



**Auditor of State
Betty Montgomery**

**UNION TOWNSHIP
BELMONT COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Union Township
Belmont County
67050 Visnic Road
Belmont, Ohio 43718

To the Board of Trustees:

We have audited the accompanying financial statements of Union Township, Belmont County, Ohio (the Township), as of and for the years ended December 31, 2002 and 2001. 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 Union Township, Belmont County, as of December 31, 2002 and 2001, 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 July 22, 2003, 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.

Union Township
Belmont County
Independent Accountants' Report
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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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

July 22, 2003

UNION TOWNSHIP
BELMONT COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Governmental Fund Types				Fiduciary Funds	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects		
Cash Receipts:						
Local Taxes	\$24,662	\$148,506	\$	\$	\$	\$173,168
Intergovernmental	81,387	84,425				165,812
Licenses, Permits, and Fees		2,700				2,700
Fines, Forfeitures, and Penalties	30					30
Earnings on Investments	779	76				855
Other Revenue	3,999	1,650				5,649
Total Cash Receipts	110,857	237,357	0	0	0	348,214
Cash Disbursements:						
Current:						
General Government	61,961					61,961
Public Safety	7,773	100,758				108,531
Public Works	64,028	103,656				167,684
Health	4,477	4,489				8,966
Debt Service:						
Redemption of Principal			3,733	4,408		8,141
Interest and Fiscal Charges			1,312	636		1,948
Capital Outlay				37,248		37,248
Total Cash Disbursements	138,239	208,903	5,045	42,292	0	394,479
Total Cash Receipts Over/(Under) Cash Disbursements	(27,382)	28,454	(5,045)	(42,292)	0	(46,265)
Other Financing Receipts /(Disbursements):						
Proceeds from Sale of Public Debt:						
Sale of Notes				43,000		43,000
Advances-In		4,000	4,500			8,500
Advances-Out	(8,500)					(8,500)
Total Other Financing Receipts/(Disbursements)	(8,500)	4,000	4,500	43,000	0	43,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(35,882)	32,454	(545)	708	0	(3,265)
Fund Cash Balances, January 1	64,141	81,529	2,959	0	1,938	150,567
Fund Cash Balances, December 31	\$28,259	\$113,983	\$2,414	\$708	\$1,938	\$147,302
Reserve for Encumbrances, December 31	\$426	\$444	\$0	\$0	\$0	\$870

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

UNION TOWNSHIP
BELMONT COUNTY

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

	<u>Governmental Fund Types</u>				Fiduciary Funds	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>		
Cash Receipts:						
Local Taxes	\$22,169	\$133,594	\$5,917	\$	\$	\$161,680
Intergovernmental	68,003	84,479		24,965		177,447
Licenses, Permits, and Fees		2,400				2,400
Fines, Forfeitures, and Penalties	75					75
Earnings on Investments	1,567	339				1,906
Other Revenue	3,202	250				3,452
Total Cash Receipts	<u>95,016</u>	<u>221,062</u>	<u>5,917</u>	<u>24,965</u>	<u>0</u>	<u>346,960</u>
Cash Disbursements:						
Current:						
General Government	75,747					75,747
Public Safety	7,848	95,234				103,082
Public Works	44,656	104,994				149,650
Health	11,072	6,646				17,718
Debt Service:						
Redemption of Principal			5,742			5,742
Interest and Fiscal Charges			170			170
Capital Outlay				24,965		24,965
Total Cash Disbursements	<u>139,323</u>	<u>206,874</u>	<u>5,912</u>	<u>24,965</u>	<u>0</u>	<u>377,074</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(44,307)</u>	<u>14,188</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>(30,114)</u>
Other Financing Receipts/(Disbursements):						
Advances-In		120	2,949			3,069
Advances-Out	(3,069)					(3,069)
Other Sources	7,873	0				7,873
Total Other Financing Receipts/(Disbursements)	<u>4,804</u>	<u>120</u>	<u>2,949</u>	<u>0</u>	<u>0</u>	<u>7,873</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(39,503)</u>	<u>14,308</u>	<u>2,954</u>	<u>0</u>	<u>0</u>	<u>(22,241)</u>
Fund Cash Balances, January 1	<u>103,644</u>	<u>67,221</u>	<u>5</u>	<u>0</u>	<u>1,938</u>	<u>172,808</u>
Fund Cash Balances, December 31	<u>\$64,141</u>	<u>\$81,529</u>	<u>\$2,959</u>	<u>\$0</u>	<u>\$1,938</u>	<u>\$150,567</u>
Reserve for Encumbrances, December 31	<u>\$106</u>	<u>\$62</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$168</u>

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

**UNION TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Union Township, Belmont 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, emergency medical services and police protection. The Township contracts with the Morristown Volunteer Fire Department, Lafferty Volunteer Fire Department, Bethesda Volunteer Fire Department, Flushing Volunteer Fire Department and Belmont Volunteer Fire Department to provide fire and emergency services. The Township also contracts with the Village of Morristown to provide police protection.

