



**UNION TOWNSHIP
CLERMONT COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**UNION TOWNSHIP
CLERMONT COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

250 West Court Street
Suite 150 E
Cincinnati, Ohio 45202
Telephone 513-361-8550
800-368-7419
Facsimile 513-361-8577
www.auditor.state.oh.us

INDEPENDENT ACCOUNTANTS' REPORT

Union Township
Clermont County
4312 Glen-Este Withamsville Road
Cincinnati, Ohio 45245

To the Board of Trustees:

We have audited the accompanying financial statements of Union Township, Clermont County, Ohio (the Township), as of and for the years ended December 31, 2000 and 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 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 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 the Township as of December 31, 2000 and 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 *Government Auditing Standards*, we have also issued our report dated August 13, 2001, 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.

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

Jim Petro
Auditor of State

August 13, 2001

**UNION TOWNSHIP
CLERMONT COUNTY**

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

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Fiduciary Funds</u>	
Cash Receipts:					
Local Taxes	\$678,584	\$7,705,498	\$0	\$0	\$8,384,082
Intergovernmental	715,238	811,463			1,526,701
Special Assessments		7,770			7,770
Licenses, Permits, and Fees	316,426	243,728			560,154
Fines, Forfeitures, and Penalties	90,553				90,553
Earnings on Investments	447,804	128,131		147	576,082
Other Revenue	38,633	263,355			301,988
Total Cash Receipts	<u>2,287,238</u>	<u>9,159,945</u>	<u>0</u>	<u>147</u>	<u>11,447,330</u>
Cash Disbursements:					
Current:					
General Government	906,069	112,504			1,018,573
Public Safety		6,854,170			6,854,170
Public Works		1,411,905			1,411,905
Health	289,599	194,581			484,180
Conservation - Recreation	27,746				27,746
Debt Service:					
Redemption of Principal		173,060			173,060
Interest and Fiscal Charges		61,708			61,708
Capital Outlay	835,175	558,283			1,393,458
Total Cash Disbursements	<u>2,058,589</u>	<u>9,366,211</u>	<u>0</u>	<u>0</u>	<u>11,424,800</u>
Total Receipts Over/(Under) Disbursements	<u>228,649</u>	<u>(206,266)</u>	<u>0</u>	<u>147</u>	<u>22,530</u>
Other Financing Receipts/(Disbursements):					
Sale of Notes	748,458				748,458
Other Sources	0	55,900	0	0	55,900
Total Other Financing Receipts/(Disbursements)	<u>748,458</u>	<u>55,900</u>	<u>0</u>	<u>0</u>	<u>804,358</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>977,107</u>	<u>(150,366)</u>	<u>0</u>	<u>147</u>	<u>826,888</u>
Fund Cash Balances, January 1	<u>2,919,931</u>	<u>7,411,301</u>	<u>215</u>	<u>21,854</u>	<u>10,353,301</u>
Fund Cash Balances, December 31	<u>\$3,897,038</u>	<u>\$7,260,935</u>	<u>\$215</u>	<u>\$22,001</u>	<u>\$11,180,189</u>
Reserve for Encumbrances, December 31	<u>\$36,159</u>	<u>\$60,337</u>	<u>\$0</u>	<u>\$0</u>	<u>\$96,496</u>

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

**UNION TOWNSHIP
CLERMONT COUNTY**

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

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Fiduciary Funds</u>	
Cash Receipts:					
Local Taxes	\$627,453	\$7,380,186	\$0	\$0	\$8,007,639
Intergovernmental	581,535	975,639			1,557,174
Special Assessments		4,748			4,748
Licenses, Permits, and Fees	286,939	204,152			491,091
Fines, Forfeitures, and Penalties	92,043				92,043
Earnings on Investments	391,172	81,699		119	472,990
Other Revenue	46,208	166,066			212,274
	<u>2,025,350</u>	<u>8,812,490</u>	<u>0</u>	<u>119</u>	<u>10,837,959</u>
Cash Disbursements:					
Current:					
General Government	948,040	67,248			1,015,288
Public Safety		6,379,776			6,379,776
Public Works		928,449			928,449
Health	309,995	139,511			449,506
Conservation - Recreation	16,675				16,675
Miscellaneous		862			862
Debt Service:					
Redemption of Principal			89,898		89,898
Interest and Fiscal Charges			29,887		29,887
Capital Outlay	644,631	499,270			1,143,901
	<u>1,919,341</u>	<u>8,015,116</u>	<u>119,785</u>	<u>0</u>	<u>10,054,242</u>
Total Receipts Over/(Under) Disbursements	<u>106,009</u>	<u>797,374</u>	<u>(119,785)</u>	<u>119</u>	<u>783,717</u>
Other Financing Receipts/(Disbursements):					
Transfers-In			120,000		120,000
Transfers-Out		(120,000)			(120,000)
Other Sources	0	80,175	0	0	80,175
	<u>0</u>	<u>(39,825)</u>	<u>120,000</u>	<u>0</u>	<u>80,175</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	106,009	757,549	215	119	863,892
Fund Cash Balances, January 1	2,813,922	6,653,752	0	21,735	9,489,409
Fund Cash Balances, December 31	<u>\$2,919,931</u>	<u>\$7,411,301</u>	<u>\$215</u>	<u>\$21,854</u>	<u>\$10,353,301</u>
Reserve for Encumbrances, December 31	<u>\$6,863</u>	<u>\$43,746</u>	<u>\$0</u>	<u>\$0</u>	<u>\$50,609</u>

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

**UNION TOWNSHIP
CLERMONT COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Union Township, Clermont 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 and bridge maintenance, cemetery maintenance, fire and police protection and emergency medical services.

