



**UNION TOWNSHIP
UNION COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**UNION TOWNSHIP
UNION COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Union Township
Union County
22390 Connor Road, PO Box 367
Milford Center, Ohio 43045-0367

To the Board of Trustees:

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of Union Township, Union County, as of December 31, 2001 and December 30, 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 January 30, 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 audit.

This report is intended solely for the information and use of the audit committee, 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.

JIM PETRO
Auditor of State

January 30, 2002

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**UNION TOWNSHIP
UNION 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>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$28,987	\$131,901	\$6,172	\$0	\$167,060
Intergovernmental	68,619	70,807	703	22,812	162,941
Special Assessments	0	0	0	504	504
Charges for Services	0	8,955	0	0	8,955
Licenses, Permits, and Fees	1,376	6,075	0	0	7,451
Fines, Forfeitures, and Penalties	6,232	0	0	0	6,232
Earnings on Investments	11,231	2,875	0	0	14,106
Other Receipts	740	4,702	0	0	5,442
Total Cash Receipts	<u>117,185</u>	<u>225,315</u>	<u>6,875</u>	<u>23,316</u>	<u>372,691</u>
Cash Disbursements:					
Current:					
General Government	82,533	47,098	0	0	129,631
Public Safety	3,296	29,600	0	0	32,896
Public Works	0	54,864	0	478	55,342
Health	0	32,008	124	0	32,132
Human Services	0	945	0	0	945
Debt Service:					
Redemption of Principal	0	21,203	5,000	0	26,203
Interest and Fiscal Charges	0	3,458	1,000	0	4,458
Capital Outlay	444	36,341	0	32,527	69,312
Total Cash Disbursements	<u>86,273</u>	<u>225,517</u>	<u>6,124</u>	<u>33,005</u>	<u>350,919</u>
Total Receipts Over/(Under) Disbursements	<u>30,912</u>	<u>(202)</u>	<u>751</u>	<u>(9,689)</u>	<u>21,772</u>
Other Financing Receipts:					
Other Sources	0	0	0	2,791	2,791
Total Other Financing Receipts	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,791</u>	<u>2,791</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	<u>30,912</u>	<u>(202)</u>	<u>751</u>	<u>(6,898)</u>	<u>24,563</u>
Fund Cash Balances, January 1	<u>69,090</u>	<u>245,050</u>	<u>22,930</u>	<u>34,749</u>	<u>371,819</u>
Fund Cash Balances, December 31	<u>\$100,002</u>	<u>\$244,848</u>	<u>\$23,681</u>	<u>\$27,851</u>	<u>\$396,382</u>
Reserve for Encumbrances, December 31	<u>\$1,254</u>	<u>\$94,142</u>	<u>\$0</u>	<u>\$306,572</u>	<u>\$401,968</u>

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

UNION TOWNSHIP
UNION COUNTY

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

	<u>Non-Expendable Trust</u>
Operating Receipts	
Earnings on Investments	<u>\$57</u>
Total Operating Receipts	<u>57</u>
Net Income	57
Fund Cash Balances, January 1	<u>1,542</u>
Fund Cash Balances, December 31	<u><u>\$1,599</u></u>

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

**UNION TOWNSHIP
UNION 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**

	<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	\$28,716	\$130,220	\$26,343	\$0	\$185,279
Intergovernmental	49,618	99,537	3,017	28,262	180,434
Special Assessments	0	0	0	504	504
Charges for Services	0	7,500	0	0	7,500
Licenses, Permits, and Fees	778	4,125	0	0	4,903
Fines, Forfeitures, and Penalties	7,042	0	0	0	7,042
Earnings on Investments	16,874	4,840	0	0	21,714
Other Receipts	138	7,983	0	0	8,121
Total Cash Receipts	<u>103,166</u>	<u>254,205</u>	<u>29,360</u>	<u>28,766</u>	<u>415,497</u>
Cash Disbursements:					
Current:					
General Government	77,178	49,415	0	0	126,593
Public Safety	2,473	26,943	0	0	29,416
Public Works	0	64,928	0	479	65,407
Health	0	29,282	542	0	29,824
Debt Service:					
Redemption of Principal	0	8,151	24,600	0	32,751
Interest and Fiscal Charges	0	1,529	2,277	0	3,806
Capital Outlay	773	99,943	0	34,900	135,616
Total Cash Disbursements	<u>80,424</u>	<u>280,191</u>	<u>27,419</u>	<u>35,379</u>	<u>423,413</u>
Total Receipts Over/(Under) Disbursements	<u>22,742</u>	<u>(25,986)</u>	<u>1,941</u>	<u>(6,613)</u>	<u>(7,916)</u>
Other Financing Receipts/(Disbursements):					
Proceeds from Sale of Public Debt:					
Sale of Notes	0	40,000	0	0	40,000
Transfers-In	0	0	0	41,140	41,140
Advances-In	5	0	0	5	10
Transfers-Out	0	(41,140)	0	0	(41,140)
Advances-Out	(5)	0	0	(5)	(10)
Total Other Financing Receipts/(Disbursements)	<u>0</u>	<u>(1,140)</u>	<u>0</u>	<u>41,140</u>	<u>40,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>22,742</u>	<u>(27,126)</u>	<u>1,941</u>	<u>34,527</u>	<u>32,084</u>
Fund Cash Balances, January 1	<u>46,348</u>	<u>272,176</u>	<u>20,989</u>	<u>222</u>	<u>339,735</u>
Fund Cash Balances, December 31	<u><u>\$69,090</u></u>	<u><u>\$245,050</u></u>	<u><u>\$22,930</u></u>	<u><u>\$34,749</u></u>	<u><u>\$371,819</u></u>

