

UNION TOWNSHIP

DAYTON REGION, LOGAN COUNTY

REGULAR AUDIT

JANUARY 1, 1999 – DECEMBER 31, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Trustees
Union Township
Bellefontaine, Ohio 43311

We have reviewed the Independent Auditor's Report of the Union Township, Logan County, prepared by Vanderhorst & Manning CPAs, LLC, for the audit period January 1, 1999 to December 31, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Union Township is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

June 25, 2001

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**UNION TOWNSHIP
LOGAN COUNTY**

TABLE OF CONTENTS

TABLE	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, 2000	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance – Non-Expendable Trust Fund - For the Year Ended December 31, 2000	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types - For the Year Ended December 31, 1999	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance – Non-Expendable Trust Fund - For the Year Ended December 31, 1999	6
Notes to the Financial Statements	7 – 15
Report of Independent Accountants' on Compliance and on Internal Control required by <i>Government Auditing Standards</i>	16 – 17

**VANDERHORST & MANNING CPAs, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OH10 45414**

REPORT OF INDEPENDENT ACCOUNTANTS'

Board of Trustees
Union Township
4627 St. Rt. 508
Bellefontaine, OH 43311

We have audited the accompanying financial statements of the Union Township, Logan County, Ohio (the Township), as of and for the years ended December 31, 2000 and December 31, 1999. 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 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of Union Township, Logan County, Ohio, as of December 31, 2000 and December 31, 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Governmental Auditing Standards*, we have also issued a report dated April 3, 2001 on our consideration of the Township's internal control over financial reporting and our test of its compliance with certain provisions of law, 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
Logan County
Report of Independent Accountants'
Page 2

This report is intended solely for the information and use of the audit committee, the Board of Trustees and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Vanderhorst & Manning CPAs, LLC
Dayton, Ohio

April 3, 2001

**UNION TOWNSHIP
LOGAN COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000

	GOVERNMENTAL FUND TYPES			Total (Memorandum Only)
	General	Special Revenue	Debt Service	
Cash Receipts:				
Taxes	\$ 15,037	\$ 44,958	\$ 0	\$ 59,995
Charges for Services	1,336	0	0	1,336
Licenses, Permits and Fees	0	1,313	0	1,313
Intergovernmental Receipts	43,575	62,433	0	106,008
Interest	3,110	1,106	0	4,216
All Other Receipts	6,745	75,000	0	81,745
Total Cash Receipts	69,803	184,810	0	254,613
Cash Disbursements:				
Current:				
General Government	38,882	690	0	39,572
Public Safety	8,341	0	0	8,341
Public Works	0	71,669	0	71,669
Health	4,349	429	0	4,778
Capital Outlay	26,022	94,510	0	120,532
Total Cash Disbursements	77,594	167,298	0	244,892
Total Receipts Over/(Under) Disbursements	(7,791)	17,512	0	9,721
Other Financing Receipts/(Disbursements):				
Advances In	3,760	3,760	0	7,520
Advances Out	(3,760)	(3,760)	0	(7,520)
Total Other Financing Receipts (Disbursements)	0	0	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(7,791)	17,512	0	9,721
Fund Cash Balances, January 1, 2000	35,974	10,136	0	46,110
Fund Cash Balances, December 31, 2000	\$ 28,183	\$ 27,648	\$ 0	\$ 55,831
Reserve for encumbrances December 31, 2000	0	\$ 6,250	0	\$ 6,250

The Notes to the Financial Statements are an integral part of this statement.

**UNION TOWNSHIP
LOGAN COUNTY**

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

	Non-Expendable Trust
Operating Cash Receipts:	
Interest	\$ 8
Operating Cash Disbursements:	
Supplies and Materials	<u> 0</u>
Operating Income	8
Fund Cash Balance, January 1, 2000	<u> 272</u>
Fund Cash Balance, December 31, 2000	<u><u> 280</u></u>

The Notes to the Financial Statements are an integral part of this statement.

**UNION TOWNSHIP
LOGAN COUNTY**

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

	GOVERNMENTAL FUND TYPES		Total (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Taxes	\$ 14,892	\$ 16,877	\$ 31,769
Changes for Services	1,336	0	1,336
Licenses, Permits and Fees	0	3,058	3,058
Intergovernmental Receipts	17,476	62,815	80,291
Interest	2,644	1,611	4,255
All Other Receipts	3,716	0	3,716
Total Cash Receipts	<u>40,064</u>	<u>84,361</u>	<u>124,425</u>
Cash Disbursements:			
Current:			
General Government	22,858	1,066	23,924
Public Safety	7,598	0	7,598
Public Works	4,000	128,245	132,245
Health	650	3,632	4,282
Capital Outlay	1,200	0	1,200
Total Cash Disbursements	<u>36,306</u>	<u>132,943</u>	<u>169,249</u>
Total Receipts Over/(Under) Disbursements	3,758	(48,582)	(44,824)
Other Financing Receipts/(Disbursements):			
Other Financing Sources	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts (Disbursements)	<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	3,758	(48,582)	(44,824)
Fund Cash Balances, January 1, 1999	<u>32,216</u>	<u>58,718</u>	<u>90,934</u>
Fund Cash Balances, December 31, 1999	<u>\$ 35,974</u>	<u>\$ 10,136</u>	<u>\$ 46,110</u>

The Notes to the Financial Statements are an integral part of this statement.

**UNION TOWNSHIP
LOGAN COUNTY**

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	\$ 8
Operating Cash Disbursements:	
Miscellaneous	<u> 0</u>
Operating Income	8
Fund Cash Balance, January 1, 1999	<u> 264</u>
Fund Cash Balance, December 31, 1999	<u><u> \$ 272</u></u>

The Notes to the Financial Statements are an integral part of this statement.

