



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

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**STATE OF OHIO**



**UNION TOWNSHIP  
MERCER 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, 1999 .....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1998 .....	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

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Union Township  
Mercer County  
8173 State Route 117  
Mendon, Ohio 45862

To the Board of Trustees:

We have audited the accompanying financial statements of Union Township, Mercer County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 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 of Union Township as of December 31, 1999 and December 31, 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 6, 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 audit committee, 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 6, 2000



**UNION TOWNSHIP - MERCER COUNTY**

**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>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$7,359	\$32,263	\$27,597	\$67,219
Intergovernmental	30,897	70,836	3,669	105,402
Licenses, Permits, and Fees	2,130	450		2,580
Earnings on Investments	630	1,617		2,247
Other Revenue	2,372	608		2,980
<b>Total Cash Receipts</b>	<b>43,388</b>	<b>105,774</b>	<b>31,266</b>	<b>180,428</b>
<b>Cash Disbursements:</b>				
Current:				
General Government	35,338	476	695	36,509
Public Safety	352	19,450		19,802
Public Works		60,708		60,708
Health	9,870	545		10,415
Debt Service:				
Redemption of Principal			25,000	25,000
Interest and Fiscal Charges			1,185	1,185
<b>Total Cash Disbursements</b>	<b>45,560</b>	<b>81,179</b>	<b>26,880</b>	<b>153,619</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(2,172)</b>	<b>24,595</b>	<b>4,386</b>	<b>26,809</b>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		23		23
Transfers-Out	(23)			(23)
Other Sources	19			19
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(4)</b>	<b>23</b>	<b>0</b>	<b>19</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>(2,176)</b>	<b>24,618</b>	<b>4,386</b>	<b>26,828</b>
<b>Fund Cash Balances, January 1</b>	<b>17,794</b>	<b>114,095</b>	<b>1,127</b>	<b>133,016</b>
<b>Fund Cash Balances, December 31</b>	<b>\$15,618</b>	<b>\$138,713</b>	<b>\$5,513</b>	<b>\$159,844</b>

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

UNION TOWNSHIP - MERCER COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1998

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Local Taxes	\$7,454	\$32,391	\$27,953		\$67,798
Intergovernmental	22,567	71,239	3,635	29,640	127,081
Licenses, Permits, and Fees	2,975	500			3,475
Earnings on Investments	1,116	1,698			2,814
Other Revenue	3,744	1,190			4,934
<b>Total Cash Receipts</b>	<b>37,856</b>	<b>107,018</b>	<b>31,588</b>	<b>29,640</b>	<b>206,102</b>
<b>Cash Disbursements:</b>					
Current:					
General Government	37,607	500	709		38,816
Public Safety	525	19,648			20,173
Public Works		72,684			72,684
Health	10,161	1,200			11,361
Debt Service:					
Redemption of Principal			55,000		55,000
Interest and Fiscal Charges			2,711		2,711
Capital Outlay				29,640	29,640
<b>Total Cash Disbursements</b>	<b>48,293</b>	<b>94,032</b>	<b>58,420</b>	<b>29,640</b>	<b>230,385</b>
Total Receipts Over/(Under) Disbursements	(10,437)	12,986	(26,832)	0	(24,283)
<b>Other Financing Receipts/(Disbursements):</b>					
Proceeds from Sale of Public Debt:					
Sale of Notes			25,000		25,000
Other Sources	1,371				1,371
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>1,371</b>	<b>0</b>	<b>25,000</b>	<b>0</b>	<b>26,371</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(9,066)	12,986	(1,832)	0	2,088
Fund Cash Balances, January 1	26,860	101,109	2,959	0	130,928
<b>Fund Cash Balances, December 31</b>	<b>\$17,794</b>	<b>\$114,095</b>	<b>\$1,127</b>	<b>\$0</b>	<b>\$133,016</b>

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



**UNION TOWNSHIP  
MERCER COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Union Township, Mercer 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 maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Mendon Fire Department to provide fire service and with Mercer County Emergency Medical Services to provide ambulance 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 Investments**

The NOW Checking Account is valued at cost and the Township holds no investments.

**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 Fund:

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

**3. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project fund:

**UNION TOWNSHIP  
MERCER COUNTY**

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

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

**D. Fund Accounting (Continued)**

**3. Capital Project Funds (Continued)**

Issue II Fund - This fund accounts for a grant from the State of Ohio to resurface township roads.

**4. Debt Service Funds:**

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:

Note Retirement Fund - This fund receives property tax levy monies to retire the debt issued for the purchase of a fire truck.

**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 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 canceled, and reappropriated in the subsequent year.

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 and investments at December 31 was as follows:

**UNION TOWNSHIP  
MERCER COUNTY**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

	<u>1999</u>	<u>1998</u>
Demand deposits	\$159,844	\$133,016

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

**3. BUDGETARY ACTIVITY**

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$45,275	\$43,407	(\$1,868)
Special Revenue	94,948	105,797	10,849
Debt Service	32,873	31,266	(1,607)
Total	\$173,096	\$180,470	\$7,374

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$63,069	\$45,583	\$17,486
Special Revenue	209,044	81,179	127,865
Debt Service	34,000	26,880	7,120
Total	\$306,113	\$153,642	\$152,471

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$42,421	\$39,227	(\$3,194)
Special Revenue	90,864	107,018	16,154
Debt Service	61,362	56,588	(4,774)
Capital Projects	36,000	29,640	(6,360)
Total	\$230,647	\$232,473	\$1,826

**UNION TOWNSHIP  
MERCER COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$68,584	\$48,293	\$20,291
Special Revenue	191,595	94,032	97,563
Debt Service	64,322	58,420	5,902
Capital Projects	36,000	29,640	6,360
Total	\$360,501	\$230,385	\$130,116

**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.

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

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

**5. RETIREMENT SYSTEMS**

The Township officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS are cost-sharing, multiple-employer plans. These plans provide 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.

**UNION TOWNSHIP  
MERCER COUNTY**

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

**6. RISK MANAGEMENT**

The Township is a member of a pooled insurance group that provides coverage for real property, building contents and vehicles under the terms and conditions required by the pool. Risk sharing certificates are provided in the form of intergovernmental contracts between the Township and the Ohio Township Association Risk Management Authority (OTARMA). OTARMA administers the pool and upon execution of the contract, the Township pays the annual membership contribution fee. Real property and contents were inspected by OTARMA and are covered for the amount of the repair or replacement within the limits outlined on the statement of value provided as part of the risk sharing certificate.

The Township also provides reimbursement quarterly for a Medicare supplement for officials who are retired, will reimburse officials if they are covered under a spouse's work hospitalization and medical insurance policy, or directly pays premiums for qualifying hospitalization and medical insurance.

**7. DEBT OBLIGATIONS**

In 1992, the Township issued notes to finance the purchase of a fire truck. The original debt amount was \$180,000. The note is renewed annually with a new interest rate. At December 31, 1998, the outstanding note principal was \$25,000 with an interest rate of 4.9%. The note was paid in full as of December 31, 1999.

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OFFICE OF THE AUDITOR

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

Union Township  
Mercer County  
8173 State Route 117  
Mendon, Ohio 45862

To the Board of Trustees:

We have audited the accompanying financial statements of Union Township, Mercer County, Ohio (the Township), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated June 6, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated June 6, 2000.

**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 June 6, 2000.

Union Township  
Mercer 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 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 fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

June 6, 2000.





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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800-282-0370

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**UNION TOWNSHIP**

**MERCER 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  
JULY 18, 2000**