

**UNION TOWNSHIP
MIAMI COUNTY, OHIO**

Financial Statements
(Audited)

For The Years Ended
December 31, 2001 and 2000

MARJORIE COATE, CLERK



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Trustees
Union Township, Miami County
P.O. Box 44
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We have reviewed the Independent Auditor's Report of Union Township, Miami County, prepared by Trimble, Julian & Grube, Inc., for the audit period January 1, 2000 through December 31, 2001. 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. Union Township is responsible for compliance with these laws and regulations.

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

JIM PETRO
Auditor of State

May 31, 2002

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**UNION TOWNSHIP
MIAMI COUNTY, OHIO**

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TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

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Independent Auditor's Report

Board of Trustees
Union Township, Miami County
P.O. Box 44
West Milton, OH 45383

We have audited the accompanying financial statements of Union Township, Miami County, as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of Union 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 2, Union Township prepares its financial statements on the basis of accounting prescribed or permitted by Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances and fund balances of Union Township, as of December 31, 2001 and 2000, and its combined cash receipts and disbursements, combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances for the years then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 19, 2002, on our consideration of Union Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Trimble, Julian & Grube, Inc.
April 19, 2002

**UNION TOWNSHIP
MIAMI COUNTY, OHIO**

COMBINED STATEMENT OF FUND BALANCES
ALL FUND TYPES - CASH BASIS -
DECEMBER 31, 2001 AND 2000

	2001	2000
<u>Cash and Cash Equivalents and Investments:</u>		
Cash and Cash Equivalents	\$ 666,592	\$ 716,522
Investments: Certificates of Deposit	24,412	22,785
Total Cash and Cash Equivalents	\$ 691,004	\$ 739,307
 <u>Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ 104,986	\$ 123,046
Special Revenue Funds	327,320	359,190
Capital Projects Fund	234,286	234,286
Total Governmental Fund Types	666,592	716,522
 <u>Fiduciary Fund Types:</u>		
Expendable Trust Funds	7,101	6,635
Nonexpendable Trust Fund	17,311	16,150
Total Fiduciary Fund Types	24,412	22,785
Total Fund Balances	\$ 691,004	\$ 739,307

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

**UNION TOWNSHIP
MIAMI COUNTY, OHIO**

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

	Governmental Fund Types			Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash receipts:					
Local taxes	\$ 52,514	\$ 288,766	\$ -	\$ -	\$ 341,280
Intergovernmental	121,044	84,334	-	-	205,378
Licenses, permits and fees	14,098	51,907	-	-	66,005
Interest	18,101	14,123	-	466	32,690
Sale of cemetery lots	-	33,610	-	-	33,610
Miscellaneous	4,784	1,228	-	-	6,012
Total cash receipts	<u>210,541</u>	<u>473,968</u>	<u>-</u>	<u>466</u>	<u>684,975</u>
Cash disbursements:					
Current:					
General government	190,791	-	-	-	190,791
Public safety	-	236,891	-	-	236,891
Public works	-	140,344	-	-	140,344
Health	37,557	78,322	-	-	115,879
Capital outlay	-	50,534	-	-	50,534
Total cash disbursements	<u>228,348</u>	<u>506,091</u>	<u>-</u>	<u>-</u>	<u>734,439</u>
Total cash receipts over/(under) cash disbursements	<u>(17,807)</u>	<u>(32,123)</u>	<u>-</u>	<u>466</u>	<u>(49,464)</u>
Other financing sources (uses):					
Transfers-in	-	253	-	-	253
Transfers-out	(253)	-	-	-	(253)
Total other financing sources (uses)	<u>(253)</u>	<u>253</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of cash receipts and other financing sources over/(under) cash disbursements and other financing (uses)	(18,060)	(31,870)	-	466	(49,464)
Cash fund balances, January 1, 2001	<u>123,046</u>	<u>359,190</u>	<u>234,286</u>	<u>6,635</u>	<u>723,157</u>
Cash fund balances, December 31, 2001	<u>\$ 104,986</u>	<u>\$ 327,320</u>	<u>\$ 234,286</u>	<u>\$ 7,101</u>	<u>\$ 673,693</u>