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.

B. Cash

Certificates of deposit are valued at cost.

D. Fund Accounting

The Township uses fund accounting to segregate cash that is 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.

**UNION TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund 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 pay 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.

Fire Levy Funds – These funds receive property tax money to provide fire services to residents of the Township.

Emergency Medical Service Funds – These funds receive property tax money to provide ambulance services to residents of the Township.

3. Debt Service Funds

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

Note Retirement Fund – This fund receives property tax money to pay for the retirement of the Township's outstanding general obligation notes.

4. Capital Project 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:

Issue II Fund - The Township received a grant from the Ohio Public Works Commission through Belmont County to be used for the paving of Township roads.

5. Fiduciary Funds (Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements. No activity occurred within this fund during the period January 2001 through December 31, 2002.

**UNION TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 reappropriated. The Township did not encumber all commitments required by Ohio law.

Advances-in and Advances-out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

A summary of 2002 and 2001 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.

**UNION TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(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:

	2002	2001
Demand deposits	\$144,302	\$147,567
Certificates of deposit	3,000	3,000
Total deposits	\$147,302	\$150,567

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Township.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending 2002 and 2001, follows:

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$87,743	\$110,857	\$23,114
Special Revenue	205,700	237,357	31,657
Debt Service	10,162		(10,162)
Capital Projects	72,720	43,000	(29,720)
Total	\$376,325	\$391,214	\$14,889

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$181,771	\$138,665	\$43,106
Special Revenue	235,974	209,347	26,627
Debt Service	10,162	5,045	5,117
Capital Projects	72,720	42,292	30,428
Fiduciary	1,938		1,938
Total	\$502,565	\$395,349	\$107,216

**UNION TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$91,103	\$102,889	\$11,786
Special Revenue	200,900	221,062	20,162
Debt Service	5,917	5,917	0
Capital Projects		24,965	24,965
Total	\$297,920	\$354,833	\$56,913

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$167,209	\$139,429	\$27,780
Special Revenue	263,491	206,936	56,555
Debt Service	5,912	5,912	0
Capital Projects		24,965	(24,965)
Fiduciary	400		400
Total	\$437,012	\$377,242	\$59,770

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Shop Construction Fund in 2002 and in the Issue II Fund in 2001. Additionally, increased amended certificates were not obtained for the General and Gasoline Tax Funds in 2002 and the Gasoline Tax, Road and Bridge, Fire Levy 1 and Issue II Funds in 2001. Also contrary to Ohio law, appropriations exceeded estimated resources in the General and Gasoline Tax Funds in 2002 and in the Gasoline Tax, Road and Bridge and Fire Levy 1 Funds in 2001.

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.

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.

**UNION TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

5. DEBT

Debt outstanding at December 31, 2002, was as follows:

	Principal	Interest Rate
General Obligation Note	\$34,859	6.75%

The general obligation note was issued to finance the construction of a new shop building. The note is collateralized by the property on which the building is situated.

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

	General Obligation Note
Year ending December 31:	
2003	\$10,089
2004	10,089
2005	10,089
2006	10,089
Total	\$40,356

6. RETIREMENT SYSTEMS

Township employees and elected officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. 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 2002 and 2001, 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, 2002.

7. RISK MANAGEMENT

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 coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**UNION TOWNSHIP
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

7. RISK MANAGEMENT (Continued)

Risk Pool Membership (Continued)

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. 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.

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$10,000 on any specific loss with an annual aggregate of \$700,000 for 2001 and \$1,250,000 for 2002. The Travelers Indemnity Company reinsures losses exceeding \$10,000 if the annual aggregate is reached and all specific losses exceeding \$100,000. APEEP's Operating Fund and Guarantee Fund pay for losses and loss adjustment expenses should they exceed operating contributions.

