



**UNITY TOWNSHIP
COLUMBIANA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001-2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**UNITY TOWNSHIP
COLUMBIANA COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Unity Township
Columbiana County
51977 State Route 14
East Palestine, Ohio 44413

To the Board of Trustees:

We have audited the accompanying financial statements of Unity Township (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 reserves for encumbrances of the Township as of December 31, 2001 and December 31, 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 March 5, 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 management, the Board 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

March 5, 2002

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UNITY TOWNSHIP
COLUMBIANA 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>	
Cash Receipts:				
Local Taxes	\$20,279	\$243,379	\$20,000	\$283,658
Intergovernmental	60,558	109,482		170,040
Earnings on Investments	1,994	270		2,264
Other Revenue	11,322	5,482		16,804
Total Cash Receipts	<u>94,153</u>	<u>358,613</u>	<u>20,000</u>	<u>472,766</u>
Cash Disbursements:				
Current:				
General Government	42,397			42,397
Public Safety		67,129		67,129
Public Works	20,032	311,232		331,264
Health	26,992			26,992
Debt Service:				
Redemption of Principal			8,534	8,534
Interest and Fiscal Charges			1,784	1,784
Capital Outlay	32,000	10,651		42,651
Total Cash Disbursements	<u>121,421</u>	<u>389,012</u>	<u>10,318</u>	<u>520,751</u>
Total Receipts Over/(Under) Disbursements	<u>(27,268)</u>	<u>(30,399)</u>	<u>9,682</u>	<u>(47,985)</u>
Other Financing Receipts/(Disbursements):				
Advances-In	8,000	3,000	5,000	16,000
Advances-Out	(8,000)	(3,000)	(5,000)	(16,000)
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(27,268)</u>	<u>(30,399)</u>	<u>9,682</u>	<u>(47,985)</u>
Fund Cash Balances, January 1	<u>53,989</u>	<u>140,987</u>	<u>543</u>	<u>195,519</u>
Fund Cash Balances, December 31	<u>\$26,721</u>	<u>\$110,588</u>	<u>\$10,225</u>	<u>\$147,534</u>
Reserve for Encumbrances, December 31	<u>\$745</u>	<u>\$6,955</u>		<u>\$7,700</u>

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

UNITY TOWNSHIP
COLUMBIANA COUNTY

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

	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Charges for Services	
Interest	\$21
	<hr/>
Total Operating Cash Receipts	21
	<hr/>
Operating Income	21
	<hr/>
Total Non-Operating Cash Receipts and Disbursements	<hr/>
	<hr/>
Income Before Operating Transfers and Advances:	21
	<hr/>
Net Income	21
	<hr/>
Fund Cash Balances, January 1	909
	<hr/>
Fund Cash Balances, December 31	\$930
	<hr/> <hr/>
Reserve for Encumbrances, December 31	<hr/> <hr/>

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

UNITY TOWNSHIP
COLUMBIANA 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>	
Cash Receipts:				
Local Taxes	\$21,204	\$248,042	\$11,000	\$280,246
Intergovernmental	116,622	105,130		221,752
Earnings on Investments	3,393	447		3,840
Other Revenue	9,813	8,954		18,767
	<u>151,032</u>	<u>362,573</u>	<u>11,000</u>	<u>524,605</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	40,535	1,900	200	42,635
Public Safety		56,053		56,053
Public Works	14,191	267,672		281,863
Health	27,121			27,121
Debt Service:				
Redemption of Principal			8,009	8,009
Interest and Fiscal Charges			2,309	2,309
Capital Outlay	93,191	48,302		141,493
	<u>175,038</u>	<u>373,927</u>	<u>10,518</u>	<u>559,483</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>(24,006)</u>	<u>(11,354)</u>	<u>482</u>	<u>(34,878)</u>
Other Financing Receipts/(Disbursements):				
Advances-In	10,200	5,000	5,200	20,400
Advances-Out	(10,200)	(5,000)	(5,200)	(20,400)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(24,006)	(11,354)	482	(34,878)
Fund Cash Balances, January 1	77,995	152,341	61	230,397
Fund Cash Balances, December 31	<u>\$53,989</u>	<u>\$140,987</u>	<u>\$543</u>	<u>\$195,519</u>
Reserve for Encumbrances, December 31	<u>\$1,255</u>	<u>\$20,103</u>	<u> </u>	<u>\$21,358</u>

