



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**UNION TOWNSHIP
SCIOTO COUNTY**

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**STATE OF OHIO
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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, 2001 and December 31, 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 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 of Union Township, Scioto County, as of December 31, 2001 and December 31, 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 September 6, 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.

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

Jim Petro
Auditor of State

September 6, 2002

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**UNION TOWNSHIP
SCIOTO 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>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$29,177	\$55,267	\$84,444
Licenses, Fees and Permits		5,850	5,850
Intergovernmental	15,723	78,924	94,647
Earnings on Investments	1,075	517	1,592
All Other Revenue	3,464	2,053	5,517
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	49,439	142,611	192,050
Cash Disbursements:			
Current:			
General Government	57,401		57,401
Public Safety		22,276	22,276
Public Works		63,829	63,829
Health		10,023	10,023
Capital Outlay	4,000	13,500	17,500
Lease Payments		4,370	4,370
Debt Service:			
Redemption of Principal		11,795	11,795
Interest and Fiscal Charges		6,968	6,968
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	61,401	132,761	194,162
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/> <u>(11,962)</u>	<hr/> <u>9,850</u>	<hr/> <u>(2,112)</u>
Other Financing Receipts/(Disbursements):			
Sale of Assets		2,000	2,000
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	0	2,000	2,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/> <u>(11,962)</u>	<hr/> <u>11,850</u>	<hr/> <u>(112)</u>
Fund Cash Balances, January 1	<hr/> <u>20,223</u>	<hr/> <u>56,797</u>	<hr/> <u>77,020</u>
Fund Cash Balances, December 31	<hr/> <u>\$8,261</u>	<hr/> <u>\$68,647</u>	<hr/> <u>\$76,908</u>

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

**UNION TOWNSHIP
SCIOTO 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>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$28,323	\$53,940	\$82,263
Licenses, Fees and Permits		\$5,400	5,400
Intergovernmental	49,816	84,094	133,910
Earnings on Investments	1,919	754	2,673
All Other Revenue	7,287	825	8,112
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	87,345	145,013	232,358
Cash Disbursements:			
Current:			
General Government	55,935		55,935
Public Safety		27,017	27,017
Public Works	25,000	74,167	99,167
Health		7,699	7,699
Human Services		2,500	2,500
Miscellaneous		500	500
Capital Outlay		9,562	9,562
Lease Payments		8,739	8,739
Debt Service:			
Redemption of Principal		12,537	12,537
Interest and Fiscal Charges		6,227	6,227
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	80,935	148,948	229,883
Total Cash Receipts Over/(Under) Cash Disbursements	6,410	(3,935)	2,475
Fund Cash Balances, January 1	13,813	60,732	74,545
Fund Cash Balances, December 31	<u>\$20,223</u>	<u>\$56,797</u>	<u>\$77,020</u>

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

**UNION TOWNSHIP
SCIOTO COUNTY**

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

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

The Township had one primary checking account during our audit period.

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 to pay for constructing, maintaining and repairing Township roads.

**UNION TOWNSHIP
SCIOTO COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Fire Fund – This fund receives property tax money to provide fire protection for the residents 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, 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 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 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.

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

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:

	<u>2001</u>	<u>2000</u>
Demand Deposits	<u>\$76,908</u>	<u>\$77,020</u>

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

**UNION TOWNSHIP
SCIOTO COUNTY**

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

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	\$41,656	\$49,439	\$7,783
Special Revenue	139,915	144,611	4,696
Total	\$181,571	\$194,050	\$12,479

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Actual Disbursements	Variance
General	\$62,633	\$61,401	\$1,232
Special Revenue	195,958	132,761	63,197
Total	\$258,591	\$194,162	\$64,429

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$81,407	\$87,345	\$5,938
Special Revenue	136,373	145,013	8,640
Total	\$217,780	\$232,358	\$14,578

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Actual Disbursements	Variance
General	\$58,563	\$80,935	(\$22,372)
Special Revenue	197,191	148,948	48,243
Total	\$255,754	\$229,883	\$25,871

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.

**UNION TOWNSHIP
SCIOTO COUNTY**

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

5. DEBT

Debt Outstanding at December 31, 2001 was a follows:

	<u>Principal</u>	<u>Interest Rate</u>
Bank Note Agreement	<u>\$105,668</u>	6.0%

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 is secured by the truck.

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

<u>Year ending December 31:</u>	<u>Bank Note Agreement</u>
2002	\$18,763
2003	18,763
2004	18,763
2005	18,763
2006	18,763
Subsequent	<u>37,426</u>
	<u>\$131,241</u>

6. RETIREMENT SYSTEMS

The Township's employees, as well as the Township Clerk and the Board of Trustees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This 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. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

**UNION TOWNSHIP
SCIOTO COUNTY**

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

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 Village of Otway. A representative from each District is appointed to the Scioto Ambulatory District Board. The Ambulatory District is supported by taxes that are collected by the Scioto County Auditor from the property owners in Union Township. These taxes are paid 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 accompanying financial statements of Union Township, Scioto County, Ohio (the Township), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated September 6, 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 2001-40773-001 and 2001-40773-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated September 6, 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. 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 September 6, 2002.

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 solely 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

September 6, 2002

**UNION TOWNSHIP
SCIOTO COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2001-40773-001

Noncompliance Citation

Oho Rev. Code Section 5705.41(D) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required to meet the obligation 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 free from any previous encumbrance.

This section also provides two “exceptions’ to the above requirements:

- a. Then and Now Certificates – 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 she is completing her 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 or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

- b. 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 by 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 Clerk’s prior certification was not obtained for 49% of the transactions tested in 2000 and 66% of the transactions tested in 2001.

We recommend the Clerk properly certify funds at the time the contract is made.

FINDING NUMBER 2001-407730-002

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) states no subdivision or taxing unit is to expend money unless it has been appropriated.

In 2000, the following funds had expenditures which exceeded appropriations: General Fund by \$22,372 (38%) and the Miscellaneous Special Revenue Fund by \$3,000 for which there were no appropriations.

We recommend the Clerk and Board of Trustees monitor disbursements versus appropriations throughout the year. Additional appropriations should be added by resolution where revenue is available. If receipts do not allow for additional appropriations, funds should not be disbursed from that fund. We further recommend that the Board of Trustees not approve disbursements without supporting appropriations.

**UNION TOWNSHIP
SCIOTO COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
1999-40773-001	Revised Code 5705.41(D), no prior certification	No	Not Corrected – reissued as Finding Number 2001-40773-001



STATE OF OHIO
OFFICE OF THE AUDITOR

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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
OCTOBER 15, 2002**