



**UNION TOWNSHIP
SCIOTO COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**UNION TOWNSHIP
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REPORT OF INDEPENDENT ACCOUNTANTS

Union Township
Scioto County
286 Henley Comstock Road
McDermott, Ohio 45652

To the Board of Trustees:

We have audited the accompanying financial statements of Union Township, Scioto County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 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 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 reserves for encumbrances of Union Township, Scioto County, as of December 31, 1999 and 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 June 15, 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 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

June 15, 2000

**UNION TOWNSHIP
 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>	
Cash Receipts:			
Local Taxes	\$28,350	\$50,092	\$78,442
Intergovernmental	12,616	67,498	80,114
Charges for Services		3,140	3,140
Licenses, Permits, and Fees		5,350	5,350
Interest	1,672		1,672
Other Revenue	12,325	4,083	16,408
	<u>54,963</u>	<u>130,163</u>	<u>185,126</u>
Total Cash Receipts			
	<u>54,963</u>	<u>130,163</u>	<u>185,126</u>
Cash Disbursements:			
Current:			
General Government	55,808		55,808
Public Safety		14,329	14,329
Public Works	20,000	77,921	97,921
Health		4,756	4,756
Miscellaneous		8,193	8,193
Debt Service:			
Lease Payments		7,761	7,761
Capital Outlay		33,470	33,470
	<u>75,808</u>	<u>146,430</u>	<u>222,238</u>
Total Cash Disbursements			
	<u>75,808</u>	<u>146,430</u>	<u>222,238</u>
Total Receipts Over/(Under) Disbursements	<u>(20,845)</u>	<u>(16,267)</u>	<u>(37,112)</u>
Other Financing Sources:			
Sale of Fixed Assets		2,000	2,000
		<u>2,000</u>	<u>2,000</u>
Total Other Financing Sources			
		<u>2,000</u>	<u>2,000</u>
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements	<u>(20,845)</u>	<u>(14,267)</u>	<u>(35,112)</u>
Fund Cash Balances, January 1	<u>34,658</u>	<u>74,998</u>	<u>109,656</u>
Fund Cash Balances, December 31	<u><u>\$13,813</u></u>	<u><u>\$60,731</u></u>	<u><u>\$74,544</u></u>
Reserve for Encumbrances, December 31		<u><u>\$2,318</u></u>	<u><u>\$2,318</u></u>

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

**UNION TOWNSHIP
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1988**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$23,999	\$48,667	\$72,666
Intergovernmental	33,706	135,623	169,329
Charges for Services		1,462	1,462
Licenses, Permits, and Fees		4,075	4,075
Interest	1,394		1,394
Other Revenue	1,583	5,112	6,695
	<u>60,682</u>	<u>194,939</u>	<u>255,621</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	39,814		39,814
Public Safety		21,075	21,075
Public Works		54,672	54,672
Health	5,058	4,257	9,315
Miscellaneous		40,072	40,072
Debt Service:			
Lease Payments		13,058	13,058
Interest and Fiscal Charges		1,848	1,848
Capital Outlay		35,376	35,376
	<u>44,872</u>	<u>170,358</u>	<u>215,230</u>
Total Cash Disbursements			
	<u>44,872</u>	<u>170,358</u>	<u>215,230</u>
Total Receipts Over/(Under) Disbursements	<u>15,810</u>	<u>24,581</u>	<u>40,391</u>
Other Financing Sources			
Sale of Fixed Assets		4,660	4,660
		<u>4,660</u>	<u>4,660</u>
Total Other Financing Sources			
		<u>4,660</u>	<u>4,660</u>
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements	15,810	29,241	45,051
Fund Cash Balances, January 1	18,848	45,757	64,605
	<u>18,848</u>	<u>45,757</u>	<u>64,605</u>
Fund Cash Balances, December 31	<u>\$34,658</u>	<u>\$74,998</u>	<u>\$109,656</u>
Reserve for Encumbrances, December 31		<u>\$2,306</u>	<u>\$2,306</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Union Township, Scioto 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, including road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Scioto Ambulatory District to provide ambulance services. The Scioto Ambulatory District is defined as a jointly governed organization. This organization is described in Note 8.

