



**UNITY TOWNSHIP
COLUMBIANA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

Voinovich Government Center
242 Federal Plaza West, Suite 302
Youngstown, Ohio 44503
Telephone 330-797-9900
800-443-9271
Facsimile 330-797-9949

REPORT OF INDEPENDENT ACCOUNTANTS

Unity Township
Columbiana County
51977 St. Rt. 14
East Palestine, Ohio 44413

To the Board of Trustees:

We have audited the accompanying financial statements of Unity Township, Columbiana County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2000 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

Jim Petro
Auditor of State

February 25, 2000

Unity Township

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Local Taxes	\$20,904	\$232,324	\$10,000	\$0	\$263,228
Intergovernmental	104,111	106,235			210,346
Earnings on Investments	3,289	383			3,672
Other Revenue	9,601	21,772			31,373
	137,905	360,714	10,000	0	508,619
Cash Disbursements:					
Current:					
General Government	34,539				34,539
Public Safety	16,905	56,898			73,803
Public Works		260,607			260,607
Health	22,696				22,696
Debt Service:					
Redemption of Principal			23,614		23,614
Interest and Fiscal Charges			2,294		2,294
Capital Outlay	11,876	89,308		8,298	109,482
	86,016	406,813	25,908	8,298	527,035
Total Receipts Over/(Under) Disbursements	51,889	(46,099)	(15,908)	(8,298)	(18,416)
Other Financing Receipts/(Disbursements):					
Proceeds from Sale of Public Debt:					
Sale of Notes		45,000			45,000
Transfers-In			14,200		14,200
Advances-In	3,500	3,500			7,000
Transfers-Out	(14,200)				(14,200)
Advances-Out	(3,500)	(3,500)			(7,000)
	(14,200)	45,000	14,200	0	45,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	37,689	(1,099)	(1,708)	(8,298)	26,584
Fund Cash Balances, January 1	40,306	153,440	1,769	8,298	203,813
Fund Cash Balances, December 31	\$77,995	\$152,341	\$61	\$0	\$230,397
Reserve for Encumbrances, December 31	\$300	\$11,203	\$0	\$0	\$11,503

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Fiduciary Fund Type
	Nonexpendable Trust
Operating Cash Receipts:	
Interest	\$20
Total Operating Cash Receipts	20
Operating Income	20
Fund Cash Balances, January 1	864
Fund Cash Balances, December 31	\$884

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$18,093	\$211,084	\$10,000		\$239,177
Intergovernmental	76,513	100,907		\$135,135	312,555
Earnings on Investments	3,695	535			4,230
Other Revenue	13,792	14,912			28,704
	<u>112,093</u>	<u>327,438</u>	<u>10,000</u>	<u>135,135</u>	<u>584,666</u>
Cash Disbursements:					
Current:					
General Government	37,755	1,813	200		39,768
Public Safety		47,748			47,748
Public Works	27,058	217,526			244,584
Health	5,755				5,755
Debt Service:					
Redemption of Principal			23,919		23,919
Interest and Fiscal Charges			2,968		2,968
Capital Outlay	16,044	23,407		151,837	191,288
	<u>86,612</u>	<u>290,494</u>	<u>27,087</u>	<u>151,837</u>	<u>556,030</u>
Total Receipts Over/(Under) Disbursements	<u>25,481</u>	<u>36,944</u>	<u>(17,087)</u>	<u>(16,702)</u>	<u>28,636</u>
Other Financing Receipts/(Disbursements):					
Transfers-In			12,500	25,000	37,500
Advances-In	2,000	2,000			4,000
Transfers-Out	(17,500)	(20,000)			(37,500)
Advances-Out	(2,000)	(2,000)			(4,000)
	<u>(17,500)</u>	<u>(20,000)</u>	<u>12,500</u>	<u>25,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	7,981	16,944	(4,587)	8,298	28,636
Fund Cash Balances, January 1	32,325	136,496	6,356	0	175,177
Fund Cash Balances, December 31	<u>\$40,306</u>	<u>\$153,440</u>	<u>\$1,769</u>	<u>\$8,298</u>	<u>\$203,813</u>
Reserve for Encumbrances, December 31	<u>\$5,584</u>	<u>\$4,807</u>	<u>\$0</u>	<u>\$8,298</u>	<u>\$18,689</u>

