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Marietta, OH 45750  
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1907 Grand Central Ave.  
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740.695.1569

1310 Market Street, Suite 300  
Wheeling, WV 26003  
304.232.1358



**UNION TOWNSHIP  
CHAMPAIGN COUNTY  
Regular Audit  
For the Year Ended December 31, 2016**

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*...“bringing more to the table”*

Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll  
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- Association of Certified Anti - Money Laundering Specialists •





# Dave Yost • Auditor of State

Board of Trustees  
Union Township  
3018 Harper Road  
Mechanicsburg, Ohio 43047

We have reviewed the *Independent Auditor's Report* of Union Township, Champaign County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2016 through December 31, 2016. 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.

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 is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

October 30, 2017

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**Union Township  
Champaign County**

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## INDEPENDENT AUDITOR'S REPORT

August 25, 2017

Union Township  
Champaign County  
3018 Harper Road  
Mechanicsburg, Ohio 43044

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Union Township**, Champaign County, Ohio (the Township), as of and for the year ended December 31, 2016 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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.

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***Auditor's Responsibility (Continued)***

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 opinions.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Union Township, Champaign County, Ohio, as of December 31, 2016, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Gasoline Tax, Fire District and Road District Funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

***Accounting Basis***

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

***Other Matters***

*Other Information*

We applied no procedures to the Management's Discussion & Analysis presented on pages 3-8 of the report, and accordingly, we express no opinion or any other assurance on it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2017 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.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio



**UNION TOWNSHIP, CHAMPAIGN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
UNAUDITED**

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This discussion and analysis of the Union Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2016, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

**Highlights**

Key highlights for 2016 are as follows:

Net position of governmental activities increased \$133,653 from the prior year.

The Township's general receipts are primarily property taxes. These receipts represent \$400,740 or 77% of the total cash received for governmental activities during the year.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 54, as applicable to the Township's cash basis of accounting.

**Report Components**

The statement of net position and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**UNION TOWNSHIP, CHAMPAIGN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
UNAUDITED  
(CONTINUED)**

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**Reporting the Township as a Whole**

The statement of net position and the statement of activities reflect how the Township did financially during 2016, within the limitations of cash basis accounting. The statement of net position presents the cash balances and investments of the governmental of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, these changes are a way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position are an indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, other non-financial factors should be considered such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property tax.

In the statement of net position and the statement of activities, the Township reports Governmental Activities:

Governmental activities - Most of the Township's basic services are reported here. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**Reporting the Township's Most Significant Funds**

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money which is restricted regarding its use is being spent for the intended purpose. The funds of the Township are split into two categories: governmental and fiduciary.

Governmental Funds - Most of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund, Gasoline Tax Fund, Fire District Fund, and Road District Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. These relationships are presented in reconciliations with the governmental fund financial statements.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Township's programs. The Township's fiduciary fund is the Mollie Cage Bequest, which is used to provide grave decorations.

**UNION TOWNSHIP, CHAMPAIGN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
UNAUDITED  
(CONTINUED)**

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**(Table 2)  
The Township as a Whole**

Table 1 provides a summary of the Township's net position for 2016 compared to 2015 on a cash basis:

**Net Position**

	Governmental Activities	
	2016	2015
<b>Assets</b>		
Cash and Cash Equivalents	\$ 950,560	\$ 816,907
Total Assets	950,560	816,907
<b>Net Position</b>		
Restricted for:		
Other Purposes	859,597	714,313
Unrestricted	90,963	102,594
Total Net Position	\$ 950,560	\$ 816,907

As previously noted, net position of governmental activities increased \$133,653 during 2016. The primary reasons contributing to the increase in cash balances are as follows:

- The Township continues to repair and pave its roads. The cost of work performed was lower than originally anticipated due to the township's purchase of gravel directly from the product provider, combined with paving services obtained at a favorable price from the County Engineer's organization instead of a private paving contractor.
- The Township continued to realize an increase in tax money due to Fire Levy funds generated from previously approved millage. From 2015 to 2016, proceeds from Fire Levy increased \$101,998.

