



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**UNION TOWNSHIP
TUSCARAWAS COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Union Township
Tuscarawas County
7857 SR #250 SE
Dennison, Ohio 44621

To the Board of Trustees:

We have audited the accompanying financial statements of Union Township, Tuscarawas County, Ohio, (the Township) as of and for the years ended December 31, 2001 and 2000. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 audits provide 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, 2001 and 2000, 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 April 12, 2002 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

April 12, 2002

**UNION TOWNSHIP
TUSCARAWAS COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Taxes	\$27,988	\$60,303	88,291
Intergovernmental	57,233	65,131	122,364
Charges for Services	334	1,875	2,209
Interest	578	140	718
Other Revenue	<u>3,568</u>		<u>3,568</u>
 Total Cash Receipts	 <u>89,701</u>	 <u>127,449</u>	 <u>217,150</u>
Cash Disbursements:			
Current:			
General Government	71,237		71,237
Public Safety		11,454	11,454
Public Works	158	76,804	76,962
Health		4,093	4,093
Debt Service:			
Principal and Interest		7,911	7,911
Capital Outlay	<u>29,737</u>	<u>540</u>	<u>30,277</u>
 Total Cash Disbursements	 <u>101,132</u>	 <u>100,802</u>	 <u>201,934</u>
 Total Cash Receipts Over/(Under) Cash Disbursements	 (11,431)	 26,647	 15,216
 Fund Cash Balances, January 1	 <u>12,713</u>	 <u>11,121</u>	 <u>23,834</u>
 Fund Cash Balances, December 31	 <u>\$1,282</u>	 <u>\$37,768</u>	 <u>\$39,050</u>
 Reserves for Encumbrances, December 31	 <u>\$166</u>	 <u>\$2,020</u>	 <u>\$2,186</u>

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

**UNION TOWNSHIP
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Taxes	\$26,552	\$42,699	\$69,251
Intergovernmental	54,424	63,613	118,037
Charges for Services		1,600	1,600
Interest	843	245	1,088
Other Revenue	600	67	667
Total Cash Receipts	82,419	108,224	190,643
Cash Disbursements:			
Current:			
General Government	64,491		64,491
Public Safety		9,713	9,713
Public Works		85,658	85,658
Health		5,140	5,140
Debt Service:			
Principal and Interest	25,000	15,918	40,918
Capital Outlay	70,409		70,409
Total Cash Disbursements	159,900	116,429	276,329
Total Cash Receipts (Under) Cash Disbursements	(77,481)	(8,205)	(85,686)
Other Financing Receipts:			
Proceeds of Notes	70,409		70,409
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements	(7,072)	(8,205)	(15,277)
Fund Cash Balances, January 1	19,785	19,326	39,111
Fund Cash Balances, December 31	\$12,713	\$11,121	\$23,834
Reserves for Encumbrances, December 31	\$449	\$216	\$665

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

**UNION TOWNSHIP
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Union Township, Tuscarawas County, Ohio, (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, cemetery . The Township has mutual aid agreements with the City of Uhrichsville and the Sherrodsville Volunteer Fire Department to provide fire services, and a contract with Smith Ambulance to provide ambulance 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

The Township maintains cash in a checking account.

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 has the following significant Special Revenue Funds:

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

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

**UNION TOWNSHIP
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated. The Township did not encumber all commitments required by Ohio law. The budgetary presentations have been adjusted to include material items that should have been encumbered.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

**UNION TOWNSHIP
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2. EQUITY IN POOLED CASH

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

	<u>2001</u>	<u>2000</u>
Demand deposits	\$39,050	\$23,834

Deposits: Deposits are insured by the Federal Depository Insurance Corporation. During 2000, the Township had deposits that were uninsured and uncollateralized.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended 2001 and 2000 was as follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$78,549	\$89,701	\$11,152
Special Revenue	122,888	127,449	4,561
Total	\$201,437	\$217,150	\$15,713

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$92,819	\$101,298	(\$8,479)
Special Revenue	132,451	102,822	29,629
Total	\$225,270	\$204,120	\$21,150

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$77,980	\$152,828	\$74,848
Special Revenue	104,356	108,224	3,868
Total	\$182,336	\$261,052	\$78,716

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$98,475	\$160,349	(\$61,874)
Special Revenue	128,675	116,645	12,030
Total	\$227,150	\$276,994	(\$49,844)

**UNION TOWNSHIP
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

Material Noncompliance

Contrary to 5705.41(D) Ohio Rev. Code, the Township did not always certify the availability of funds prior to the obligation of expenditures.