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 is 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:

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:

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

Special Levy Fund - This fund receives tax money for operation of fire and ambulance services.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 forward, and need not be reappropriated in the subsequent year.

The Township did not encumber all funds prior to incurring the obligation, contrary to Ohio law. The Township has made certain adjustments to record encumbrances which had not been recorded as of December 31, 1999 and 1998. The financial statements reflect those adjustments.

A summary of 1999 and 1998 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.

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 at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposit	<u>\$ 74,544</u>	<u>\$ 109,656</u>

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

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

3. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$44,122	\$54,963	\$10,841
Special Revenue	<u>134,511</u>	<u>132,163</u>	<u>(2,348)</u>
Total	<u>\$178,633</u>	<u>\$187,126</u>	<u>\$8,493</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$78,780	\$75,808	\$2,972
Special Revenue	<u>209,508</u>	<u>148,748</u>	<u>60,760</u>
Total	<u>\$288,288</u>	<u>\$224,556</u>	<u>\$63,732</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$35,716	\$60,682	\$24,966
Special Revenue	<u>193,614</u>	<u>199,599</u>	<u>5,985</u>
Total	<u>\$229,330</u>	<u>\$260,281</u>	<u>\$30,951</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$54,564	\$44,872	\$9,692
Special Revenue	<u>239,342</u>	<u>172,664</u>	<u>66,678</u>
Total	<u>\$293,906</u>	<u>\$217,536</u>	<u>\$76,370</u>

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

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. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Bank Note Agreement	\$130,000	6%
Lease Agreement	12,190	7%
Total	\$142,190	

The bank note agreement was issued to finance the purchase of a new fire truck to be used for Township fire protection. The note to purchase the fire truck was secured by the truck. The lease agreement was issued for a bobcat and dump truck to be used for road maintenance. The lease was secured by the bobcat and dump truck.

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

Year ending December 31:	Bank Note Agreement	Lease Agreement
2000	\$18,758	\$8,739
2001	18,758	4,370
2002	18,758	
2003	18,758	
2004	18,758	
Subsequent	75,032	
Total	\$168,822	\$13,109

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

6. RETIREMENT SYSTEMS

The Township's officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS are 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 1999 and 1998, members of 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, 1999.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

8. JOINTLY GOVERNED ORGANIZATIONS

The Township is a member of the Scioto Ambulatory District. The Ambulatory District is directed by an appointed four member Board. The District provides ambulatory services to the areas of Brush Creek Township, Rush Township, Union Township, Morgan Township and the Village of Otway. A representative from each District is appointed to the Scioto Ambulatory District Board. The Ambulance District is supported by taxes that are collected by the Scioto County Auditor from the property owners in Union Township. These taxes are paid directly to the Ambulatory District by the County. The Township does not assist in funding the Ambulatory District.

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

Union Township
Scioto County
286 Henley Comstock Road
McDermott, Ohio 45652

To the Board of Trustees:

We have audited the financial statements of Union Township, Scioto County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 15, 2000. 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 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 1999-40773-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 15, 2000.

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 June 15, 2000.

Union Township
Scioto County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

June 15, 2000

**UNION TOWNSHIP
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 1999-40773-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) states that: No order or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exception to this basic requirement is provided by statute:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution of ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$1,000, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures of the taxing authority.

Certain liabilities and open purchase commitments were not certified by the Clerk and/or encumbered until the time of payment. These commitments were not subsequently approved by the Board of Trustees within the aforementioned 30 day time period. The Township had unrecorded liabilities as of December 31, 1998 in amount of \$2,318 and as of December 31, 1999 in the amount of \$2,306.

We recommend that the Clerk properly certify funds prior to incurring the obligation.

**UNION TOWNSHIP
CORRECTIVE ACTION PLAN
DECEMBER 31, 1999 AND 1998**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
1999-40773-001	Township will utilize super blanket certificates for reoccurring transactions such as repairs and maintenance and utilities. Also, Clerk will monitor purchases to assure a purchase order is prepared prior to purchasing goods and services.	June 30, 2000	Patricia Box, Clerk



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UNION TOWNSHIP

SCIOTO 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
AUGUST 10, 2000