**UNION TOWNSHIP, CHAMPAIGN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
UNAUDITED  
(CONTINUED)**

Table 2 reflects net assets on a cash basis of governmental activities for comparison for yrs. 2016 and 2015.

(Table 2)  
**Changes in Net Position**

	Governmental Activities	
	2016	2015
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$ 31,596	\$ 28,314
Operating Grants and Contributions	86,843	87,505
	<u>118,439</u>	<u>115,819</u>
General Receipts:		
Property and Other Local Taxes	335,986	330,822
Grants and Entitlements Not Restricted to Specific Programs	63,378	69,752
Interest	1,363	723
Miscellaneous	13	909
	<u>400,740</u>	<u>402,206</u>
Total Receipts	<u>519,179</u>	<u>518,025</u>
Disbursements:		
General Government	83,091	81,687
Public Safety	87,292	87,205
Public Works	192,652	85,347
Health	21,432	21,575
Capital Outlay	1,059	1,007
	<u>385,526</u>	<u>276,821</u>
Increase (Decrease) in Net Position	133,653	241,204
Net Position, January 1	<u>816,907</u>	<u>575,703</u>
Net Position, December 31	<u>\$950,560</u>	<u>\$816,907</u>

Program receipts represent approx. 23% of total receipts and are primarily comprised of restricted intergovernmental receipts such as Gas Tax, Fire District and Road District.

General receipts represent approx. 77% of the Township's total receipts, and of this amount, 84% are local taxes. State and federal grants and entitlements and interest make up the balance of the Township's general receipts (16%). Other receipts are relatively minor and somewhat unpredictable revenue sources.

**UNION TOWNSHIP, CHAMPAIGN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
UNAUDITED  
(CONTINUED)**

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Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the Trustees and Fiscal Officer, as well as building and some road maintenance expenses.

Public Safety covers services for fire protection. Public Works covers mainly the services, supplies and materials needed to operate the Township, and Health contains costs mainly for the County Health Department and cemetery.

**Governmental Activities**

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursement for governmental activities is Public Works, which accounts for \$192,652 (50.0%) of all governmental disbursements. Public Safety also represents a significant cost (\$87,292), about 22.6% of all governmental disbursements. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	<b>Governmental Activities</b>			
	Total Cost of Services 2016	Net Cost of Services 2016	Total Cost of Services 2015	Net Cost of Services 2015
	General Government	\$ 83,091	\$ (78,497)	\$ 81,687
Public Safety	87,292	(87,292)	87,205	(87,205)
Public Works	192,652	(95,707)	85,347	9,823
Health	21,432	(4,532)	21,575	(4,697)
Capital Outlay	1,059	(1,059)	1,007	(1,007)
<b>Total Expenses</b>	<b>\$ 385,526</b>	<b>\$ (267,087)</b>	<b>\$ 276,821</b>	<b>\$ (161,002)</b>

The dependence upon property tax and intergovernmental receipts is apparent as the majority of governmental activities are supported through these general receipts.

**The Township's Funds**

Total 2016 governmental funds recorded receipts of \$519,179 and disbursements of \$385,526. Continued changes within governmental funds occurred in the Road Tax and the Fire District Funds. The balance of the Road Tax Fund increased \$9,006 and the Fire District Fund increased \$101,998 – both increases due to funding previously approved by Township voters.

**UNION TOWNSHIP, CHAMPAIGN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
UNAUDITED  
(CONTINUED)**

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**General Fund Budgeting Highlights**

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

**Capital Assets and Debt Administration**

**Capital Assets**

The Township does not currently keep track of its capital assets and infrastructure, other than an annual inventory valuation of assets.

**Debt**

At December 31, 2016, the Township had no outstanding debt.