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 retained earnings at December 31:

<u>Casualty Coverage</u>	<u>2002</u>	<u>2001</u>
Assets	\$23,757,036	\$23,703,776
Liabilities	<u>(9,197,512)</u>	<u>(9,379,003)</u>
Retained earnings	<u>\$14,559,524</u>	<u>\$14,324,773</u>

<u>Property Coverage</u>	<u>2002</u>	<u>2001</u>
Assets	\$6,596,996	\$5,011,131
Liabilities	<u>(1,204,326)</u>	<u>(647,667)</u>
Retained earnings	<u>\$5,392,670</u>	<u>\$4,363,464</u>

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**Auditor of State
Betty Montgomery**

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

Union Township
Belmont County
67050 Visnic Road
Belmont, Ohio 43718

To the Board of Trustees:

We have audited the accompanying financial statements of Union Township, Belmont County, Ohio (the Township), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated July 22, 2003. 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2002-001 through 2002-005. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated July 22, 2003.

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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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. The reportable condition is described in the accompanying Schedule of Findings as item 2002-006.

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, we believe the reportable condition described above is not a material weakness. 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 July 22, 2003.

This report is intended 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

July 22, 2003

**UNION TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

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

FINDING NUMBER 2002-001

Noncompliance Citation

Ohio Rev. Code Section 5705.10 states that all revenue derived from a specific source shall be credited to a special fund for the purpose for which monies were received.

In 2002, the Clerk recorded Motor Vehicle License Tax monies into the General Fund in the amount of \$509, which should have been receipted into the Motor Vehicle License Tax Fund. Also, the Clerk recorded Homestead and Rollback monies into the General Fund in the amount of \$16,682, which should have been receipted into the Road and Bridge, Fire Levy #1, Fire Levy #2, Emergency Medical Service Levy #1, and Emergency Medical Services Levy #2 Funds in the amounts of \$6,277, \$2,041, \$5,019, \$2,228 and \$1,117, respectively.

In 2001, the Clerk recorded Motor Vehicle License Tax monies into the General Fund in the amount of \$1,486, which should have been receipted into the Motor Vehicle License Tax Fund, and Gasoline Tax monies were recorded into the General Fund in the amount of \$1,389 which should have been receipted into the Gasoline Tax Fund. Also, the Clerk recorded Homestead and Rollback monies into the General Fund in the amount of \$15,487, which should have been receipted into the Road and Bridge, Fire Levy #1, Fire Levy #2, Emergency Medical Service Levy #1, and Emergency Medical Services Levy #2 Funds in the amounts of \$5,875, \$1,873, \$4,653, \$2,056 and \$1,030, respectively.

The Clerk has posted these adjustments to the Township records and these adjustments are reflected in the accompanying financial statements.

FINDING NUMBER 2002-002

Noncompliance Citation

Ohio Rev. Code Section 5705.36 states in part that an amended certificate of estimated resources must be obtained from the budget commission if the legislative authority intends to appropriate and expend revenue in excess of the original amendment of estimated resources.

The following funds had actual receipts in excess of estimated amounts and the excess was appropriated to be expended and no amended certificate was obtained:

2002

Fund	Estimated Receipts	Actual Receipts	Excess
General Fund	\$87,743	\$110,857	\$23,114
Gasoline Tax Fund	49,500	50,207	707

2001

Fund	Estimated Receipts	Actual Receipts	Excess
Gasoline Tax Fund	\$49,500	\$50,137	\$637
Road and Bridge Fund	37,000	50,314	13,314
Fire Levy 1 Fund	17,500	19,742	2,242
Issue II Fund	0	24,965	24,965

**UNION TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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**FINDING NUMBER 2002-002
(Continued)**

Noncompliance Citation - Ohio Rev. Code Section 5705.36 (Continued)

We recommend amended certificates of estimated resources be obtained when actual receipts exceed estimated resources and the Township intends to appropriate, encumber, or expend the excess.

FINDING NUMBER 2002-003

Noncompliance Citation

Ohio Rev. Code Section 5705.39 prohibits a political subdivision or taxing unit from making a fund appropriation in excess of the estimated resources available for expenditure from the fund as certified by the budget commission on the official certificate of estimated resources.

