



**UNION TOWNSHIP  
MORGAN COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2001 - 2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

---

**STATE OF OHIO**



**UNION TOWNSHIP  
MORGAN COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2001 .....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2000 .....	4
Notes to the Financial Statements .....	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	11
Schedule of Findings .....	13

**This page intentionally left blank.**



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street  
Athens Mall Suite B  
Athens, Ohio 45701  
Telephone 740-594-3300  
800-441-1389  
Facsimile 740-594-2110  
www.auditor.state.oh.us

## REPORT OF INDEPENDENT ACCOUNTANTS

Union Township  
Morgan County  
976 State Route 78 SW  
Malta, Ohio 43758

To the Board of Trustees:

We have audited the accompanying financial statements of Union Township, Morgan County, Ohio (the Township), as of and for the years ended December 31, 2001 and 2000. 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 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 of Union Township, Morgan County, as of December 31, 2001 and 2000, 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 15, 2002, 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 of Trustees 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

February 15, 2002

**This page intentionally left blank.**

**UNION TOWNSHIP  
MORGAN 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>Debt Service</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$12,575	\$10,208	\$	\$22,783
Intergovernmental	24,878	64,961		89,839
Earnings on Investments	758	925		1,683
Other Revenue	861			861
Total Cash Receipts	<u>39,072</u>	<u>76,094</u>	<u>0</u>	<u>115,166</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	25,934			25,934
Public Safety		8,771		8,771
Public Works		58,322		58,322
Health	1,688			1,688
Debt Service:				
Redemption of Principal			9,422	9,422
Interest and Fiscal Charges			2,504	2,504
Total Cash Disbursements	<u>27,622</u>	<u>67,093</u>	<u>11,926</u>	<u>106,641</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>11,450</u>	<u>9,001</u>	<u>(11,926)</u>	<u>8,525</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		1,000	13,500	14,500
Transfers-Out	(2,700)	(11,800)		(14,500)
Total Other Financing Receipts/(Disbursements)	<u>(2,700)</u>	<u>(10,800)</u>	<u>13,500</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	8,750	(1,799)	1,574	8,525
Fund Cash Balances, January 1	<u>6,533</u>	<u>35,323</u>	<u>6,204</u>	<u>48,060</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$15,283</u></b>	<b><u>\$33,524</u></b>	<b><u>\$7,778</u></b>	<b><u>\$56,585</u></b>

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

**UNION TOWNSHIP  
MORGAN COUNTY**

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

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$10,894	\$9,515	\$	\$20,409
Intergovernmental	16,167	64,671		80,838
Earnings on Investments	743	1,411		2,154
Other Revenue	936			936
	<u>28,740</u>	<u>75,597</u>	<u>0</u>	<u>104,337</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
General Government	29,206			29,206
Public Safety	100	7,264		7,364
Public Works	1,626	64,637		66,263
Debt Service:				
Interest and Fiscal Charges			1,396	1,396
Capital Outlay		47,108		47,108
	<u>30,932</u>	<u>119,009</u>	<u>1,396</u>	<u>151,337</u>
<b>Total Cash Disbursements</b>				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(2,192)</u>	<u>(43,412)</u>	<u>(1,396)</u>	<u>(47,000)</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Proceeds from Sale of Public Debt:				
Sale of Notes		47,109		47,109
Transfers-In		2,907	7,600	10,507
Transfers-Out	(2,907)	(7,600)		(10,507)
	<u>(2,907)</u>	<u>42,416</u>	<u>7,600</u>	<u>47,109</u>
<b>Total Other Financing Receipts/(Disbursements)</b>				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(5,099)	(996)	6,204	109
Fund Cash Balances, January 1	<u>11,632</u>	<u>36,319</u>		<u>47,951</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$6,533</b></u>	<u><b>\$35,323</b></u>	<u><b>\$6,204</b></u>	<u><b>\$48,060</b></u>

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



**UNION TOWNSHIP  
MORGAN COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Union Township, Morgan 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, and fire protection services. The Township contracts with Malta/McConnelsville Volunteer Fire Department and Chesterhill Volunteer Fire Department Inc., to provide fire 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. Fund Accounting**

The Township uses fund accounting to segregate cash that is 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:

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

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

**UNION TOWNSHIP  
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

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

**C. Fund Accounting (Continued)**

**3. Debt Service Fund**

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

General Bond (Note) Retirement Fund - This fund accounts for the activity related to the retirement of notes issued for the purchase of equipment.