**Current Issues**

The challenge for all Governments including Township's is to provide quality services to the public while staying within the imposed restrictions imposed by limited, and in some cases, shrinking funding. We rely heavily on local taxes and have very little industry to support the tax base. The Township is taking measures to reduce spending.

**Contacting the Township's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Linda Gordon, Fiscal Officer, Union Township, 7400 State Route 161, Mechanicsburg, Ohio 43044.

**Union Township, Champaign County**

*Statement of Net Position - Cash Basis*

*December 31, 2016*

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	<u>Governmental Activities</u>	<u>Total</u>
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	<u>\$ 950,560</u>	<u>\$ 950,560</u>
<i>Total Assets</i>	<u><u>\$ 950,560</u></u>	<u><u>\$ 950,560</u></u>
<b>Net Assets</b>		
Restricted for:		
Expendable	\$ 171	\$ 171
Nonexpendable	500	500
Other Purposes	858,926	858,926
Unrestricted	<u>90,963</u>	<u>90,963</u>
<i>Total Net Position</i>	<u><u>\$ 950,560</u></u>	<u><u>\$ 950,560</u></u>

See accompanying notes to the basic financial statements

**Union Township, Champaign County**  
*Statement of Activities - Cash Basis*  
For the Year Ended December 31, 2016

	Program Cash Receipts			Disbursements) Receipts and Changes in Net F Primary Government	
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities	Total
<b>Governmental Activities</b>					
Current:					
General Government	\$ 83,091	\$ 4,594	\$ -	\$ (78,497)	\$ (78,497)
Public Safety	87,292	-	-	(87,292)	(87,292)
Public Works	192,652	10,102	86,843	(95,707)	(95,707)
Health	21,432	16,900	-	(4,532)	(4,532)
Capital Outlay	1,059	-	-	(1,059)	(1,059)
<i>Total Governmental Activities</i>	<u>385,526</u>	<u>31,596</u>	<u>86,843</u>	<u>(267,087)</u>	<u>(267,087)</u>
 Total	 <u>\$ 385,526</u>	 <u>\$ 31,596</u>	 <u>\$ 86,843</u>	 <u>(267,087)</u>	 <u>(267,087)</u>
<b>General Receipts</b>					
				335,986	335,986
				63,378	63,378
				1,363	1,363
				13	13
				<u>400,740</u>	<u>400,740</u>
				133,653	133,653
				<u>816,907</u>	<u>816,907</u>
				<u>\$ 950,560</u>	<u>\$ 950,560</u>

See accompanying notes to the basic financial statements



**Union Township, Champaign County**  
*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*December 31, 2016*

	General	Gasoline Tax	Fire District	Road District	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$ 90,963	\$ 129,689	\$ 424,040	\$ 176,989	\$ 128,879	\$ 950,560
<i>Total Assets</i>	<u>\$ 90,963</u>	<u>\$ 129,689</u>	<u>\$ 424,040</u>	<u>\$ 176,989</u>	<u>\$ 128,879</u>	<u>\$ 950,560</u>
<b>Fund Balances, December 31</b>						
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ 500
Restricted	-	129,689	424,040	176,989	128,379	859,097
Unassigned	90,963	-	-	-	-	90,963
<i>Total Fund Balances</i>	<u>\$ 90,963</u>	<u>\$ 129,689</u>	<u>\$ 424,040</u>	<u>\$ 176,989</u>	<u>\$ 128,879</u>	<u>\$ 950,560</u>

See accompanying notes to the basic financial statements

**Union Township, Champaign County**  
*Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis*  
*Governmental Funds*  
*For the Year Ended December 31, 2016*