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

B. Basis of Accounting

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

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

C. Cash and Deposits

Certificates of deposit 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:

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:

Police Fund - This fund receives taxes and intergovernmental revenues for the operation of the Township Police Department.

Fire Fund - This fund receives taxes and intergovernmental revenues for the operation of the Township Fire Department.

**UNION TOWNSHIP
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Debt Service Fund

The Debt Service Fund is used to accumulate resources for the payment of note indebtedness. The Township had the following significant Debt Service Fund:

General Obligation Retirement Fund (Fire Equipment) - This fund accounts for the debt payment related to the General Obligation Fire Equipment Notes. Beginning in 2000, the Clerk pays this debt directly from the Fire Fund.

4. Fiduciary Funds (Nonexpendable Trust Fund)

This fund is used to account for resources restricted by legally binding trust agreements. The Township had the following significant Fiduciary Fund:

Nonexpendable Cemetery Trust Fund - This fund accounts for the corpus of the various nonexpendable cemetery trust funds of 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 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 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.

**UNION TOWNSHIP
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 basis of accounting used by the Township.

2. EQUITY IN POOLED CASH AND DEPOSITS

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$2,880,189	\$1,073,301
Certificates of deposit	<u>8,300,000</u>	<u>9,280,000</u>
Total deposits	<u>11,180,189</u>	<u>10,353,301</u>

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

3. BUDGETARY ACTIVITY

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

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,778,000	\$3,035,696	\$1,257,696
Special Revenue	9,549,661	9,215,845	(333,816)
Fiduciary	<u>240</u>	<u>147</u>	<u>(93)</u>
Total	<u>\$11,327,901</u>	<u>\$12,251,688</u>	<u>\$923,787</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,693,960	\$2,094,748	\$2,599,212
Special Revenue	16,960,959	9,426,548	7,534,411
Debt Service	215	0	215
Fiduciary	<u>22,094</u>	<u>0</u>	<u>22,094</u>
Total	<u>\$21,677,228</u>	<u>\$11,521,296</u>	<u>\$10,155,932</u>

**UNION TOWNSHIP
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,561,300	\$2,025,350	\$464,050
Special Revenue	8,152,000	8,892,665	740,665
Debt Service	120,000	120,000	0
Fiduciary	370	119	(251)
Total	\$9,833,670	\$11,038,134	\$1,204,464

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$4,377,902	\$1,926,204	\$2,451,698
Special Revenue	14,848,187	8,178,862	6,669,325
Debt Service	120,000	119,785	215
Fiduciary	22,105	0	22,105
Total	\$19,368,194	\$10,224,851	\$9,143,343

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 payments, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**UNION TOWNSHIP
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Fire Equipment Note, 1996	\$295,000	5.45%
Fire Equipment Note, 1997	185,390	5.18%
Fire Equipment Note, 2000	665,296	5.64%
Total	\$1,145,686	

The General Obligation Fire Equipment Note, 1996 series, relates to fire equipment purchased by the Township. The Notes were issued in December 1996 in the amount of \$531,000. The notes will be repaid in annual installments of \$59,000, including interest, over 9 years, collateralized solely by the Township's taxing authority.

The General Obligation Fire Equipment Note, 1997 series, relates to fire equipment purchased by the Township. The notes were issued in June 1997 in the amount of \$278,085. The notes will be repaid in annual installments of \$30,898, including interest, over 9 years. The notes are collateralized solely by the Township's taxing authority.

The General Obligation Fire Equipment Note, 2000 series, relates to fire equipment purchased by the Township. The notes were issued in March 2000 in the amount of \$748,458. The notes will be repaid in annual installments of \$83,162, including interest, over 9 years, collateralized solely by the Township's taxing authority.

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

Year ending December 31:	1996 Fire Equipment Note	1997 Fire Equipment Note	2000 Fire Equipment Note
2001	\$75,078	\$40,030	\$120,685
2002	71,862	38,383	115,994
2003	68,647	36,737	111,304
2004	65,431	35,090	106,614
2005	62,216	33,494	101,923
Subsequent	0	31,740	277,628
Total	\$343,234	\$215,474	\$834,148

6. RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**UNION TOWNSHIP
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

6. RETIREMENT SYSTEMS (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PFDPF contributed 10% of their wages to the PFDPF. The Township contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. For 1999, the Township contributed an amount equal to 13.55% of participants' gross salaries. PERS reduced the employer rate during 2000. For 2000, the Township contributed an amount equal to 10.84% of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omission, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each member's needs. The Plan pays judgements, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reimburses these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

8. CONTINGENT LIABILITIES

The Township is defendant in several lawsuits. Although the outcome of these suits is not presently determinable, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.



STATE OF OHIO
OFFICE OF THE AUDITOR

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250 West Court Street
Suite 150 E
Cincinnati, Ohio 45202
Telephone 513-361-8550
800-368-7419
Facsimile 513-361-8577
www.auditor.state.oh.us

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

Union Township
Clermont County
4312 Glen-Este Withamsville Road
Cincinnati, Ohio 45245

To the Board of Trustees:

We have audited the financial statements of Union Township, Clermont County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated August 13, 2001. 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 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 August 13, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted 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 August 13, 2001.

Union Township
Clermont County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
Page 2

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

Jim Petro
Auditor of State

August 13, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

UNION TOWNSHIP
CLERMONT 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
SEPTEMBER 11, 2001**