsequent year.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**UNION TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. 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.

2. Equity in Pooled Deposits

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

	<u>2013</u>	<u>2012</u>
Demand deposits	\$479,755	\$577,607
Certificates of deposit	3,000	3,000
Total deposits	<u>\$482,755</u>	<u>\$580,607</u>

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Township.

**UNION TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2013 and 2012, follows:

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$57,462	\$82,764	\$25,302
Special Revenue	287,100	377,669	90,569
Permanent		4	4
Total	<u>\$344,562</u>	<u>\$460,437</u>	<u>\$115,875</u>

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$387,335	\$221,838	\$165,497
Special Revenue	386,815	336,451	50,364
Capital Projects	12,153		12,153
Total	<u>\$786,303</u>	<u>\$558,289</u>	<u>\$228,014</u>

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$62,110	\$126,987	\$64,877
Special Revenue	282,800	337,678	54,878
Capital Projects		10,000	10,000
Permanent		3	3
Total	<u>\$344,910</u>	<u>\$474,668</u>	<u>\$129,758</u>

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$407,135	\$178,445	\$228,690
Special Revenue	313,450	305,028	8,422
Capital Projects	10,000		10,000
Total	<u>\$730,585</u>	<u>\$483,473</u>	<u>\$247,112</u>

**UNION TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax 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.

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

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, 2013, was as follows:

	Principal	Interest Rate
Promissory Note	\$31,184	2.99%

The Township issued a promissory note to finance the purchase of a new tractor. The Township's taxing authority collateralized the note.

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

	Promissory Note
Year ending December 31:	
2014	\$9,458
2015	9,458
2016	9,458
2017	4,729
Total	\$33,103

6. Retirement Systems

The Township's officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which includes postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% and of participants' gross salaries. The Township has paid all contributions required through December 31, 2013.

**UNION TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

7. Risk Management

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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. 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 and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2013, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does 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, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Assets	\$34,954,286	\$34,771,270
Liabilities	<u>8,486,363</u>	<u>9,355,082</u>
Net Position	<u>\$26,467,923</u>	<u>\$25,416,188</u>

At December 31, 2013 and 2012, respectively, the liabilities above include approximately \$7.9 and \$8.7 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.8 million of unpaid claims to be billed to approximately 948 member governments in the future, as of December 31, 2013 and 2012, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, the Township's share of these unpaid claims collectible in future years is approximately \$4,000.

**UNION TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

7. Risk Management (Continued)

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

<u>Contributions to OTARMA</u>	
<u>2013</u>	<u>2012</u>
\$6,498	\$6,330

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

8. Contingent Liabilities

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Union Township
Belmont County
101 Memory Lane
P.O. Box 1
Morristown, Ohio 43759

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Union Township, Belmont County, Ohio (the Township), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated September 12, 2014, wherein we noted the Township followed financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying Schedule of Findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. We consider finding 2013-001 described in the accompanying Schedule of Findings to be a material weakness.

A significant deficiency is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-002 described in the accompanying Schedule of Findings to be a significant deficiency.

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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

September 12, 2014

**UNION TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2013-001

Material Weakness

All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

During 2013, the Board of Trustees entered into a debt agreement for \$35,462 to finance the purchase of a 2009 Kubota Tractor. The financial institution paid the vendor directly on-behalf of the Township. The Fiscal Officer did not post the debt proceeds and the capital outlay expenditure to its financial records.

As a result, receipts and disbursements of the Road and Bridge Fund, Special Revenue Fund Type, were understated on the Township's financial records and financial statements for 2013.

The above noted adjustment was agreed to by management and is reflected in the accompanying financial statements.

We recommend the Fiscal Officer record all debt proceeds and the corresponding expenditures to the Township's financial records and, amend appropriations for such activity, if necessary.

FINDING NUMBER 2013-002

Significant Deficiency

The Township should have internal controls in place to reasonably assure that budgetary accounts are integrated into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted appropriation balances.

In 2013 and 2012, the Fiscal Officer did not accurately post budgeted receipts, and any amendments made to them, to the accounting system. Variances existed between the certificate of estimated resources and the amounts posted to the accounting system. The following table details these variances:

2013

Fund	Amount Per Last Amended Certificate	Amount Posted to Accounting System	Variance
Motor Vehicle License Tax	\$16,000	\$50,171	(\$34,171)
Gasoline Tax	86,000	157,487	(71,487)

**UNION TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012
(Continued)**

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

FINDING NUMBER 2013-002 (Continued)

Significant Deficiency (Continued)

2012

Fund	Amount Per Last Amended Certificate	Amount Posted to Accounting System	Variance
Gasoline Tax	\$86,000	\$87,000	(\$1,000)

In 2013 and 2012, the Fiscal Officer did not accurately post appropriations to the accounting system. Variances existed between the appropriation resolution and the amounts posted to the accounting system. The following table details these variances:

2013

<u>Fund</u>	<u>Approved Appropriations</u>	<u>Amounts Posted to Accounting System</u>	<u>Variance</u>
General	\$387,335	\$291,536	\$95,799
Motor Vehicle License Tax	18,480	16,000	2,480
Gasoline Tax	99,800	96,800	3,000
Road and Bridge	113,000	74,465	38,535
Fire District A	26,425	29,167	(2,742)
Fire District D	70,800	68,400	2,400
Special Levy EMS B	33,500	23,500	10,000
Special Levy EMS C	19,810	28,650	(8,840)
Bond Building	12,153	12,000	153

2012

<u>Fund</u>	<u>Approved Appropriations</u>	<u>Amounts Posted to Accounting System</u>	<u>Variance</u>
General	\$407,135	\$408,335	(\$1,200)
Road and Bridge	94,100	97,700	(3,600)
Fire District A	19,470	36,906	(17,436)
Fire District D	50,500	71,250	(20,750)
Special Levy EMS B	20,700	40,000	(19,300)

Because the information entered into the accounting system was inaccurate, Township management was unable to effectively monitor budgetary activity throughout the year. Adjustments were made to the budgetary activity reported in Note 3 to the financial statements in order to accurately present appropriations approved by the Township Trustees and only include budgeted receipts as certified by the County Auditor.

**UNION TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012
(Continued)**

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</p>

FINDING NUMBER 2013-002 (Continued)

Significant Deficiency (Continued)

We recommend the Township Trustees approve all appropriation amendments, record approval in the Board minutes, and file all appropriation amendments with the County Auditor in order to receive confirmation from the County Auditor that appropriations do not exceed estimated resources. The Fiscal Officer should post these amendments only after the required approvals have been obtained. We also recommend the Fiscal Officer record only estimated receipts from the Certificate of Estimated Resources and any amendments thereto.

Officials Response: We did not receive a response from officials to the findings reported above.

**UNION TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-01	Ohio Rev. Code Section 5705.41(B), expenditures exceeding appropriations in several funds.	No	Partially Corrected; Reissued in Management Letter.
2011-02	Ohio Rev. Code Section 5705.41(D)(1), not certifying availability of funds prior to incurring an obligation.	No	Partially Corrected; Reissued in Management Letter.
2011-03	Material Weakness- Not integrating budgeted receipts and appropriations to the accounting system.	No	Not Corrected; Reissued as Finding No. 2013-002.



Dave Yost • Auditor of State

UNION TOWNSHIP

BELMONT 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
OCTOBER 9, 2014