	General	Gasoline Tax	Fire District	Road District	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Property and Other Local Taxes	\$ 64,830	\$ -	\$ 164,796	\$ 82,194	\$ 34,268	\$ 346,088
Charges for Services	-	-	-	-	-	-
Licenses, Permits and Fees	4,594	-	-	-	16,900	21,494
Fines and Forfeitures	-	-	-	-	-	-
Intergovernmental	23,035	86,843	24,494	12,214	3,635	150,221
Special Assessments	-	-	-	-	-	-
Earnings on Investments	1,059	246	-	-	58	1,363
Miscellaneous	13	-	-	-	-	13
<i>Total Receipts</i>	<u>93,531</u>	<u>87,089</u>	<u>189,290</u>	<u>94,408</u>	<u>54,861</u>	<u>519,179</u>
<b>Disbursements</b>						
Current:						
General Government	83,091	-	-	-	-	83,091
Public Safety	-	-	87,292	-	-	87,292
Public Works	7,767	64,244	-	85,402	35,239	192,652
Health	14,257	-	-	-	7,175	21,432
Capital Outlay	47	-	-	-	1,012	1,059
<i>Total Disbursements</i>	<u>105,162</u>	<u>64,244</u>	<u>87,292</u>	<u>85,402</u>	<u>43,426</u>	<u>385,526</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(11,631)</u>	<u>22,845</u>	<u>101,998</u>	<u>9,006</u>	<u>11,435</u>	<u>133,653</u>
<i>Net Change in Fund Balances</i>	(11,631)	22,845	101,998	9,006	11,435	133,653
<i>Fund Balances Beginning of Year</i>	<u>102,594</u>	<u>106,844</u>	<u>322,042</u>	<u>167,983</u>	<u>117,444</u>	<u>816,907</u>
<i>Fund Balances End of Year</i>	<u>\$ 90,963</u>	<u>\$ 129,689</u>	<u>\$ 424,040</u>	<u>\$ 176,989</u>	<u>\$ 128,879</u>	<u>\$ 950,560</u>

See accompanying notes to the basic financial statements

**Union Township, Champaign County**  
*Statement of Receipts, Disbursements and Changes  
 In Fund Balance - Budget and Actual - Budget Basis  
 1000 General Fund  
 For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 155,778	\$ 155,779	\$ 64,830	\$ (90,949)
Licenses, Permits and Fees	-	-	4,594	4,594
Intergovernmental	-	-	23,035	23,035
Earnings on Investments	-	-	1,059	1,059
Miscellaneous	-	-	13	13
<i>Total receipts</i>	<u>155,778</u>	<u>155,779</u>	<u>93,531</u>	<u>(62,248)</u>
<b>Disbursements</b>				
Current:				
General Government	92,911	94,400	84,826	9,574
Public Works	20,000	19,800	7,767	12,033
Health	17,000	17,000	14,257	2,743
Capital Outlay	<u>27,272</u>	<u>27,272</u>	<u>47</u>	<u>27,225</u>
<i>Total Disbursements</i>	<u>157,183</u>	<u>158,472</u>	<u>106,897</u>	<u>51,575</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,405)</u>	<u>(2,693)</u>	<u>(13,366)</u>	<u>(10,673)</u>
<i>Net Change in Fund Balance</i>	(1,405)	(2,693)	(13,366)	10,673
<i>Fund Balance Beginning of Year</i>	101,189	101,189	101,189	-
Prior Year Encumbrances Appropriated	<u>1,405</u>	<u>1,405</u>	<u>1,405</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 101,189</u>	<u>\$ 99,901</u>	<u>\$ 89,228</u>	<u>\$ 10,673</u>