Contrary to 5705.38 and 5705.39, Ohio Rev. Code, the Township did not adopt the 2001 Temporary Appropriation measure or file their permanent appropriation measure with the County Auditor by the required date.

Contrary to 5705.41(B) Ohio Rev. Code, during 2001, the Township had fund level expenditures which exceeded appropriations within the General Fund and Special Revenue Cemetery and Fire Special Levy Funds by \$8,479, \$1,495 and \$5,604, respectively. During 2000, the Township had fund level expenditures which exceeded appropriations within the General Fund by \$61,874.

Contrary to 135.18 Ohio Rev. Code, during 2000, the Township had funds up to \$78,032 on deposit with their financial institution which were not collateralized.

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 payments, the first half is due December 31. The second half payment is due the following June 20.

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

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

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

5. DEBT

Debt outstanding at December 31, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Equipment Loans - Tractor/Mower	\$46,020	6.25%

**UNION TOWNSHIP
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

5. DEBT (Continued)

During 2000, the Township obtained four individual equipment loans from a bank for the purpose of purchasing a tractor/mower for use by the Township. The loans are collateralized solely by the Township's taxing authority.

During 2001 and 2000, the Township paid off loans for the purchase of a fire tanker truck and dump truck, respectively.

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

<u>Year ending December 31:</u>	<u>Tractor/Mower Loan</u>
2002	\$4,011
2003	14,962
2004	14,962
2005	<u>14,962</u>
Total	<u><u>\$48,897</u></u>

6. RETIREMENT SYSTEM

The Township's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. 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. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the Public Official's liability.

Risk Pool Membership

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio townships. OTARMA provides property and casualty insurance for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Insurance

OTARMA retains casualty risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

**UNION TOWNSHIP
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

7. RISK MANAGEMENT (Continued)

Property Insurance

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, which is the latest information available:

<u>Casualty Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$23,703,776	\$22,684,383
Liabilities	<u>9,379,003</u>	<u>8,924,977</u>
Equity	<u>\$14,324,773</u>	<u>\$13,759,406</u>

<u>Property Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$5,011,131	\$4,156,784
Liabilities	<u>647,667</u>	<u>497,831</u>
Equity	<u>\$4,363,464</u>	<u>\$3,658,953</u>



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

Union Township
Tuscarawas County
7857 SR #250 SE
Dennison, Ohio 44621

To the Board of Trustees:

We have audited the accompanying financial statements of Union Township, Tuscarawas County, Ohio, (the Township) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 12, 2002. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2001-41279-001 through 2001-41279-004.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 12, 2002.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 2001-41279-005 through 2001-41279-009.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 2001-41279-005 through 2001-41279-007 to be material weaknesses.

We also 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 April 12, 2002.

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a stylized flourish at the end.

Jim Petro
Auditor of State

April 12, 2002

**UNION TOWNSHIP
TUSCARAWAS COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

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

MATERIAL NONCOMPLIANCE

FINDING NUMBER 2001-41279-001

Ohio Rev. Code Section 5705.41(D), states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and other orders for expenditure lacking prior certification should be null and void and no warrant shall be issued in payment of any amount due thereon. This section also provides for two “exceptions” to the above requirements:

- A. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer’s certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate appropriated and free of any previous encumbrances, the Township Board may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than \$1,000, the Clerk may authorize payment through a Then and Now Certificate without affirmation of the Board of Trustees.

The Township’s fiscal officer failed to certify the availability of funds for 90% of transactions tested in 2001 and 93% of transactions tested in 2000. Neither of the two exceptions noted above were utilized for the items found to be in noncompliance. Prior to entering purchase commitments, the Clerk should either certify that funds are available for expenditure or use the exceptions noted above, as applicable.

We also reported this matter in the management letter in our audit of the 1999 and 1998 financial statements.