**D. 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. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash balances 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 canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

**E. 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  
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**2. EQUITY IN POOLED CASH**

The Township maintains a cash 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:

	<b>2001</b>	<b>2000</b>
Demand deposits	\$56,585	\$48,060

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2001 and 2000, follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$18,657	\$39,072	\$20,415
Special Revenue	108,571	77,094	(31,477)
Debt Service	11,400	13,500	2,100
Total	\$138,628	\$129,666	(\$8,962)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$33,768	\$30,322	\$3,446
Special Revenue	135,316	78,893	56,423
Debt Service	17,604	11,926	5,678
Total	\$186,688	\$121,141	\$65,547

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$23,334	\$28,740	\$5,406
Special Revenue	108,070	125,613	17,543
Debt Service	11,996	7,600	(4,396)
Total	\$143,400	\$161,953	\$18,553

**UNION TOWNSHIP  
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$30,966	\$33,839	(\$2,873)
Special Revenue	80,284	126,609	(46,325)
Debt Service	11,996	1,396	10,600
Total	\$123,246	\$161,844	(\$38,598)

**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.

**5. DEBT**

Debt outstanding at December 31, 2001, was as follows:

	Principal	Interest Rate
Note	\$37,687	5.90%

The note was issued to finance the purchase of a tractor to be used for Township road maintenance. The note is secured by the tractor.

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

Year ending December 31:	General Obligation Note
2002	\$11,371
2003	10,815
2004	10,262
2005	9,769
Total	\$42,217

**UNION TOWNSHIP  
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**6. RETIREMENT SYSTEMS**

The Township's officials and employee 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 contributed an amount equal to 13.55% of participants' gross salaries for the periods January 1, 2001 through December 31, 2001 and January 1, 2000 through June 30, 2000. For the period July 1, 2000 through December 31, 2000, PERS temporarily reduced the employer's contribution rate to 8.13% of participants gross salaries. The Township has paid all contributions required through December 31, 2001.

**7. RISK MANAGEMENT**

The Township is a member of the Ohio Township Association Risk Management Authority (the Pool) which is a risk pool discussed at Note 8. The following risks are covered by the Pool:

- Legal Liability, third party claims coverage
- Automobile Liability
- Automobile Physical Damage
- Wrongful Acts
- Property, including building and contents and inland marine

The Township has elected not to procure a group health insurance plan. However, in accordance with Ohio Revised Code 505.60, the Township has opted to reimburse the clerk and trustees for their out-of-pocket insurance premiums for allowable insurance coverage provided elsewhere up to a maximum of \$3,000 per person per year.

**8. 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 judgments, 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.

**UNION TOWNSHIP  
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**8. RISK POOL MEMBERSHIP (Continued)**

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.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

<u>Casualty Coverage</u>	<u>2000</u>	<u>1999</u>
Assets	\$22,684,383	\$18,172,222
Liabilities	<u>8,924,977</u>	<u>5,947,013</u>
Retained earnings	<u>\$13,759,406</u>	<u>\$12,225,209</u>
<u>Property Coverage</u>	<u>2000</u>	<u>1999</u>
Assets	\$4,156,784	\$3,544,437
Liabilities	<u>497,831</u>	<u>674,752</u>
Retained earnings	<u>\$3,658,953</u>	<u>\$2,869,685</u>



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street  
Athens Mall Suite B  
Athens, Ohio 45701  
Telephone 740-594-3300  
800-441-1389  
Facsimile 740-594-2110  
www.auditor.state.oh.us

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

Union Township  
Morgan County  
976 State Route 78 SW  
Malta, Ohio 43758

To the Board of Trustees:

We have audited the accompanying financial statements of Union Township, Morgan County, Ohio (the Township), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated February 15, 2002. 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2001-41058-001 through 2001-41058-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated February 15, 2002.

**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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying Schedule of Findings as item 2001-41058-004.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

We also 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 February 15, 2002.