See accompanying notes to the basic financial statements

**Union Township, Champaign County**  
*Statement of Receipts, Disbursements and Changes  
 In Fund Balance - Budget and Actual - Budget Basis  
 2021 Gasoline Tax  
 For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Intergovernmental	\$ 193,448	\$ 193,448	\$ 86,843	\$ (106,605)
Earnings on Investment	-	-	246	246
<i>Total receipts</i>	<u>193,448</u>	<u>193,448</u>	<u>87,089</u>	<u>(106,359)</u>
<b>Disbursements</b>				
Current:				
Public Works	194,094	199,244	65,347	133,897
<i>Total Disbursements</i>	<u>194,094</u>	<u>199,244</u>	<u>65,347</u>	<u>133,897</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(646)</u>	<u>(5,796)</u>	<u>21,742</u>	<u>27,538</u>
<i>Net Change in Fund Balance</i>	(646)	(5,796)	21,742	27,538
<i>Fund Balance Beginning of Year</i>	106,198	106,198	106,198	-
Prior Year Encumbrances Appropriated	646	646	646	-
<i>Fund Balance End of Year</i>	<u>\$ 106,198</u>	<u>\$ 101,048</u>	<u>\$ 128,586</u>	<u>\$ 27,538</u>

See accompanying notes to the basic financial statements

**Union Township, Champaign County**  
*Statement of Receipts, Disbursements and Changes  
 In Fund Balance - Budget and Actual - Budget Basis  
 2111 Fire District  
 For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 534,909	\$ 534,908	\$ 164,796	\$ (370,112)
Intergovernmental	-	-	24,494	24,494
<i>Total receipts</i>	<u>534,909</u>	<u>534,908</u>	<u>189,290</u>	<u>(345,618)</u>
<b>Disbursements</b>				
Current:				
Public Safety	<u>534,909</u>	<u>534,908</u>	<u>87,292</u>	<u>447,616</u>
<i>Total Disbursements</i>	<u>534,909</u>	<u>534,908</u>	<u>87,292</u>	<u>447,616</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>-</u>	<u>-</u>	<u>101,998</u>	<u>101,998</u>
<i>Net Change in Fund Balance</i>	-	-	101,998	101,998
<i>Fund Balance Beginning of Year</i>	322,042	322,042	322,042	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 322,042</u>	<u>\$ 322,042</u>	<u>\$ 424,040</u>	<u>\$ 101,998</u>

See accompanying notes to the basic financial statements

**Union Township, Champaign County**  
*Statement of Receipts, Disbursements and Changes  
 In Fund Balance - Budget and Actual - Budget Basis  
 2141 Road District  
 For the Year Ended December 31, 2016*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Final Budget Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 176,090	\$ 176,090	\$ 82,194	\$ (93,896)
Intergovernmental	-	-	12,214	12,214
<i>Total receipts</i>	<u>176,090</u>	<u>176,090</u>	<u>94,408</u>	<u>(81,682)</u>
<b>Disbursements</b>				
Current:				
Public Works	105,400	105,400	85,402	19,998
Capital Outlay	70,690	70,690	-	70,690
<i>Total Disbursements</i>	<u>176,090</u>	<u>176,090</u>	<u>85,402</u>	<u>90,688</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>-</u>	<u>-</u>	<u>9,006</u>	<u>9,006</u>
<i>Net Change in Fund Balance</i>	-	-	9,006	9,006
<i>Fund Balance Beginning of Year</i>	167,983	167,983	167,983	-
Prior Year Encumbrances Appropriated	-	-	-	-
<i>Fund Balance End of Year</i>	<u>\$ 167,983</u>	<u>\$ 167,983</u>	<u>\$ 176,989</u>	<u>\$ 9,006</u>

See accompanying notes to the basic financial statements

**UNION TOWNSHIP  
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**Note 1 - Reporting Entity**

Union Township, Champaign County, Ohio is a body politic and corporate 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 also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

**Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads, and cemetery maintenance. The Township contracts with the following for fire protection: Pleasant Township, and Village of Mechanicsburg. Law enforcement protection is provided by the Champaign County Sheriff's Department.

**Note 2 - Summary of Significant Accounting Policies**

As discussed further in the Basis of Accounting section of this Note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Township's accounting policies.

**Basis of Presentation**

The Township's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements** - The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charges to external parties for goods or services. The Township has no business-type activities.