FINDING NUMBER 2001-41279-002

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

<u>2000</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
General Fund	\$98,475	\$160,349	(\$61,874)

<u>2001</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
General Fund	\$92,819	\$101,298	(\$8,479)
Special Revenue Cemetery Fund	2,598	4,093	(1,495)
Special Revenue Special Levy Fire Fund	3,621	9,225	(5,604)

MATERIAL NONCOMPLIANCE (Continued)

FINDING NUMBER 2001-41279-002 (Continued)

At December 31, 2001, as General Fund and Special Revenue Cemetery and Special Levy Fire Fund actual revenues for those funds exceeded estimated revenues, the Township should have requested an Amended Certificate of Resources from the County Budget Commission and increased their appropriations accordingly. In 2000, the Township did not obtain an amended certificate for loan proceeds obtained to purchase a tractor/mower. As a result of not certifying the additional source of revenue, the Township did not increase their appropriations for the expenditure which caused the General Fund expenditures to exceed appropriations by \$61,874. The Clerk should frequently compare actual expenditures plus outstanding encumbrances to appropriations at the fund level to avoid overspending.

We also reported this matter in our audit of the 1999 and 1998 financial statements.

FINDING NUMBER 2001-41279-003

Ohio Rev. Code Section 5705.38 requires that on or about the first day of each fiscal year, an appropriation measure be passed. The Township may pass a temporary appropriation measure to meet their ordinary expenses until April 1, at which time a permanent appropriation measure must be passed. In addition, **Ohio Rev. Code Section 5705.39** requires that no appropriation become effective until the county auditor files with the appropriating authority, a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such Official Estimate or Amended Official Estimate of Resources.

The Township did not file their permanent 2001 appropriation measure with the County Auditor until June 1, 2001. Consequently, the required certificate from the County Auditor concerning appropriations not exceeding their Certificate of Estimated Resources was not issued until then. In addition, the Township's minutes record did not document approval of any temporary appropriations for 2001. As a result, expenditures made prior to June 1, 2001 were not legally expended. To ensure that expenditures are legally made prior to the adoption of permanent appropriations by April 1, the Board of Trustees should adopt a temporary appropriation measure and document such approval in their minute record.

FINDING NUMBER 2001-41279-004

Ohio Rev. Code Section 135.18 requires the treasurer of any public subdivision to require all depositories holding public funds to provide security for those public funds in an amount equal to the amount of deposit with the institution.

During 2000, the Township had the following funds on deposit with their financial institution which were not collateralized:

<u>Bank Statement Closing Date</u>	<u>Amount Exceeding FDIC</u>
May 2000	\$46,866
June 2000	42,035
July 2000	78,032

To ensure public deposits are secured by either the federal deposit insurance, surety company bonds, or pledged securities, the Clerk should require the financial institution to provide security for all public funds deposited.

MATERIAL WEAKNESSES

FINDING NUMBER 2001-41279-005

Certain receipts ranging from \$2,836 to \$59,563 received during the period March 23, 2000 through May 25, 2001 were not deposited with the designated depository for a period ranging between 6 to 65 days after initial receipt of the money which hindered the Township's ability to pay bills. As a result of not receipting money timely, certain disbursements could not be made and penalties were incurred for payroll tax withholdings not made on time. Delays of this nature could also cause Township receipts to be lost or misplaced without being detected in a timely manner.

The Township should properly safeguard receipts and implement control procedures relative to depositing requirements and procedures. Such procedures should require that monies be deposited on the next business day if the amount of daily receipts exceed \$1,000. If daily receipts do not exceed \$1,000 and the receipts can be safeguarded, the Board of Trustees may adopt a policy permitting Township officials who receive money to hold it past the next business day, but the deposit must be made no later than three business days after receiving it.

FINDING NUMBER 2001-41279-006

Certified estimated receipts were not accurately posted to the Township 2001 or 2000 receipt ledgers. The total amount of 2001 certified estimated receipts posted to the Township's ledgers was \$113,188, while the approved certificate from the County Auditor documented \$201,437. The total amount of 2000 certified estimated receipts posted to the Township's ledgers were \$169,002, while the approved certificate from the County Auditor documented \$182,336. In addition, appropriations were not accurately posted to the Township's 2001 or 2000 appropriations ledger. The total amount of 2001 appropriations posted to the Township's ledgers was \$243,930, while the appropriation measure approved by the Board of Trustees documented \$225,270. The total amount of 2000 appropriations posted to the Township's ledgers was \$297,560, while the appropriation measure approved by the Board of Trustees documented \$227,150. These conditions could hamper management's ability to monitor the progress of expected revenue collections, particularly as such information relates to spending.

The Clerk should post certified estimated receipts and appropriations to Township ledgers accurately in order to enable management to effectively monitor revenue collections and expenditure authority and assist the Township with budget management decisions.

