



**UNION TOWNSHIP
UNION COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 1999	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance – Non-Expendable Trust Fund For the Year Ended December 31, 1999	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 1998	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance – Non-Expendable Trust Fund For the Year Ended December 31, 1998	6
Notes to the Financial Statements	7
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	13

This Page Intentionally Left Blank



**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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

REPORT OF INDEPENDENT ACCOUNTANTS

Union Township
Union County
22390 Connor Road
Milford Center, Ohio 43045

To the Board of Trustees:

We have audited the accompanying financial statements of Union Township, Union County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 1998. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Union Township, Union County, Ohio as of December 31, 1999 and December 31, 1998, 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 6, 2000 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.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

March 6, 2000

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$27,754	\$104,150	\$28,389	\$160,293
Intergovernmental	35,218	67,595	3,294	106,107
Special Assessments	0	0	0	0
Licenses, Permits, and Fees	872	7,726	0	8,598
Fines, Forfeitures, and Penalties	973	0	0	973
Earnings on Investments	11,414	3,723	0	15,137
Other Receipts	316	16,175	0	16,491
	<u>76,547</u>	<u>199,369</u>	<u>31,683</u>	<u>307,599</u>
Total Cash Receipts				
	<u>76,547</u>	<u>199,369</u>	<u>31,683</u>	<u>307,599</u>
Cash Disbursements:				
Current:				
General Government	76,687	59,381	0	136,068
Public Safety	170	0	0	170
Public Works	0	43,419	0	43,419
Health	7,282	18,695	568	26,545
Redemption of Principal	0	7,697	22,800	30,497
Interest and Fiscal Charges	0	1,983	3,453	5,436
Capital Outlay	317	23,791	0	24,108
	<u>84,456</u>	<u>154,966</u>	<u>26,821</u>	<u>266,243</u>
Total Cash Disbursements				
	<u>84,456</u>	<u>154,966</u>	<u>26,821</u>	<u>266,243</u>
Total Receipts Over/(Under) Disbursements	<u>(7,909)</u>	<u>44,403</u>	<u>4,862</u>	<u>41,356</u>
Other Financing Receipts/(Disbursements):				
Advances-In	150	150	0	300
Advances-Out	(150)	(150)	0	(300)
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(7,909)</u>	<u>44,403</u>	<u>4,862</u>	<u>41,356</u>
Fund Cash Balances, January 1	<u>54,257</u>	<u>227,995</u>	<u>16,127</u>	<u>298,379</u>
Fund Cash Balances, December 31	<u><u>\$46,348</u></u>	<u><u>\$272,398</u></u>	<u><u>\$20,989</u></u>	<u><u>\$339,735</u></u>
Reserve for Encumbrances, December 31	<u><u>\$0</u></u>	<u><u>\$42,640</u></u>	<u><u>\$0</u></u>	<u><u>\$42,640</u></u>

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCE
 NON-EXPENDABLE TRUST FUND
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	Non-Expendable Trust
Operating cash receipts:	
Interest	\$63
Total operating receipts	63
Operating income	63
Fund cash balances, January 1, 1999	1,396
Fund cash balances, December 31, 1999	\$1,459

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$25,567	\$96,390	\$27,172	\$0	\$149,129
Intergovernmental	53,240	67,803	1,453	0	122,496
Special Assessments	0	0	0	0	0
Charges for Services	0	0	0	0	0
Licenses, Permits, and Fees	1,243	7,900	0	0	9,143
Fines, Forfeitures, and Penalties	0	0	0	0	0
Earnings on Investments	10,494	3,236	0	205	13,935
Other Receipts	1,246	13,990	0	0	15,236
Total Cash Receipts	<u>91,790</u>	<u>189,319</u>	<u>28,625</u>	<u>205</u>	<u>309,939</u>
Cash Disbursements:					
Current:					
General Government	71,089	47,398	0	0	118,487
Public Works	0	61,768	0	0	61,768
Health	7,567	18,519	538	0	26,624
Miscellaneous	0	0	0	0	0
Debt Service:					
Redemption of Principal	0	0	23,000	0	23,000
Interest and Fiscal Charges	0	0	4,652	0	4,652
Capital Outlay	345	19,827	0	6,942	27,114
Total Cash Disbursements	<u>79,001</u>	<u>147,512</u>	<u>28,190</u>	<u>6,942</u>	<u>261,645</u>
Total Receipts Over/(Under) Disbursements	<u>12,789</u>	<u>41,807</u>	<u>435</u>	<u>(6,737)</u>	<u>48,294</u>
Other Financing Receipts/(Disbursements):					
Advances-In	150	150	0	0	300
Advances-Out	(150)	(150)	0	0	(300)
Total Other Financing Receipts/(Disbursements)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>12,789</u>	<u>41,807</u>	<u>435</u>	<u>(6,737)</u>	<u>48,294</u>
Fund Cash Balances, January 1	<u>41,468</u>	<u>186,188</u>	<u>15,692</u>	<u>6,737</u>	<u>250,085</u>
Fund Cash Balances, December 31	<u><u>\$54,257</u></u>	<u><u>\$227,995</u></u>	<u><u>\$16,127</u></u>	<u><u>\$0</u></u>	<u><u>\$298,379</u></u>
Reserve for Encumbrances, December 31	<u><u>\$0</u></u>	<u><u>\$20,427</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$20,427</u></u>