**UNION TOWNSHIP  
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Government-Wide Financial Statements (Continued)**

The statement of net position presents the cash and investment balances of the governmental and business-type activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Township's general receipts.

**Fund Financial Statements** - During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

**Fund Accounting**

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are governmental and fiduciary.

**Governmental Funds** – The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Township's major governmental funds are the General, Gasoline, Fire District, and Road District Funds.

**General** – The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Gasoline Tax** – The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

**Fire District** – The fire district fund accounts for and reports that portion of property tax revenue restricted for fire protection contracted services for the Township.

**Road District** – The road district fund accounts for and reports that portion of property tax revenue restricted for the maintenance and repair of roads within the Township.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.



**UNION TOWNSHIP  
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Basis of Accounting**

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

Any such modifications made by the Township are described in the appropriate section in this note. As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

**Budgetary Process**

All funds, except agency funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

**UNION TOWNSHIP  
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Cash and Investments**

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Township also implemented GASB Statement No. 79 for 2016. The implementation of this GASB pronouncement had no effect on beginning net position/fund balance. The Township measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Interest earnings are allocated to Township funds according to State statutes or grant requirements or debt related restrictions.

***Restricted Assets***

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

**Inventory and Prepaid Items**

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**Capital Assets**

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

**Employer Contributions to Cost-Sharing Pension Plans**

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**Net Position**

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for roads, fire services, and cemeteries. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position is available. The Township's net position restricted balance at the end of 2016 was \$859,597.

**UNION TOWNSHIP  
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**Fund Balance**

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

**Non-spendable** The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

**Restricted** Fund balance is reported as 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.

**Committed** The committed fund balance classifications includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Township Trustees or a Township official delegated that authority by resolution or by State Statute.

**Unassigned** The unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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.

**Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Gasoline Tax, Fire District, and Road District Funds prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are due to outstanding year end encumbrances being treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis) in the amount of \$1,735 in the General Fund and \$1,103 in the Gasoline Tax Fund.

**UNION TOWNSHIP  
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**Note 4 - Deposits and Investments**

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);

**UNION TOWNSHIP  
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**Note 4 - Deposits and Investments (Continued)**

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the clerk/treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**Deposits**

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$602,063 of the Township's bank balance of \$950,560 was exposed to custodial credit risk because those deposits were uninsured and collateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the Township to a successful claim by the FDIC.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**Investments**

As of December 31, 2016, the Township had only STAR Ohio investments. The Total Star Ohio investment balance at year-end 2016 was \$98,496.58.

The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14 (M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer governing board, or qualified trustee." however it addresses interest rate risk by investing only in STAR Ohio, which is structured so the Township can meet its cash requirements for ongoing operations.

STAR Ohio carries a rating of AAAM by Standard and Poor's. The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

**UNION TOWNSHIP  
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**Note 5 - Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2016 for real and public utility property taxes represent collections of 2015 taxes.

2016 real property taxes are levied after October 1, 2016, on the assessed values as of January 1, 2016, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2016 real property taxes are collected in and intended to finance 2017.

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

The full tax rate for all Township operations for the year ended December 31, 2016 was \$12.49 per \$1000 of assessed value. The assessed values of real property and public utility property tangible personal property upon which 2016 property tax receipts were based are as follows:

Real Property	
Residential	\$ 31,404,810
Agriculture	20,629,380
Commercial/Industrial/Mineral	1,472,410
Public Utility Property	22,200
Real Property	
Personal	1,627,950
Total Assessed Value	<u>\$ 55,156,750</u>

**Note 6 - 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, 2016, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

**UNION TOWNSHIP  
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**Note 6 - Risk Management (Continued)**

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, 2016.

	<b>2016</b>
Assets	\$38,473,283
Liabilities	8,244,140
Net Position	\$30,229,143

At December 31, 2016 the liabilities above include approximately \$7.4 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,010 member governments in the future, as of December 31, 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Township's share of these unpaid claims collectible in future years is approximately \$4,000.

