



Dave Yost • Auditor of State

**UNION TOWNSHIP
ROSS COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Union Township
Ross County
9254 Williamsport Pike
Chillicothe, Ohio 45601

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes Union Township, Ross County, Ohio (the Township) as of and for the years ended December 31, 2016 and 2015.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the 2016 financial statements and Note 1 of the 2015 financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2016 and 2015, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Union Township, Ross County as of December 31, 2016 and 2015, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2 of the 2016 financial statements and in Note 1 of the 2015 financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2017 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 grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

November 8, 2017

Union Township

Ross County, Ohio

Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)

All Governmental Fund Types

For the Year Ended December 31, 2016

	General	Special Revenue	Debt Service	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$110,715	\$469,845	\$78,567	\$0	\$659,127
Charges for Services	0	201,206	0	0	201,206
Licenses, Permits and Fees	0	20,950	0	0	20,950
Intergovernmental	56,703	301,756	0	0	358,459
Earnings on Investments	261	15	0	12	288
Miscellaneous	4,843	153,683	0	0	158,526
<i>Total Cash Receipts</i>	<u>172,522</u>	<u>1,147,455</u>	<u>78,567</u>	<u>12</u>	<u>1,398,556</u>
Cash Disbursements					
Current:					
General Government	148,284	20,676	0	0	168,960
Public Safety	0	548,570	0	0	548,570
Public Works	0	375,848	0	0	375,848
Health	0	39,316	0	31	39,347
Capital Outlay	0	116,093	0	0	116,093
Debt Service:					
Principal Retirement	0	0	74,920	0	74,920
Interest and Fiscal Charges	0	0	3,647	0	3,647
<i>Total Cash Disbursements</i>	<u>148,284</u>	<u>1,100,503</u>	<u>78,567</u>	<u>31</u>	<u>1,327,385</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>24,238</u>	<u>46,952</u>	<u>0</u>	<u>(19)</u>	<u>71,171</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	0	2,850	0	0	2,850
Transfers In	0	25,000	0	0	25,000
Transfers Out	(25,000)	0	0	0	(25,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(25,000)</u>	<u>27,850</u>	<u>0</u>	<u>0</u>	<u>2,850</u>
<i>Net Change in Fund Cash Balances</i>	(762)	74,802	0	(19)	74,021
<i>Fund Cash Balances, January 1</i>	<u>155,604</u>	<u>674,705</u>	<u>0</u>	<u>2,159</u>	<u>832,468</u>
Fund Cash Balances, December 31					
Nonspendable	0	0	0	2,000	2,000
Restricted	0	749,507	0	140	749,647
Assigned	9,049	0	0	0	9,049
Unassigned (Deficit)	145,793	0	0	0	145,793
<i>Fund Cash Balances, December 31</i>	<u>\$154,842</u>	<u>\$749,507</u>	<u>\$0</u>	<u>\$2,140</u>	<u>\$906,489</u>

See accompanying notes to the basic financial statements

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Union Township

Ross County

Notes to the Financial Statements For the Year Ended December 31, 2016

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Union Township, Ross County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Twin Township, Ross County to answer fire calls on buildings, farm buildings, farm machinery, and farm crops such as wheat, corn, etc., from said Twin Township and its inhabitants and send one piece of fire apparatus and firemen to said named boundaries of Twin Township; namely, commencing at Slate Mills, following North to township line to township line on Owl Creek Road, East of Owl Creek Road to Maple Grove Road, South on Maple Grove Road to Slate Mills. Territory to be covered would include both sides of Maple Grove Road and area one quarter (1/4) mile to the south side of Owl Creek Road.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all governmental fund types.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Road and Bridge Fund – This fund receives property tax money for the purpose of construction, repair and maintenance of roads, storm sewers and ditches located within the township as well as the operational expenses of this department.

Fire Fund - This fund receives property tax money for providing Fire and Emergency Medical Services.

Union Township
Ross County

Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Emergency Services Fund - This fund receives property tax money for payroll expenses for individuals who contribute towards providing Fire and Emergency Medical Services.

Ambulance and EMS Fund – This fund receives money through EMS billing for the purpose of providing Fire and Emergency Medical Services.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Funds:

Debt Service Fund - In 2013, the Union Township Fire Department purchased a Fire Truck from Rosenbauer in the amount of \$404,602. Total amount of the loan was \$374,602 at 2.25% interest for 5 years to be paid biannual. The loan will be paid in full April 1, 2018.

