



**Auditor of State  
Betty Montgomery**



MILLCREEK TOWNSHIP  
UNION COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Millcreek Township  
Union County  
9998 Hinton Mill Road  
Ostrander, Ohio 43061

To the Board of Trustees:

We have audited the accompanying financial statements of Millcreek Township, Union County, Ohio, (the Township) as of and for the years ended December 31, 2002, and December 31, 2001. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described 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 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 fund cash balances and reserves for encumbrances of Millcreek Township, Union County, Ohio, as of December 31, 2002, and December 31, 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2003 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199  
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This report is intended solely for the information and use of the audit committee, management, 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.

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

**BETTY MONTGOMERY**  
Auditor of State

February 7, 2003

**MILLCREEK TOWNSHIP  
UNION COUNTY**

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

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$50,967	\$131,022	\$9,709	\$191,698
Intergovernmental	97,546	60,144	636	158,326
Licenses, Permits, and Fees	2,275	0	0	2,275
Fines, Forfeitures, and Penalties	3,917	0	0	3,917
Earnings on Investments	7,096	1,859	0	8,955
Other Revenue	13,203	16,779	1,525	31,507
	<u>175,004</u>	<u>209,804</u>	<u>11,870</u>	<u>396,678</u>
<b>Total Cash Receipts</b>				
	<u>175,004</u>	<u>209,804</u>	<u>11,870</u>	<u>396,678</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	59,609	0	0	59,609
Public Safety	31,572	121,880	0	153,452
Public Works	0	47,773	0	47,773
Health	4,694	0	0	4,694
Capital Outlay	8,133	0	199	8,332
	<u>104,008</u>	<u>169,653</u>	<u>199</u>	<u>273,860</u>
<b>Total Cash Disbursements</b>				
	<u>104,008</u>	<u>169,653</u>	<u>199</u>	<u>273,860</u>
<b>Total Cash Receipts Over Cash Disbursements</b>	70,996	40,151	11,671	122,818
Fund Cash Balances, January 1	440,392	502,423	50,916	993,731
	<u>440,392</u>	<u>502,423</u>	<u>50,916</u>	<u>993,731</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$511,388</b></u>	<u><b>\$542,574</b></u>	<u><b>\$62,587</b></u>	<u><b>\$1,116,549</b></u>
Reserve for Encumbrances, December 31	<u>\$14,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$14,000</u>

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

**MILLCREEK TOWNSHIP  
UNION COUNTY**

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

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$51,304	\$143,490	\$11,039	\$205,833
Intergovernmental	67,171	57,672	468	125,311
Licenses, Permits, and Fees	2,190	0	0	2,190
Fines, Forfeitures, and Penalties	3,582	0	0	3,582
Earnings on Investments	16,170	4,789	124	21,083
Other Revenue	7,961	20,974	1,907	30,842
	<u>148,378</u>	<u>226,925</u>	<u>13,538</u>	<u>388,841</u>
Total Cash Receipts				
<b>Cash Disbursements:</b>				
Current:				
General Government	51,978	0	0	51,978
Public Safety	9,085	118,697	0	127,782
Public Works	0	24,323	0	24,323
Health	5,340	0	0	5,340
Capital Outlay	209	0	234	443
	<u>66,612</u>	<u>143,020</u>	<u>234</u>	<u>209,866</u>
Total Cash Disbursements				
Total Cash Receipts Over Cash Disbursements	81,766	83,905	13,304	178,975
Fund Cash Balances, January 1	<u>358,626</u>	<u>418,518</u>	<u>37,612</u>	<u>814,756</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$440,392</u></b>	<b><u>\$502,423</u></b>	<b><u>\$50,916</u></b>	<b><u>\$993,731</u></b>
Reserve for Encumbrances, December 31	<u>\$10,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$10,000</u>

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



**MILLCREEK TOWNSHIP  
UNION COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Millcreek Township, Union County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, cemetery maintenance, and zoning operations. The Township contracts with the City of Marysville and Jerome Township to provide fire services and emergency medical services, respectively.

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**

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.

The investment in Star Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

**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 for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

**MILLCREEK TOWNSHIP  
UNION COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

*Gasoline Tax Fund* - This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

*Special Levy Fund (Fire)* – This fund receives fire levy tax money for the funding of fire and EMS services provided to the residents of the Township.

**3. Capital Projects Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant capital project fund:

*Capital Improvement Fund* - The Township receives capital improvement tax money for the acquisition or construction of major capital projects within the Township.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

**MILLCREEK TOWNSHIP  
UNION COUNTY**

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

	<b>2002</b>	<b>2001</b>
Demand deposits	\$804,915	\$933,743
STAR Ohio	311,634	59,988
Total deposits and investments	\$1,116,549	\$993,731

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

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2002 and December 31, 2001 follows:

<b>2002 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$84,100	\$175,004	\$90,904
Special Revenue	183,315	209,804	26,489
Capital Projects	11,200	11,870	670
Total	\$278,615	\$396,678	\$118,063

<b>2002 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$253,310	\$118,008	\$135,302
Special Revenue	279,250	169,653	109,597
Capital Projects	20,000	199	19,801
Total	\$552,560	\$287,860	\$264,700

**MILLCREEK TOWNSHIP  
UNION COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

<b>2001 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$92,100	\$148,378	\$56,278
Special Revenue	173,014	226,925	53,911
Capital Projects	10,152	13,538	3,386
Total	<u>\$275,266</u>	<u>\$388,841</u>	<u>\$113,575</u>

<b>2001 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$231,800	\$76,612	\$155,188
Special Revenue	248,250	143,020	105,230
Capital Projects	20,000	234	19,766
Total	<u>\$500,050</u>	<u>\$219,866</u>	<u>\$280,184</u>

**4. 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.

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.

**5. RETIREMENT SYSTEMS**

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2002.

**MILLCREEK TOWNSHIP  
UNION COUNTY**

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

**6. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- General liability and casualty;
- Public official's liability.

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## **Auditor of State Betty Montgomery**

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

Millcreek Township  
Union County  
9998 Hinton Mill Road  
Ostrander, Ohio 43061

To the Board of Trustees:

We have audited the accompanying financial statements of Millcreek Township, Union County, Ohio, (the Township) as of and for the years ended December 31, 2002 and December 31, 2001, and have issued our report thereon dated February 7, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Compliance**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated February 7, 2003.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. 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 certain other 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 February 7, 2003.

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Millcreek Township  
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Independent Accountants' Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

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

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

**BETTY MONTGOMERY**  
Auditor of State

February 7, 2003





**Auditor of State  
Betty Montgomery**

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**MILCREEK 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  
MARCH 18, 2003**