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.

<b>Union Township Contributions to OTARMA</b>	
2016	\$8,508

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.

**UNION TOWNSHIP  
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**Note 7 - Defined Benefit Pension Plan**

**Ohio Public Employees Retirement System**

Plan Description - Township employees, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Township employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.



**UNION TOWNSHIP  
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**Note 7 - Defined Benefit Pension Plan (Continued)**

**Ohio Public Employees Retirement System (Continued)**

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
<b>2016 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %
 <b>2016 Actual Contribution Rates</b>	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0
Total Employer	14.0 %
 Employee	 10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Township's contractually required contribution was \$16,069 for year 2016.

**Note 8 - Postemployment Benefits**

**Ohio Public Employees Retirement System**

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

**UNION TOWNSHIP  
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**Note 8 - Postemployment Benefits (Continued)**

**Ohio Public Employees Retirement System (Continued)**

OPERS maintained two cost-sharing, multiple-employer defined benefit postemployment health care trusts, which funded multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, state and local employers contributed at a rate of 14.0 percent of earnable salary. This is the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

At the beginning of 2016, OPERS maintained three health care trusts. The two cost-sharing, multiple employer trusts, the 401(h) Health Care Trust (401(h) Trust) and the 115 Health Care Trust (115 Trust), worked together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. Each year, the OPERS Board of Trustees determines the portion of the employer contributions rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for both the Traditional Pension and Combined plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) Trust that provides funding for a Retiree Medical Account (RMA) for Member-Directed Plan members. The employer contribution as a percentage of covered payroll deposited to the RMAs for 2016 was 4.0 percent.

**UNION TOWNSHIP  
CHAMPAIGN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**Note 8 - Postemployment Benefits (Continued)**

**Ohio Public Employees Retirement System (Continued)**

In March 2016, OPERS received two favorable rulings from the IRS allowing OPERS to consolidate all health care assets into the 115 Trust. Transition to the new health care trust structure occurred during 2016. OPERS Combining Statements of Changes in Fiduciary Net Position for the year ended December 31, 2016, will reflect a partial year of activity in the 401(h) Trust and VEBA Trust prior to the termination of these trusts as of end of business day June 30, 2016, and the assets and liabilities, or net position, of these trusts being consolidated into the 115 Trust on July 1, 2016.

Substantially all of the Township's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2016, 2015, and 2014 was \$2,678, \$2,535, and \$1,520, respectively. The full amount has been contributed for all three years.

**Note 9 – Fund Balances**

Fund balances is classified as non-spendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	2016					Total
	General	Gasoline Tax	Fire District	Road District	Other Governmental Funds	
Nonspendable:						
Nonspendable Bequest	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ 500
Total Nonspendable	-	-	-	-	500	500
Restricted for						
Road Maintenance	-	129,689	-	176,989	77,512	384,190
Debt Service	-	-	424,040	-	50,867	474,907
Total Restricted	-	129,689	424,040	176,989	128,379	859,097
Unassigned	90,963	-	-	-	-	90,963
Total Fund Balances	\$ 90,963	\$ 129,689	\$ 424,040	\$ 176,989	\$ 128,879	\$ 950,060

**Note 10 - Public Entity Risk Pool**

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 member's deductibles. See coverage in Note 6 – Risk Management.

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1310 Market St., Suite 300  
Wheeling, WV 26003  
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

August 25, 2017

Union Township  
Champaign County  
3018 Harper Road  
Mechanicsburg, Ohio 43044

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Union Township**, Champaign County, Ohio, (the Township) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report dated August 25, 2017, wherein we noted the Township uses a special purpose framework other than generally accepted accounting principles.

**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.

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 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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### **Internal Control Over Financial Reporting (Continued)**

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

### **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*.

We noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated August 25, 2017.

### **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.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio



# Dave Yost • Auditor of State

UNION TOWNSHIP

CHAMPAIGN 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, 2017