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

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Non-Expendable Trust
Operating cash receipts:	
Interest	\$61
Total operating receipts	61
Operating cash disbursements:	
Miscellaneous	2
Operating income	59
Fund cash balances, January 1, 1998	1,337
Fund cash balances, December 31, 1998	\$1,396

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Union Township, Union County, Ohio, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road maintenance, cemetery maintenance, and fire and emergency medical services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

The Township maintains its cash in a depository account. The money market account is valued at cost. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Cemetery Fund - This fund receives property tax money for the care of Township Cemeteries.

Gasoline Tax Fund - This fund receives tax money from the County and is used to pay a portion of the Trustees' salaries and miscellaneous road repairs.

Fire Fund - This fund receives property tax money for the protection of Townships persons and property.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fund Accounting (continued)

3. Debt Service Funds

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

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 project funds:

Orchard Road Lighting Fund - This fund is used to account for receipts that are restricted for the Orchard Road Lighting project.

5. Fiduciary Fund (Non-Expendable Trust)

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

Cemetery Trust - This fund receives interest money for maintaining cemetery plots specified by the trust benefactor.

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. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) 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 canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investments 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>1999</u>	<u>1998</u>
Demand deposits	\$19,893	\$21,973
Government money market	<u>321,301</u>	<u>277,802</u>
Total deposits	<u><u>\$341,194</u></u>	<u><u>\$299,775</u></u>

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

Investments: The financial institution maintains records identifying the Township as owner of the government money market.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 was as follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$61,021	\$76,547	\$15,526
Special Revenue	177,361	199,369	22,008
Debt Service	30,220	31,683	1,463
Non-Expendable Trust	<u>45</u>	<u>63</u>	<u>18</u>
Total	<u><u>\$268,647</u></u>	<u><u>\$307,662</u></u>	<u><u>\$39,015</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$109,804	\$84,456	\$25,348
Special Revenue	317,579	197,606	119,973
Debt Service	27,303	26,821	482
Non-Expendable Trust	<u>1,300</u>	<u>0</u>	<u>1,300</u>
Total	<u><u>\$455,986</u></u>	<u><u>\$308,883</u></u>	<u><u>\$147,103</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (continued)

1998 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$55,604	\$91,790	\$36,186
Special Revenue	164,743	189,319	24,576
Debt Service	27,854	28,625	771
Capital Projects	962	205	(757)
Non-Expendable Trust	65	61	(4)
Total	<u>\$249,228</u>	<u>\$310,000</u>	<u>\$60,772</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$92,357	\$79,001	\$13,356
Special Revenue	272,020	167,939	104,081
Debt Service	28,502	28,190	312
Capital Projects	7,717	6,942	775
Non-Expendable Trust	1,300	2	1,298
Total	<u>\$401,896</u>	<u>\$282,074</u>	<u>\$119,822</u>

4. DEBT

Debt outstanding at December 31, 1999 was as follows:

	<u>Principle</u>	<u>Interest Rate</u>
Fire House Bond Issue	\$22,000	4.9% - 6.25%
Fire Truck Acquisition Bond Issue	18,600	4.85%

The outstanding bond issue is for constructing and improving the new fire house and the purchase of a new fire truck.

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

Year ending December 31:	Fire House Bond Issue	Fire Truck Bond Issue	Total
2000	\$7,375	\$19,502	\$26,877
2001	6,000	0	6,000
2002	6,688	0	6,688
2003	5,313	0	5,313
Total	<u>\$25,376</u>	<u>\$19,502</u>	<u>\$44,878</u>

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual 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.

6. RETIREMENT SYSTEMS

The Township's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plans. These plans 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 1999 and 1998, 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, 1999.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- General liability
- Public official's liability
- Commercial property

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

This Page Intentionally Left Blank



**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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

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

Union Township
Union County
22390 Connor Road
Milford Center, Ohio 43045

To the Board of Trustees:

We have audited the accompanying financial statements of Union Township, Union County, Ohio (the Township), as of and for the years ended December 31, 1999, and December 31, 1998, and have issued our report thereon dated March 6, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 6, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered 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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 6, 2000.

This report is intended 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

JIM PETRO
Auditor of State

March 6, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

UNION TOWNSHIP

UNION COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 18, 2000**