The following funds had appropriations in excess of estimated resources at December 21, 2002:

Fund	Appropriations	Estimated Resources	Overappropriated
General Fund	\$181,771	\$170,245	\$11,526
Gasoline Tax Fund	63,880	54,324	9,556

The following funds had appropriations in excess of estimated resources at December 31, 2001

Fund	Appropriations	Estimated Resources	Overappropriated
Gasoline Tax Fund	\$63,800	\$60,392	\$3,408
Road and Bridge Fund	47,556	41,983	5,573
Fire Levy 1 Fund	18,885	17,523	1,362

We recommend the Clerk amend the certificate of estimated resources or modify the total appropriations with the approval of the Trustees and the County Budget Commission whenever appropriations exceed estimated resources.

FINDING NUMBER 2002-004

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) requires that no subdivision is to make an expenditure of money unless the same has been properly appropriated.

The following fund/function/object level had expenditures which exceeded appropriations at December 31, 2002:

Fund/Function/Object	Appropriations	Actual Expenditures	Excess
Shop Construction Fund Capital Outlay Other Capital Outlay	\$0	\$8,022	(\$8,022)

**UNION TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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**FINDING NUMBER 2002-004
(Continued)**

Noncompliance Citation - Ohio Rev. Code Section 5705.41(B) (Continued)

The following fund/function/object level had expenditures which exceeded appropriations at December 31, 2001:

Fund/Function/Object	Appropriations	Actual Expenditures	Excess
Issue II Fund			
Capital Outlay			
Other Capital Outlay	\$0	\$24,965	(\$24,965)

The Clerk should deny payment requests exceeding appropriations. The Clerk may request the Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary. Township management should review Auditor of State Bulletin 2002-004 for recommended accounting and budgeting practices for Issue II money.

FINDING NUMBER 2002-005

Ohio Rev. Code Section 5705.41(D)(1) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by statute:

- A. Then and Now Certificate- This exception provides that, if the fiscal officer can certify that both at the time the contract or order was made and at the time that she is completing her certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.
- B. Amounts of less than \$1,000 (which was increased to \$3,000 on April 7, 2003) may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

Fiscal officers may prepare so-called "blanket" certificates not exceeding \$5,000 against any specific line item account over a period not exceeding 3 months or running beyond the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

**UNION TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2002-005
(Continued)**

Noncompliance Citation - Ohio Rev. Code Section 5705.41(D)(1) (Continued)

In addition to these blanket certificates, a subdivision may also make expenditures and contracts from a specific line-item account in a specified fund over \$5,000 upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the fiscal year.

The Clerk's prior certification of available funds was not obtained for 78% of transactions tested for 2002 and 2001 and there was no evidence of a "Then and Now" certificate being used by the Clerk.

We recommend the Township obtain the Clerk's prior certification of available funds for all disbursements.

FINDING NUMBER 2002-006

Reportable Condition - Proper Accounting for On-Behalf-Of Payments

Auditor of State Bulletin 2000-008 and Auditor of State Bulletin 2002-004 provide guidelines for the proper accounting of payments where the local government enters into an on-behalf-of program agreement with another local government or the State (or the federal government, if applicable), whereby the local government or its residents are beneficiaries under the agreement. The cash value benefit of the program received under the agreement should be recorded as memorandum receipts and disbursements in the year on-behalf-of disbursements are made.

The Township was the beneficiary of Issue II monies through Belmont County amounting to \$24,965 in 2001, which was paid directly to the vendor, Belmont County. Audit adjustments agreed to by the client were required to properly present receipts and expenditures within the Township's financial statements.

We recommend the Clerk refer to Auditor of State Bulletin 2000-008 and Auditor of State Bulletin 2002-004 for guidance in accounting for on-behalf-of grants with the County or State.

**UNION TOWNSHIP
BELMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2000-41007-001	Ohio Rev. Code Section 5705.10 monies credited to the wrong funds.	No	Issued as finding 2002-001
2000-41007-002	Ohio Rev. Code Section 5705.41(B) Township cannot expend money unless it has been appropriated.	No	Reissued as finding 2002-004
2000-41007-003	Ohio Rev. Code Section 5705.39 prohibits making a fund appropriation in excess of estimated revenue available for expenditures.	No	Reissued as finding 2002-003
2000-41007-004	On Behalf Payments for Issue II receipts and expenditures not recorded.	No	Reissued as finding 2002-006
2000-41007-005	Proceeds of Notes were not recorded by the Township.	Yes	N/A.



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UNION TOWNSHIP

BELMONT 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
SEPTEMBER 30, 2003**