FINDING NUMBER 2001-41279-007

Property Taxes received from the County Auditor were not accurately posted to the Township 2001 or 2000 receipt ledgers based on the County Auditor tax settlement sheets. As a result, numerous adjustments were required for the General Fund and Special Revenue Road and Bridge, Gasoline Tax, Motor Vehicle License Tax, Special Levy Fire, Special Levy Ambulance, Special Levy Fire Equipment, and Special Levy Fire and Ambulance Funds which significantly affected the respective fund cash balances of these funds. In addition, certain fire call disbursements were made from the Special Revenue Ambulance Fund rather than the special levy funds which were set up for those purposes. The Township's financial statements have been adjusted for the misposted receipts and disbursements. Finally, the Township's tax receipts were not posted timely to the Township's records. Certain of these receipts were not posted until two months after the tax settlement sheets were received from the County Auditor.

The Clerk should post property taxes received from the County Auditor to the Township receipt ledgers based on the County Auditor tax settlement sheets which will help ensure that restricted tax monies are spent in accordance with specified purposes. If sufficient funds are available, the Board of Trustees should also ensure that special levy disbursements are made from the special levy funds set up for those purposes. Finally, the Clerk should post all receipts to the Township's records soon after the monies are received by the Township.

REPORTABLE CONDITIONS

FINDING NUMBER 2001-41279-008

The Township minutes record did not document Board of Trustee approval for monthly financial statements, reports or reconciliations or bid acceptance for the Township's mowing contract. In addition, the Township did not document specific approval of budgetary documents such as amended certificates, the Annual Appropriation Measure, supplemental appropriations or the Resolution for Accepting of the Necessary Tax Rates for 1999 tax year. As a result, official actions of the Board of Trustees could not be easily determined.

The Clerk should submit to the Board of Trustees, on a monthly basis, all pertinent financial reports concerning the Township. These reports should include the year-to-date budgeted receipts versus the year-to-date actual revenue and the year-to-date appropriations versus the actual expenditures. Each month, the Clerk should present the monthly detail of receipts and expenditures, the pending and paid warrant listings, and the monthly bank reconciliation for Board of Trustee review and approval. The minute book should be prepared timely and reflect all official actions of the Board of Trustees. These procedures will help ensure that all actions of the Board of Trustees are documented, and will provide the Board of Trustees with information relevant to the monitoring of Township financial and business operations. The Board of Trustees should approve all budgetary documents in the minute record since the minutes serve as the official record of the Township.

FINDING NUMBER 2001-41279-009

The Clerk did not always classify expenditures in the proper fund or function classification. The following reclassifications were necessary to properly report the Township's financial activity by function and object:

- In 2001, checks and envelopes were initially recorded in General Fund - Other Expenditures rather than Office Supplies.
- In 2001, expense for sealer was initially recorded in General Fund - Machinery and Equipment rather than improvement of site.
- In 2001 and 2000, expense for mowing was initially recorded in General Fund - Other Expenditures rather than Contract Services.
- In 2000, workers compensation premiums were initially recorded in General Fund - Other Expenditures rather than Workers Compensation.
- In 2000, expense for employee health insurance was initially recorded in General Fund - Other Expenditures rather than Hospitalization.
- In 2000, expense for insurance was initially recorded in General Fund - Other Expenditures rather than liability insurance premiums.
- In 2000, expense for auditing services were initially recorded in General Fund - Other Expenditures rather than auditing services.
- In 2000, expense for new garage door and installation was initially recorded in General Fund - Other rather than repair and maintenance.
- In 2000, expense for paving was initially recorded in the General Fund and Special Revenue Gasoline Tax and Motor Vehicle License Tax Fund as Other Expenditures rather than repair and maintenance.

To provide the Township with more accurate financial information and enable the Township to better monitor financial activity, the Clerk should review all receipts and expenditures to determine they are properly recorded by fund, function, and object. The Clerk should also use the Uniform Accounting Network (UAN) manual as a guide to help classify receipt and expenditure transactions.

**UNION TOWNSHIP
TUSCARAWAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
1999-41279-001	<p>Ohio Rev. Code 5705.41 (B) requires that no subdivision expend money unless it has been lawfully appropriated. In 1999, the Township did not obtain an Amended Certificate of Estimated Resources or appropriate for note proceeds obtained to purchase a dump truck.</p>	No	Not Corrected. Reissued as Finding Number 2001-41279-001.



STATE OF OHIO
OFFICE OF THE AUDITOR

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UNION TOWNSHIP
TUSCARAWAS 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
JUNE 11, 2002**