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Fiduciary Fund Type
	Nonexpendable Trust
Operating Cash Receipts:	
Interest	\$20
Total Operating Cash Receipts	20
Operating Income	20
Fund Cash Balances, January 1	844
Fund Cash Balances, December 31	\$864

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Unity Township, Columbiana County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance. The Township contracts with the City of East Palestine and Village of New Waterford to provide fire protection and the City of East Palestine for 911 services.

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

B. Basis of Accounting

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

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

C. Cash and Investments

The Township has an interest bearing checking account. Interest earned is recognized and recorded when received. Investments procedures are restricted by the provisions of the Ohio Revised Code. No investments were held by the Township.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

Fire District - This fund receives property tax money to be used for the payment of fire protection within the Township.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -(Continued)

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of note indebtedness.

4. Capital Project Funds

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant capital project fund:

Issue II Fund - The Township received a grant from the State of Ohio to replace roads within the Township.

5. Fiduciary Funds (Trust Fund)

This fund is used to account for resources restricted by a legally binding trust agreement. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -(Continued)

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Demand deposit	<u>\$231,281</u>	<u>\$204,677</u>
Total deposits	<u><u>\$231,281</u></u>	<u><u>\$204,677</u></u>

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$127,062	\$137,905	\$10,843
Special Revenue	382,586	405,714	23,128
Debt Service	20,020	24,200	4,180
Capital Projects	0	0	0
Fiduciary	24	20	(4)
Total	<u><u>\$529,692</u></u>	<u><u>\$567,839</u></u>	<u><u>\$38,147</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$135,145	\$100,516	\$34,629
Special Revenue	463,130	418,016	45,114
Debt Service	21,100	25,908	(4,808)
Capital Projects	8,298	8,298	0
Fiduciary	0	0	0
Total	<u><u>\$627,673</u></u>	<u><u>\$552,738</u></u>	<u><u>\$74,935</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY -(Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$107,989	\$112,093	\$4,104
Special Revenue	330,750	327,438	(3,312)
Debt Service	13,802	22,500	8,698
Capital Projects	135,135	160,135	25,000
Fiduciary	0	20	20
Total	<u>\$587,676</u>	<u>\$622,186</u>	<u>\$34,510</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$139,000	\$109,696	\$29,304
Special Revenue	373,720	315,301	58,419
Debt Service	27,570	27,087	483
Capital Projects	160,135	160,135	0
Fiduciary	0	0	0
Total	<u>\$700,425</u>	<u>\$612,219</u>	<u>\$88,206</u>

4. PROPERTY TAX

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Notes - Mower	<u>45,000</u>	5.13%
Total	<u>\$45,000</u>	

The general obligation notes were issued to finance the purchase of a mower to be used for Township maintenance.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

5. DEBT - (Continued)

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

<u>Year ending December 31:</u>	<u>General Obligation Notes</u>
2000	\$11,309
2001	10,847
2002	10,385
2003	9,923
2004	<u>9,462</u>
Total	<u><u>\$51,926</u></u>

6. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

The Township also provides health insurance to full-time employees through a private carrier.

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

Unity Township
Columbiana County
51977 St. Rt. 14
East Palestine, Ohio 44413

To the Board of Trustees:

We have audited the accompanying financial statements of Unity Township, Columbiana County, Ohio (the Township), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated February 25, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated February 25, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated February 25, 2000.

Unity Township
Columbiana County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
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This report is intended for the information and use of the Board of Trustees, management, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

February 25, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

UNITY TOWNSHIP
COLUMBIANA 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
APRIL 4, 2000**