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

UNION TOWNSHIP
UNION COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Non-Expendable Trust</u>
Operating Receipts	
Earnings on Investments	<u>\$84</u>
Total Operating Receipts	<u>84</u>
Net Income	84
Fund Cash Balances, January 1	<u>1,458</u>
Fund Cash Balances, December 31	<u><u>\$1,542</u></u>

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

**UNION TOWNSHIP
UNION COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Union Township, Union 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 road and bridge maintenance, cemetery maintenance, fire protection and emergency medical 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

Investments are included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Money market mutual funds are recorded at share values reported by the mutual fund.

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:

Gasoline Tax Fund - This fund receives gasoline tax money to construct, maintain and repair Township roads.

Fire and Emergency Fund - This fund receives fire levy tax money for funding fire and EMS services provided to the residents of the Township

**UNION TOWNSHIP
UNION COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Debt Service Fund

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

4. Capital Projects Funds

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

Miscellaneous Capital Projects - The Township received an Ohio Public Works Commission grant for Orchard Road improvements.

5. Fiduciary Fund (Non-Expendable Trust Fund)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary fund:

Cemetery Bequest Fund - Investment earnings are used to ensure the cemetery is adequately maintained.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

**UNION TOWNSHIP
UNION COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances (Continued)

During 2001, the Township issued a purchase order for the entire amount of the OPWC project in which it was involved. The entire grant award was not received during 2001 as the entire project was not completed; thus an outstanding encumbrance of \$306,572 existed at December 31, 2001, although the fund balance of the capital improvement fund was only \$27,851.

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 disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investment 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:

	2001	2000
Demand deposits	\$19,221	\$18,763
Government Money Market	378,760	354,598
Total deposits and investments	\$397,981	\$373,361

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

Investments: Investments in mutual funds are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

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

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$80,510	\$117,185	\$36,675
Special Revenue	213,903	225,315	11,412
Debt Service	6,434	6,875	441
Capital Projects	305,112	26,107	(279,005)
Fiduciary	50	57	7
Total	\$606,009	\$375,539	(\$230,470)

**UNION TOWNSHIP
UNION COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$118,660	\$87,527	\$31,133
Special Revenue	380,110	319,659	60,451
Debt Service	15,625	6,124	9,501
Capital Projects	339,640	339,577	63
Fiduciary	260	0	260
Total	<u>\$854,295</u>	<u>\$752,887</u>	<u>\$101,408</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$66,906	\$103,171	\$36,265
Special Revenue	280,215	294,205	13,990
Debt Service	27,639	29,360	1,721
Capital Projects	374,504	69,911	(304,593)
Fiduciary	35	84	49
Total	<u>\$749,299</u>	<u>\$496,731</u>	<u>(\$252,573)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$108,660	\$80,429	\$28,231
Special Revenue	361,846	321,331	40,515
Debt Service	27,777	27,419	358
Capital Projects	374,678	35,384	339,294
Fiduciary	1,100	0	1,100
Total	<u>\$874,061</u>	<u>\$464,563</u>	<u>\$409,498</u>

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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.

**UNION TOWNSHIP
UNION COUNTY**

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

4. PROPERTY TAX (Continued)

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:

	Principal	Interest Rate
Fire House Bond	\$11,000	6.25%
Promissory Note - Squad Vehicle	27,429	6.00%
Capital Lease - Backhoe	9,141	5.90%
Total	\$47,570	

The fire house bonds were issued to finance the construction and improvement of a new fire house. The bonds are collateralized solely by the Township's taxing authority. The promissory note was issued to purchase a new squad car for the fire department. The backhoe was obtained by entering into a capital lease.

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

Year ending December 31:	Fire House Bond	Squad Vehicle	Backhoe
2002	\$6,688	\$14,981	\$9,680
2003	5,313	14,981	0
Total	\$12,001	\$29,962	\$9,680

6. RETIREMENT SYSTEMS

All Township employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The 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 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000. The Township has paid all contributions required through December 31, 2001.

**UNION TOWNSHIP
UNION COUNTY**

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

7. RISK MANAGEMENT

The Township participates in the Ohio Government Risk Management Plan. The Plan covers the following risks:

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

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



STATE OF OHIO
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JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

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

Union Township
Union County
22390 Connor Road, PO Box 367
Milford Center, Ohio 43045-0367

To the Board of Trustees:

We have audited the accompanying financial statements of Union Township, Union County, Ohio, (the Township) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated January 30, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated January 30, 2002.

Internal Control Over Financial Reporting

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

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

JIM PETRO
Auditor of State

January 30, 2002



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

UNION TOWNSHIP

UNION 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
MARCH 5, 2002**