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

**UNION TOWNSHIP
MIAMI COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN CASH FUND BALANCE - FIDUCIARY FUND TYPE -
FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>FIDUCIARY FUND TYPE</u> Nonexpendable Trust
Operating receipts	
Interest	\$ <u>1,161</u>
Total Operating receipts	1,161
Cash Fund Balance, January 1, 2001	<u>16,150</u>
Cash Fund Balance, December 31, 2001	<u><u>\$ 17,311</u></u>

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

**UNION TOWNSHIP
MIAMI COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL -
FOR THE YEAR ENDED DECEMBER 31, 2001**

Fund Types	Receipts					Disbursements					Variance Favorable (Unfavorable)	
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2001 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2001 Appropriations	Total	Actual 2001 Disbursements	Encumbrances Outstanding at 12/31/01		Total
Governmental:												
General	\$ 124,567	\$ 239,924	\$ 364,491	\$ 210,541	\$ (29,383)	\$ -	\$ 354,937	\$ 354,937	\$ 228,601	\$ 442	\$ 229,043	\$ 125,894
Special Revenue	339,588	444,835	784,423	474,221	29,386	19,600	698,636	718,236	506,091	13,121	519,212	199,024
Capital Projects	234,286	-	234,286	-	-	-	130,000	130,000	-	-	-	130,000
Fiduciary:												
Expendable Trust	8,163	1,518	9,681	466	(1,052)	-	1,000	1,000	-	-	-	1,000
Non-expendable Trust	13,605	-	13,605	1,161	1,161	-	1,000	1,000	-	-	-	1,000
Total (Memorandum Only)	\$ 720,209	\$ 686,277	\$ 1,406,486	\$ 686,389	\$ 112	\$ 19,600	\$ 1,185,573	\$ 1,205,173	\$ 734,692	\$ 13,563	\$ 748,255	\$ 456,918

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

**UNION TOWNSHIP
MIAMI COUNTY, OHIO**

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

	Governmental Fund Types			Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Cash receipts:					
Local taxes	\$ 52,828	\$ 289,869	\$ -	\$ -	\$ 342,697
Intergovernmental	184,866	88,464	-	-	273,330
Licenses, permits and fees	-	59,536	-	-	59,536
Special assessments	-	756	-	-	756
Interest	25,557	21,915	-	972	48,444
Sale of cemetery lots	-	27,430	-	-	27,430
Miscellaneous	861	-	-	-	861
Total cash receipts	<u>264,112</u>	<u>487,970</u>	<u>-</u>	<u>972</u>	<u>753,054</u>
Cash disbursements:					
Current:					
General government	167,074	-	-	-	167,074
Public safety	-	237,134	-	-	237,134
Public works	-	131,102	-	-	131,102
Health	43,412	65,075	-	-	108,487
Capital outlay	1,000	41,578	7,154	-	49,732
Total cash disbursements	<u>211,486</u>	<u>474,889</u>	<u>7,154</u>	<u>-</u>	<u>693,529</u>
Total cash receipts over/(under) cash disbursements	<u>52,626</u>	<u>13,081</u>	<u>(7,154)</u>	<u>972</u>	<u>59,525</u>
Other financing sources (uses):					
Transfers-in	-	-	114,796	-	114,796
Transfers-out	(114,796)	-	-	-	(114,796)
Total other financing sources (uses)	<u>(114,796)</u>	<u>-</u>	<u>114,796</u>	<u>-</u>	<u>-</u>
Excess of cash receipts and other financing sources over/(under) cash disbursements and other uses	(62,170)	13,081	107,642	972	59,525
Cash fund balances, January 1, 2000	<u>185,216</u>	<u>346,109</u>	<u>126,644</u>	<u>5,663</u>	<u>663,632</u>
Cash fund balances, December 31, 2000	<u>\$ 123,046</u>	<u>\$ 359,190</u>	<u>\$ 234,286</u>	<u>\$ 6,635</u>	<u>\$ 723,157</u>