Permanent Funds These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

Cemetery Bequest Fund – This fund receives interest earned on the nonexpendable trust agreement. These earnings are used for the maintenance and upkeep of the cemetery grave sites and urns for Elizabeth Slager Gerber, Delores Thornton, Morrison-Henry.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

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. Unencumbered appropriations lapse at year-end.

Union Township
Ross County

Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

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

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 2016 budgetary activity appears in Note 3

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Township classifies assets as ***nonspendable*** when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is ***restricted*** when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can ***commit*** amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as ***restricted*** or ***committed***. Governmental funds other than the general fund report all fund balances as ***assigned*** unless they are restricted or committed. In the general fund, ***assigned*** amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Union Township
Ross County

Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$172,380	\$172,522	\$142
Special Revenue	1,173,947	1,175,305	1,358
Debt Service	78,568	78,568	0
Permanent	12	12	0
Total	\$1,424,907	\$1,426,406	\$1,500

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$236,403	\$173,284	\$63,119
Special Revenue	1,393,962	1,100,502	293,460
Debt Service	78,568	78,568	0
Permanent	50	31	19
Total	\$1,708,983	\$1,352,385	\$356,598

Note 4 – Deposits and Investments

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

Demand deposits	2016 \$904,489
Certificate of Deposit	2,000
Total deposits	\$906,489

Union Township
Ross County

Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 4 – Deposits and Investments (Continued)

Deposits Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

Note 5 – Property Taxes

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

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

Note 6 - Risk Management

The Government belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016.

Union Township
Ross County

Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 6 - Risk Management (Continued)

	<u>2016</u>
Assets	\$14,765,712
Liabilities	<u>(9,531,506)</u>
Members' Equity	<u>\$ 5,234,206</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Ten employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Township contributed an amount equaling 14%, of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

Social Security

Several Township's employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participant.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

Note 8 – Postemployment Benefits

OPERSs offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

Union Township
Ross County

Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 9 – Debt

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
General Obligation Note	\$105,475	2.25%
Total	\$105,475	

The Township issued general obligation note to finance the purchase of a new fire truck for the Fire Department. The County Auditor sets aside funds from the Fire Fund biannually on the tax settlement sheets to insure that money is set aside to make the payments (principal and interest.) The note will be paid in full on April 1, 2018.

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

	General Obligation Note
Year ending December 31:	
2017	76,871
2018	30,897
Total	\$107,768

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Union Township

Ross County, Ohio

Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types

For the Year Ended December 31, 2015

	General	Special Revenue	Debt Service	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts						
Property and Other Local Taxes	\$111,507	\$472,648	\$80,306	\$0	\$0	\$664,461
Charges for Services	0	155,921	0	0	0	155,921
Licenses, Permits and Fees	0	10,600	0	0	0	10,600
Intergovernmental	63,392	275,937	0	18,750	0	358,079
Earnings on Investments	355	25	0	0	16	396
Miscellaneous	5,280	44,708	0	0	0	49,988
<i>Total Cash Receipts</i>	<u>180,534</u>	<u>959,839</u>	<u>80,306</u>	<u>18,750</u>	<u>16</u>	<u>1,239,445</u>
Cash Disbursements						
Current:						
General Government	119,001	13,917	0	0	0	132,918
Public Safety	0	483,239	0	0	0	483,239
Public Works	0	335,571	0	18,750	0	354,321
Health	0	29,913	0	0	27	29,940
Capital Outlay	0	3,181	0	0	0	3,181
Debt Service:						
Principal Retirement	0	0	74,992	0	0	74,992
Interest and Fiscal Charges	0	0	5,314	0	0	5,314
<i>Total Cash Disbursements</i>	<u>119,001</u>	<u>865,821</u>	<u>80,306</u>	<u>18,750</u>	<u>27</u>	<u>1,083,905</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>61,533</u>	<u>94,018</u>	<u>0</u>	<u>0</u>	<u>(11)</u>	<u>155,540</u>
Other Financing Receipts (Disbursements)						
Sale of Capital Assets	1,750	10,000	0	0	0	11,750
Transfers In	0	18,195	0	0	0	18,195
Transfers Out	(18,195)	0	0	0	0	(18,195)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(16,445)</u>	<u>28,195</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>11,750</u>
<i>Net Change in Fund Cash Balances</i>	45,088	122,213	0	0	(11)	167,290
<i>Fund Cash Balances, January 1</i>	<u>110,516</u>	<u>552,492</u>	<u>0</u>	<u>0</u>	<u>2,170</u>	<u>665,178</u>
Fund Cash Balances, December 31						
Nonspendable	0	0	0	0	2,000	2,000
Restricted	0	674,705	0	0	159	674,864
Assigned	64,023	0	0	0	0	64,023
Unassigned (Deficit)	91,581	0	0	0	0	91,581
<i>Fund Cash Balances, December 31</i>	<u>\$155,604</u>	<u>\$674,705</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,159</u>	<u>\$832,468</u>