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

UNITY TOWNSHIP
COLUMBIANA COUNTY

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

	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Charges for Services	
Interest	\$24
	<u>24</u>
Total Operating Cash Receipts	<u>24</u>
Operating Income	<u>24</u>
Total Non-Operating Cash Receipts and Disbursements	<u> </u>
Net Income	24
Fund Cash Balances, January 1	<u>885</u>
Fund Cash Balances, December 31	<u><u>\$909</u></u>
Reserve for Encumbrances, December 31	<u><u> </u></u>

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

**UNITY TOWNSHIP
COLUMBIANA COUNTY**

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

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, Village of New Waterford and Unity Township Volunteer Fire Department to provide fire services, City of East Palestine and Village of New Waterford to provide ambulance services and the City of East Palestine to provide 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. Investment 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.

**UNITY TOWNSHIP
COLUMBIANA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING (continued)

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 to construct, maintain and repair Township roads and bridges.

Road Fund - This fund receives property tax money to construct, maintain and repair Township roads.

3. Debt Service Funds

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

4. 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.

**UNITY TOWNSHIP
COLUMBIANA COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING (continued)

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 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.

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.

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:

	<u>2001</u>	<u>2000</u>
Demand deposits	<u>\$148,464</u>	<u>\$196,428</u>
Total deposits	<u><u>\$148,464</u></u>	<u><u>\$196,428</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 ended December 31, 2001 and December 31, 2000 follows:

**UNITY TOWNSHIP
COLUMBIANA COUNTY**

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

3. BUDGETARY ACTIVITY (continued)

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$91,461	\$94,153	\$2,692
Special Revenue	361,790	358,613	(3,177)
Debt Service	26,644	20,000	(6,644)
Fiduciary	0	21	21
Total	<u>\$479,895</u>	<u>\$472,787</u>	<u>(\$7,108)</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$170,586	\$122,166	\$48,420
Special Revenue	485,749	395,967	89,782
Debt Service	20,200	10,318	9,882
Fiduciary	0	0	0
Total	<u>\$676,535</u>	<u>\$528,451</u>	<u>\$148,084</u>

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$158,021	\$151,032	(\$6,989)
Special Revenue	372,483	362,573	(9,910)
Debt Service	20,200	11,000	(9,200)
Fiduciary	24	24	0
Total	<u>\$550,728</u>	<u>\$524,629</u>	<u>(\$26,099)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$180,921	\$176,293	\$4,628
Special Revenue	474,723	394,030	80,693
Debt Service	20,200	10,518	9,682
Fiduciary	0	0	0
Total	<u>\$675,844</u>	<u>\$580,841</u>	<u>\$95,003</u>

**UNITY TOWNSHIP
COLUMBIANA COUNTY**

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

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.

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
General Obligation Notes - Mower	\$28,457	5.13%
Total	\$28,457	

The general obligation notes were issued to finance the purchase of a mower to be used for Township maintenance. This debt is backed by the full faith of the Township.

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

Year ending December 31:	General Obligation Notes
2002	\$10,318
2003	10,318
2004	10,814
Total	\$31,450

**UNITY TOWNSHIP
COLUMBIANA COUNTY**

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

6. RETIREMENT SYSTEMS

All employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provide 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 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

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

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

8. CONTINGENT LIABILITIES

The District is one of several Townships named in a Board of Tax Appeal Case. The case deals with the alternate formula for distribution of local government tax monies. Although the outcome of this case is not presently determinable, counsel believes that the resolution of this matter will not materially adversely affect the Township's financial condition.



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

Unity Township
Columbiana County
51977 State Route 14
East Palestine, Ohio 44413

To the Board of Trustees:

We have audited the accompanying financial statements of Unity Township (the Township) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated March 5, 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 March 5, 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. However, we noted one matter involving the design and operation of the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in separate letter dated March 5, 2002.

Unity Township
Columbiana County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of the 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

March 5, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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
MARCH 26, 2002**