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

February 15, 2002



**UNION TOWNSHIP  
MORGAN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000**

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

**FINDING NUMBER 2001-41058-001**

**Finding for Adjustment**

Ohio Rev. Code Section 505.24 states the amount of the annual salary approved by the board shall be no more than the maximum amount that could be received annually by a trustee if the trustee were paid on a per diem basis as specified in this division, and shall be paid only from the township general fund or from such funds in proportions as the board may specify by resolution. The Township had not adopted a resolution in either year authorizing the amounts of salaries and fringe benefits to be paid from each fund.

The Trustees' combined annual salaries and fringe benefits were paid in the following proportions in 2001: 32% General, 31% Motor Vehicle License Tax Fund and 37% Gas Tax Fund. In 2000, the Trustees' combined annual salaries and fringe benefits were paid in the following proportions: 1% General Fund, 31% Motor Vehicle License Tax Fund and 68% Gas Tax Fund. The allocation of Board of Trustees' salaries and fringe benefits for 2000 was not proportionate to the administrative duties actually performed by the Board of Trustees.

After bringing this to the Township management's attention, the Board of Trustees passed a retroactive resolution on February 14, 2002 addressing the proportions from which the total compensation (salaries and fringe benefits) of the Board of Trustees should have been paid. The following proportions were approved for both 2001 and 2000: 32% General Fund, 31% Motor Vehicle License Tax Fund, and 37% Gas Tax Fund.

In accordance with the foregoing facts, a finding for adjustment in the amount of \$6,878 is hereby issued against the General Fund, in favor of the Gas Tax Fund for the year ended December 31, 2000. This amount reflects 32% of the total compensation package paid to the Board of Trustees by the Township. As of the date of this report, Township management was in agreement with the aforementioned adjustment and this adjustment has been posted to the Township's records and is reflected in the accompanying financial statements.

We recommend the Township adopt a formal resolution at the organizational meeting each year addressing the allocation of total compensation. Each resolution should address the appropriate proportions and funds from which the salaries and fringe benefits are to be paid. Benefits such as health insurance and the employer's portion of retirement and medicare should be paid out of the same funds, in the same proportions as the salaries.

**UNION TOWNSHIP  
MORGAN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2001-41058-002**

**Finding for Adjustment**

Ohio Rev. Code Section 5705.10 requires all revenue derived from a specific source to be credited to a special fund for the purpose for which the monies were received. During 2000, \$1,329 in motor vehicle license tax receipts were improperly posted to the Gas Tax Fund and \$5,666 in gasoline excise tax receipts were improperly posted to the Motor Vehicle License Tax Fund.

In accordance with the foregoing facts, a finding for adjustment in the amount of \$4,337 is hereby issued against the Motor Vehicle License Tax Fund, in favor of the Gas Tax Fund.

As of the date of this report, Township management was in agreement with the aforementioned adjustment and the adjustment has been posted to the Township's records. The adjustment is reflected in the accompanying financial statements.

**FINDING NUMBER 2001-41058-003**

**Finding for Adjustment**

Ohio Rev. Code Section 5705.10 requires all revenue derived from a specific source to be credited to a special fund for the purpose for which the monies were received. During 2001, property taxes in the amount of \$949 were posted to the General Fund instead of the Road and Bridge Fund as detailed on the County Auditor's tax settlement.

In accordance with the foregoing facts, a finding for adjustment in the amount of \$949 is hereby issued against the General Fund, in favor of the Road and Bridge Fund.

As of the date of this report, Township management in agreement with the aforementioned adjustment and the adjustment has been posted to the Township's records. The adjustment is reflected in the accompanying financial statements.

**FINDING NUMBER 2001-41058-004**

**Noncompliance Citation and Reportable Condition**

Ohio Rev. Code Section 5705.41(D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon. This section also provides two "exceptions" to the above requirements:

**UNION TOWNSHIP  
MORGAN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING NUMBER 2001-41058-004 (Continued)**

**Noncompliance Citation and Reportable Condition (Continued)**

Ohio Rev. Code Section 5705.41(D) (Continued)

- A. 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 the certification is being completed, 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 Board of Trustees may authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the Township.
- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Board of Trustees.

The Township includes certification language as part of its purchase order. However, the Township Clerk's prior certification was not obtained for 30% of the expenditures tested and the aforementioned exceptions were not followed.

We recommend Township personnel obtain proper certification from the Township Clerk prior to incurring any obligations on behalf of the Township.





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**

**MORGAN 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  
APRIL 2, 2002**