See accompanying notes to the basic financial statements

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**UNION TOWNSHIP
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Union Township, Ross County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Twin Township, Ross County to answer fire calls on buildings, farm buildings, farm machinery, and farm crops such as wheat, corn, etc., from said Twin Township and its inhabitants and send one piece of fire apparatus and firemen to said named boundaries of Twin Township; namely, commencing at Slate Mills, following North to township line to township line on Owl Creek Road, East of Owl Creek Road to Maple Grove Road, South on Maple Grove Road to Slate Mills. Territory to be covered would include both sides of Maple Grove Road and area one quarter (1/4) mile to the south side of Owl Creek Road.

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

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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 accounts for and reports all financial resources not accounted for and reported in another fund.

**UNION TOWNSHIP
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Fire Fund - This fund receives property tax money for providing Fire and Emergency Medical Services.

Emergency Services Fund - This fund receives property tax money for payroll expenses for individuals who contribute towards providing Fire and Emergency Medical Services.

3. Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Funds

Debt Service Fund - In 2013, the Union Township Fire Department purchased a Fire Truck from Rosenbauer in the amount of \$404,602. Total amount of the loan was \$374,602 at 2.25% interest for 5 years to be paid biannual. The loan will be paid in full April 1, 2018.

4. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.. The Township had the following significant capital project funds.

Issue II Fund - The Township received a grant in 2015 from the State of Ohio to pave a portion of Kinnamon Lane.

5. Permanent Funds

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

Cemetery Bequest Fund – This fund receives interest earned on the nonexpendable trust agreement. These earnings are used for the maintenance and upkeep of the cemetery grave sites and urns for Elizabeth Slager Gerber, Delores Thornton, Morrison-Henry.

E. Budgetary Process

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

**UNION TOWNSHIP
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, program and object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) as of January 1. The County Budget Commission must 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 canceled, and reappropriated in the subsequent year.

A summary of 2016 and 2015 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**UNION TOWNSHIP
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant, and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2016	2015
Demand deposits		\$830,468
Certificates of deposit		2,000
Total deposits	\$0	\$832,468

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; and collateralized by the financial institution's public entity deposit pool.

**UNION TOWNSHIP
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$180,910	\$182,284	\$1,374
Special Revenue	978,799	988,034	9,235
Debt Service	80,306	80,306	0
Capital Projects	18,750	18,750	0
Trust	16	16	0
Total	\$1,258,781	\$1,269,390	\$10,609

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$195,552	\$137,197	\$58,355
Special Revenue	1,118,847	865,821	253,026
Debt Service	80,306	80,306	0
Capital Projects	18,750	18,750	0
Trust	50	27	23
Total	\$1,413,505	\$1,102,101	\$311,404

4. PROPERTY TAX

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

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, 2015 was as follows:

	Principal	Interest Rate
General Obligation Note	\$105,475	2.25%
Total	\$105,475	

The Township issued general obligation note to finance the purchase of a new fire truck for the Fire Department. The County Auditor sets aside funds from the Fire Fund biannually on the tax settlement sheets to insure that money is set aside to make the payments (principal and interest.) The note will be paid in full on April 1, 2018.

**UNION TOWNSHIP
ROSS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

5. DEBT (Continued)

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

Year ending December 31:	General Obligation Note
2016	\$80,306
2017	76,871
2018	30,897
Total	<u>\$188,074</u>

6. RETIREMENT SYSTEMS

The Township's certified Fire Fighters pay into Social Security and are not eligible to participate in Ohio Public Employees Retirement System (OPERS) since they are required to obtain and maintain fire training. All other employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2016 and 2015, Social Security members contributed 6.2%, of their gross salaries and the Township contributed an amount equaling 6.2%, of participants' gross salaries. For 2016 and 2015, OPERS members contributed 10%, of their gross salaries and the Township contributed an amount equaling 14%, of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

8. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Union Township
Ross County
9254 Williamsport Pike
Chillicothe, Ohio 45601

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Union Township, Ross County, (the Township) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated November 8, 2017 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

Columbus, Ohio

November 8, 2017



Dave Yost • Auditor of State

UNION TOWNSHIP

ROSS 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
NOVEMBER 28, 2017