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

**UNION TOWNSHIP
MIAMI COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN CASH FUND BALANCE - FIDUCIARY FUND TYPE -
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>FIDUCIARY FUND TYPE</u> <u>Nonexpendable Trust</u>
Operating Receipts:	
Contributions	\$ 2,500
Interest	<u>709</u>
Total Operating receipts	3,209
Cash Fund Balance, January 1, 2000	<u>12,941</u>
Cash Fund Balance, December 31, 2000	<u><u>\$ 16,150</u></u>

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

**UNION TOWNSHIP
MIAMI COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL -
FOR THE YEAR ENDED DECEMBER 31, 2000

Fund Types	Receipts					Disbursements					Variance Favorable (Unfavorable)	
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2000 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2000 Appropriations	Total	Actual 2000 Disbursements	Encumbrances Outstanding at 12/31/00		Total
Governmental:												
General	\$ 184,154	\$ 296,184	\$ 480,338	\$ 264,112	\$ (32,072)	\$ -	\$ 479,240	\$ 479,240	\$ 326,282	\$ -	\$ 326,282	\$ 152,958
Special Revenue	313,359	458,478	771,837	487,970	29,492	31,967	769,807	801,774	474,889	19,600	494,489	307,285
Capital Projects	126,644	107,642	234,286	114,796	7,154	-	234,286	234,286	7,154	-	7,154	227,132
Fiduciary:												
Expendable Trust	5,663	2,500	8,163	972	(1,528)	-	8,163	8,163	-	-	-	8,163
Nonexpendable Trust	12,137	1,468	13,605	3,209	1,741	-	13,605	13,605	-	-	-	13,605
Total (Memorandum Only)	\$ 641,957	\$ 866,272	\$ 1,508,229	\$ 871,059	\$ 4,787	\$ 31,967	\$ 1,505,101	\$ 1,537,068	\$ 808,325	\$ 19,600	\$ 827,925	\$ 709,143

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

**UNION TOWNSHIP
MIAMI COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

NOTE 1 - DESCRIPTION OF THE ENTITY

Union Township (“the Township”) is a body politic and corporate established for the purpose of exercising 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, emergency medical services, fire protection and cemetery maintenance.

Management believes the financial statements included in this report represent all of the funds of the Township over which the Township officials have direct operating control.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The most significant of the Township’s accounting policies are described below.

A. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the Township are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The following fund types are used by the Township.

GOVERNMENTAL FUNDS

General Fund

The general fund is used to account for all activities of the Township not required to be included 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 are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes.

**UNION TOWNSHIP
MIAMI COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The Township had the following significant Special Revenue Fund:

Fire Voted Levy Fund - This fund receives proceeds from a property tax levy to provide fire protection services.

Capital Projects 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.

Permanent Improvement Fund - This fund accumulates transfers from the general fund to improve Township assets.

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 nonexpendable trust fund. Other trust funds are classified as expendable. The Township has expendable and nonexpendable trust funds. The Township's expendable trust funds are a result of bequests for the Township's cemeteries. The nonexpendable trust fund was established as part of an agreement with the Miami Conservancy District for rehabilitation of cemeteries in case of flooding.

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.

**UNION TOWNSHIP
MIAMI COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds are legally required to be budgeted and appropriated. The primary level of budgetary control is at the item level within each fund. Any budgetary modifications at this level may only be made by resolution of the Township's Trustees. Budgetary modifications were legally enacted during 2001 and 2000.

Tax Budget:

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

Estimated Resources:

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Township by September 1. As part of this certification, the Township receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Township determines that receipts collected will be greater than or less than the prior estimates, and the Budget Commission finds the revised estimates to be reasonable. Prior to December 31, the Township must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

**UNION TOWNSHIP
MIAMI COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Appropriations:

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The Township legally adopted several supplemental appropriations during 2001 and 2000.

Encumbrances:

As part of the formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. There were outstanding encumbrances at December 31, 2001 and 2000.

