



**UNION TOWNSHIP
MUSKINGUM COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001 - 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**UNION TOWNSHIP
MUSKINGUM COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Union Township
Muskingum County
P.O. Box 439
New Concord, Ohio 43762

To the Board of Trustees:

We have audited the accompanying financial statements of Union Township, Muskingum 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 discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Union Township, Muskingum 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 January 22, 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

January 22, 2002

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**UNION TOWNSHIP
MUSKINGUM 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, 2001**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Fiduciary Fund</u>	
Cash Receipts:					
Local Taxes	\$27,530	\$63,018	\$19,089	\$	\$109,637
Intergovernmental	34,903	69,043			103,946
Earnings on Investments	1,140	194		108	1,442
Other Revenue	14,252				14,252
Total Cash Receipts	<u>77,825</u>	<u>132,255</u>	<u>19,089</u>	<u>108</u>	<u>229,277</u>
Cash Disbursements:					
Current:					
General Government	75,247				75,247
Public Safety	50	20,273			20,323
Public Works		96,095			96,095
Health				1,650	1,650
Debt Service:					
Redemption of Principal			14,720		14,720
Interest and Fiscal Charges			4,874		4,874
Capital Outlay					0
Total Cash Disbursements	<u>75,297</u>	<u>116,368</u>	<u>19,594</u>	<u>1,650</u>	<u>212,909</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>2,528</u>	<u>15,887</u>	<u>(505)</u>	<u>(1,542)</u>	<u>16,368</u>
Other Financing Receipts/(Disbursements):					
Sale of Fixed Assets		7,000			7,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>2,528</u>	<u>22,887</u>	<u>(505)</u>	<u>(1,542)</u>	<u>23,368</u>
Fund Cash Balances, January 1	<u>9,693</u>	<u>16,700</u>	<u>13,267</u>	<u>3,316</u>	<u>42,976</u>
Fund Cash Balances, December 31	<u><u>\$12,221</u></u>	<u><u>\$39,587</u></u>	<u><u>\$12,762</u></u>	<u><u>\$1,774</u></u>	<u><u>\$66,344</u></u>

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

**UNION TOWNSHIP
MUSKINGUM 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 Fund</u>	
Cash Receipts:					
Local Taxes	\$23,972	\$52,508	\$19,924	\$	\$96,404
Intergovernmental	29,230	68,752			97,982
Earnings on Investments	1,270	267		93	1,630
Other Revenue	18,874	439			19,313
Total Cash Receipts	<u>73,346</u>	<u>121,966</u>	<u>19,924</u>	<u>93</u>	<u>215,329</u>
Cash Disbursements:					
Current:					
General Government	75,548				75,548
Public Safety	50	20,761			20,811
Public Works	7,812	202,744			210,556
Health				1,500	1,500
Debt Service:					
Redemption of Principal			5,997		5,997
Interest and Fiscal Charges			660		660
Capital Outlay	8,023	642			8,665
Total Cash Disbursements	<u>91,433</u>	<u>224,147</u>	<u>6,657</u>	<u>1,500</u>	<u>323,737</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(18,087)</u>	<u>(102,181)</u>	<u>13,267</u>	<u>(1,407)</u>	<u>(108,408)</u>
Other Financing Receipts/(Disbursements):					
Sale of Notes		78,500			78,500
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(18,087)</u>	<u>(23,681)</u>	<u>13,267</u>	<u>(1,407)</u>	<u>(29,908)</u>
Fund Cash Balances, January 1	<u>27,780</u>	<u>40,381</u>	<u>0</u>	<u>4,723</u>	<u>72,884</u>
Fund Cash Balances, December 31	<u>\$9,693</u>	<u>\$16,700</u>	<u>\$13,267</u>	<u>\$3,316</u>	<u>\$42,976</u>

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

**UNION TOWNSHIP
MUSKINGUM COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Union Township, Muskingum 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 Village of New Concord, Muskingum County, to provide fire and 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. 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
MUSKINGUM 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.

4. Fiduciary Fund

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain a corpus of the trust, the fund is classified as a non-expendable trust fund. The Township has established a Cemetery Bequest Fund as a non-expendable trust fund.

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. Encumbered 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 re-appropriated.

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
MUSKINGUM COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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

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	\$66,344	\$42,976

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	\$72,673	\$77,825	\$5,152
Special Revenue	134,477	139,255	4,778
Debt Service	19,089	19,089	0
Fiduciary	116	108	(8)
Total	\$226,355	\$236,277	\$9,922

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$82,474	\$75,297	\$7,177
Special Revenue	151,176	116,368	34,808
Debt Service	32,356	19,594	12,762
Fiduciary	1,732	1,650	82
Total	\$267,738	\$212,909	\$54,829

**UNION TOWNSHIP
MUSKINGUM COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$68,026	\$73,346	\$5,320
Special Revenue	217,347	200,466	(16,881)
Debt Service	19,924	19,924	0
Fiduciary	113	93	(20)
Total	\$305,410	\$293,829	(\$11,581)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$95,806	\$91,433	\$4,373
Special Revenue	238,802	224,147	14,655
Debt Service	19,924	6,657	13,267
Fiduciary	4,835	1,500	3,335
Total	\$359,367	\$323,737	\$35,630

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.

Public utilities are also taxed on personal and real property located within the Township.

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

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

5. DEBT

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

	Principal	Interest Rate
General Obligation Notes	\$69,777	5.71%

**UNION TOWNSHIP
MUSKINGUM COUNTY**

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

5. DEBT (Continued)

The general obligation notes were issued to finance the purchase of a road grader to be used for Township road maintenance.

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

Year ending December 31:	General Obligation Notes
2002	\$12,762
2003	12,257
2004	11,752
2005	11,247
2006	10,742
2007-2009	<u>29,196</u>
Total	<u><u>\$87,956</u></u>

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). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Officials' liability
- Automotive liability, comprehensive, and collision

The Township also provides health insurance, dental and vision coverage to full-time employees and officials through a private carrier.

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

Union Township
Muskingum County
P.O. Box 439
New Concord, Ohio 43762

To the Board of Trustees:

We have audited the accompanying financial statements of Union Township, Muskingum County, Ohio (the Township), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated January 22, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2001-41060-001. We also noted an immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated January 22, 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 January 22, 2002.

Union Township
Muskingum 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.

Jim Petro
Auditor of State

January 22, 2002

**UNION TOWNSHIP
MUSKINGUM 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 2201-41060-001

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, the trailer tax was posted entirely to the Township's General Fund instead of being properly divided between the General Fund, Road and Bridge Fund, and Fire Fund. In accordance with the foregoing facts, a finding for adjustment in the amount of \$332 is hereby issued against the General Fund, in favor of the Road and Bridge Fund and Fire Fund, in the amounts of \$249 and \$83, respectively.

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

**UNION TOWNSHIP
MUSKINGUM 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; <i>Explain:</i>
1999-41060-001	Ohio Rev. Code Section 5705.41(D), failure to certify funds	No	Due to the few occurrences noted in our testing and the small amounts involved, this noncompliance was reported in the management letter.



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UNION TOWNSHIP

MUSKINGUM 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
FEBRUARY 26, 2002**