**UNION TOWNSHIP
LOGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Entity

Union Township, Logan 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.

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

Cash and Investments are valued at cost.

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:

**UNION TOWNSHIP
LOGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

Special Revenue Funds

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

Gasoline Tax Fund – This fund receives gasoline tax and motor vehicle tax money for maintaining and repairing Township roads.

Road and Bridge Fund – This fund receives tax levy money for maintaining and repairing Township roads.

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:

Public Works Commission Project Fund - This fund receives money from the Ohio Public Works Commission for the Township Highway System Project.

**UNION TOWNSHIP
LOGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1998 AND 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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

Debt Service Note – Money was used from this Fund to construct a new township building.

Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a non-expendable trust fund. Other trust funds are classified as expendable. Funds for which the Township is acting in an agency capacity are classified as agency funds. The Township had the following significant fiduciary funds:

Cemetery Bequest Fund – A non-expendable trust fund. Amounts donated are maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the donor.

E. 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 must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**UNION TOWNSHIP
LOGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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.

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 not need to be reappropriated.

A summary of 2000 and 1999 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. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Township.

**UNION TOWNSHIP
LOGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31, was as follows:

	2000	1999	
Demand Deposits	\$ 1,233	\$ 1,518	
Savings	26,244	26,391	
Star Ohio	<u>28,634</u>	<u>18,473</u>	
Total Deposits & Investments	<u>\$ 56,111</u>	<u>\$46,382</u>	

Deposits:

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and December 31, 1999 was as follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 68,782	\$ 73,563	\$ 4,781
Special Revenue	208,615	188,570	(20,045)
Debt Service Fund	0	0	0
Non-Expendable Trust	<u>0</u>	<u>8</u>	<u>8</u>
Total	<u>\$277,397</u>	<u>\$262,141</u>	<u>\$ (15,256)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 98,732	\$ 81,354	\$ 17,378
Special Revenue	218,751	177,308	41,443
Debt Service	0	0	0
Non-Expendable Trust	<u>272</u>	<u>0</u>	<u>272</u>
Total	<u>\$ 317,755</u>	<u>\$258,662</u>	<u>\$ 59,093</u>

**UNION TOWNSHIP
LOGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

3. BUDGETARY ACTIVITY (Continued)

Fund Type	1999 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$ 36,708	\$ 40,064	\$ 3,356
Special Revenue	80,600	84,361	3,761
Non-Expendable Trust	<u>0</u>	<u>8</u>	<u>8</u>
Total	<u>\$117,308</u>	<u>\$124,433</u>	<u>\$ 7,125</u>

Fund Type	1999 Budgeted vs. Actual Budgetary Basis Expenditures		
	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 65,534	\$ 36,306	\$ 29,228
Special Revenue	139,318	132,943	6,375
Non-Expendable Trust	<u>264</u>	<u>0</u>	<u>264</u>
Total	<u>\$205,116</u>	<u>\$169,249</u>	<u>\$ 35,867</u>

4. PROPERTY TAX

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

**UNION TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

4. PROPERTY TAX (Continued)

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

5. RETIREMENT SYSTEMS

The Township officials and employees 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 health care, 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 2000 and 1999, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. For the period July 1, 2000 through December 31, 2000, PERS temporarily reduced the employer's contribution rate to 8.13% of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Township is a member of a pooled insurance group that provides coverage for real property, building contents and vehicles under the terms and conditions required by the pool. Risk sharing certificates are provided in the form of intergovernmental contracts between the Township and the Ohio Township Association Risk Management Authority (OTARMA). OTARMA administers the pool and upon execution of the contract, the Township pays the annual membership contribution fee. Real property and contents were inspected by OTARMA and are covered for the amount of the repair or replacement within the limits outlined on the statement of value provided as part of the risk sharing certificate.

The Township has obtained commercial insurance for the following risks:

- Disability
- Individual Bonds

**UNION TOWNSHIP
LOGAN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

7. DEBT

Debt outstanding at December 31, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Debt	\$75,000	7.25%

The general obligation note was issued to finance the construction of a township building for \$125,000.

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

<u>Year Ending December 31:</u>	General Obligation Debt
2001	\$21,935
2002	21,935
2003	21,935
2004	<u>21,937</u>
	<u>\$87,742</u>

8. CONTINGENT LIABILITIES

The Township is not a defendant in any lawsuits that counsel believes will materially adversely affect the Township's financial condition.

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

**UNION TOWNSHIP
LOGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

9. SUBSEQUENT EVENTS

No events have occurred subsequent to the financial statements which would have a material impact.

10. RELATED PARTY TRANSACTION

The Township entered into a Land Contract with a relation of a trustee for the building site for the construction of a township building. The total cost of the 4-acre tract was \$24,000 plus interest a 6% per annum. Down payment of \$6,000 was made in 2000, with payments scheduled as follows, including interest:

Year Ending December 31	Land Contract <u>Obligation</u>
2001	5,580
2002	5,310
2003	5,040
2004	<u>4,770</u>
	<u>\$20,700</u>

**VANDERHORST & MANNING CPAs, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OH10 45414**

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

Board of Trustees
Union Township
4627 St. Rt. 508
Bellefontaine, Ohio 43311

We have audited the financial statements of Union Township, Logan County, Ohio (the Township), as of and for the years ended December 31, 2000 December 31, 1999 and have issued our report thereon dated April 3, 2001. We conducted our audit 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 the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 3, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted 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 April 3, 2001.

This report is intended for the information and use of the audit committee and Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Vanderhorst & Manning CPAs, LLC
Dayton, Ohio

April 3, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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UNION TOWNSHIP

LOGAN 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
JULY 10, 2001**