D. CASH AND CASH EQUIVALENTS AND INVESTMENTS

For reporting purposes, the Township considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Township with a maturity date less than or equal to three months from the date of purchase. Interest earned on investments held by the treasurer is credited to its respective funds. Interest income earned and received by the Township totaled \$33,851 and \$49,153 for the years ended December 31, 2001 and 2000, respectively. The Township purchased Certificates of Deposits specifically for the expendable and nonexpendable trust funds.

E. PROPERTY, PLANT AND EQUIPMENT

Fixed assets are not capitalized in any of the Township's funds. Instead, capital acquisition and construction costs are reflected as expenditures in the fund in the year expended. The costs of normal maintenance and repairs are also expended, along with improvements. Depreciation is not recorded.

**UNION TOWNSHIP
MIAMI COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Township's cash basis method of accounting.

G. INTERFUND TRANSACTIONS

During the course of normal operations, the Township had transactions between funds. The most significant include transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers.

H. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

NOTE 3 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

	<u>2001</u>	<u>2000</u>
Demand deposits	\$666,592	\$716,522
Investments: Certificates of deposit	<u>24,412</u>	<u>22,785</u>
Total deposits and investments	<u>\$691,004</u>	<u>\$739,307</u>

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

Investments: Investments in Certificates of Deposits are insured by the Federal Depository Insurance Corporation.

**UNION TOWNSHIP
MIAMI COUNTY, OHIO**

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

NOTE 4 - PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the County. 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. Real property taxes are payable annually or semiannually to the County. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

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.

NOTE 5 - RETIREMENT SYSTEM

The Township's 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 post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Township contributes an amount equal to 13.55% of participants' gross salaries. PERS temporarily reduced the employer contribution rate to 8.13% effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001 and 2000.

**UNION TOWNSHIP
MIAMI COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

NOTE 6 - 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 insurance 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 judgements, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Insurance

OTARMA retains casualty risks up to \$250,000 per claim. 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 Insurance

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

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.

**UNION TOWNSHIP
MIAMI COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

NOTE 6 - RISK MANAGEMENT - (Continued)

Financial Position

OTARMA's financial statements (audited by other accountants) conform with accounting principles generally accepted in the United States of America, and reported the following assets, liabilities and retained earnings at December 31, 2000 which is the latest available data:

<u>Casualty Coverage</u>	<u>2000</u>
Assets	\$22,684,383
Liabilities	<u>8,924,977</u>
Retained earnings	<u>\$13,759,406</u>
<u>Property Coverage</u>	<u>2000</u>
Assets	\$ 4,156,784
Liabilities	<u>497,831</u>
Retained earnings	<u>\$ 3,658,953</u>

NOTE 7- CONTINGENT LIABILITY

LITIGATION

The Township is currently not involved in litigation that the Township's legal counsel anticipates a loss.

TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 Worthington Woods Boulevard
Suite B
Worthington, Ohio 43085

Telephone 614.846.1899
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Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Trustees
Union Township, Miami County
P.O. Box 44
West Milton, OH 45383

We have audited the financial statements of Union Township, Miami County, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated April 19, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 Union 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 other certain immaterial instances of noncompliance, that we have reported to management of the Township in a separate letter dated April 19, 2002.

Board of Trustees
Union Township, Miami County

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Union 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 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 another matter involving the internal control over financial reporting that we have reported to the management of the Township in a separate letter dated April 19, 2002.

This report is intended for the information of the Board of Trustees and management of Union Township and is not intended to be and should not be used by anyone other than these specified parties.

Trimble, Julian & Grube, Inc.
April 19, 2002

**UNION TOWNSHIP
MIAMI COUNTY, OHIO**

**DECEMBER 31, 2001 AND 2000
STATUS OF PRIOR AUDIT FINDINGS**

Finding Number	Finding Summary	Fully Corrected ?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-001	Ohio Revised Code § 5705.39	Yes	N/A



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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800-282-0370
Facsimile 614-466-4490

UNION TOWNSHIP

MIAMI 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
JUNE 18, 2002**