



**UNION TOWNSHIP  
BROWN COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000-1999**



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

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**STATE OF OHIO**



**UNION TOWNSHIP  
BROWN COUNTY**

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## INDEPENDENT ACCOUNTANTS' REPORT

Union Township  
Brown County  
5300 Schwallie Road  
Ripley, Ohio 45167

To the Board of Trustees:

We have audited the accompanying financial statements of Union Township, Brown County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 and reserves for encumbrances of the Township as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2001, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of our audit performed in accordance with the *Government Auditing Standards* and should be read in conjunction with the report in considering the results of our audit.

This report is intended solely for the information and use of management, the Board and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

April 27, 2001

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**UNION TOWNSHIP  
BROWN 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**

	<b>General</b>	<b>Special Revenue</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts:</b>			
Local Taxes	\$17,993	\$9,630	\$27,623
Intergovernmental	93,278	68,602	161,880
Earnings on Investments	462	1,300	1,762
Other Revenue	3,031	200	3,231
 Total Cash Receipts	 114,764	 79,732	 194,496
 <b>Cash Disbursements:</b>			
Current:			
General Government	39,093		39,093
Public Safety	1,603	14,266	15,869
Public Works	3,833	17,881	21,714
Health	15,029		15,029
Capital Outlay	81,854	15,421	97,275
 Total Cash Disbursements	 141,412	 47,568	 188,980
 Total Receipts Over/(Under) Disbursements	 (26,648)	 32,164	 5,516
 <b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In		773	773
Transfers-Out	(773)		(773)
 Total Other Financing Receipts/(Disbursements)	 (773)	 773	 
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 (27,421)	 32,937	 5,516
 Fund Cash Balances, January 1	 63,507	 22,230	 85,737
 <b>Fund Cash Balances, December 31</b>	 <b>\$36,086</b>	 <b>\$55,167</b>	 <b>\$91,253</b>
 <b>Reserve for Encumbrances</b>	 <b>\$216</b>	 <b>\$0</b>	 <b>\$216</b>

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

**UNION TOWNSHIP  
BROWN 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**

	<b>General</b>	<b>Special Revenue</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts:</b>			
Local Taxes	\$17,440	\$9,739	\$27,179
Intergovernmental	108,340	68,390	176,730
Earnings on Investments	445	1,807	2,252
Other Revenue	13	2,642	2,655
 Total Cash Receipts	 126,238	 82,578	 208,816
 <b>Cash Disbursements:</b>			
Current:			
General Government	38,410		38,410
Public Safety	2,006	13,265	15,271
Public Works	7,754	17,054	24,808
Health	10,064		10,064
Capital Outlay	47,656	78,386	126,042
 Total Cash Disbursements	 105,890	 108,705	 214,595
 Total Receipts Over/(Under) Disbursements	 20,348	 (26,127)	 (5,779)
 Fund Cash Balances, January 1	 43,159	 48,357	 91,516
 <b>Fund Cash Balances, December 31</b>	 <b>\$63,507</b>	 <b>\$22,230</b>	 <b>\$85,737</b>

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



**UNION TOWNSHIP  
BROWN COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Union Township, Brown 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. An elected Township Clerk is responsible for fiscal control of the resources of the Township. The Township provides general governmental services, including road maintenance, cemetery maintenance and fire protection services. The Township contracts with the Village of Ripley 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. Cash Deposits**

Township funds are deposited in an interest bearing checking account with a local commercial bank. The Township pools its cash to capture the highest rate of return. Interest earnings are distributed to Township funds based upon the Ohio Revised Code.

**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 that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

**UNION TOWNSHIP  
BROWN COUNTY**

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

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

Motor Vehicle License Tax Fund - This fund receives motor vehicle tax money for constructing, maintaining and repairing Township roads.

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

Fire Levy Fund - This fund receives property tax money for the provision of fire protection.

**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. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Township reported encumbrances in the General Fund, as of December 31, 2000, and no encumbrances were reported as of December 31, 1999.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**2. EQUITY IN POOLED CASH**

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

	<u>2000</u>	<u>1999</u>
Demand deposit	<u>\$91,253</u>	<u>\$85,737</u>

**UNION TOWNSHIP  
BROWN COUNTY**

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

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

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

**3. BUDGETARY ACTIVITY**

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

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$122,045	\$114,764	(\$7,281)
Special Revenue	45,315	80,505	35,190
Total	\$167,360	\$195,269	\$27,909

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$185,750	\$142,401	\$43,349
Special Revenue	66,674	47,568	19,106
Total	\$252,424	\$189,969	\$62,455

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$92,633	\$126,238	\$33,605
Special Revenue	74,487	82,578	8,091
Total	\$167,120	\$208,816	\$41,696

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$97,872	\$105,890	(\$8,018)
Special Revenue	122,224	108,705	13,519
Total	\$220,096	\$214,595	\$5,501

The Township's budgetary expenditures exceeded the appropriation authority by \$8,018 in the General Fund for the year ended December 31, 1999, contrary to Ohio law.

**UNION TOWNSHIP  
BROWN COUNTY**

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

**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.

**5. RETIREMENT SYSTEMS**

The Township's officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS are cost-sharing, multiple-employer plans. 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. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries in 1999 and an amount equal to 10.84% in 2000. The Township has paid all contributions required through December 31, 2000.

**6. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles

The Township has obtained officials' bonds through The Personal Service Insurance Company.

**7. COMPLIANCE**

Contrary to Ohio law, the Township paid for maintenance and repair of Township roads in amounts which exceeded \$ 15,000 without competitive bidding.

**8. RELATED PARTY TRANSACTIONS**

The Township paid two Township Trustees \$815 during 1999 and 2000 for vehicle usage, building usage and hauling services.



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

Union Township  
Brown County  
5300 Schwallie Road  
Ripley, Ohio 45167

To the Board of Trustees:

We have audited the accompanying financial statements of Union Township, Brown County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated April 27, 2001. 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in accompanying schedule of findings as items 2000-40408-001 through 2000-40408-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated April 27, 2001.

**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 April 27, 2001.

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

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

**Jim Petro**  
Auditor of State

April 27, 2001

**UNION TOWNSHIP  
BROWN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2000-40408-001**

**Material Noncompliance**

Ohio Rev. Code, Section 5705.41(B), prohibits a subdivision from making an expenditure unless it has been properly appropriated. The Township's expenditures exceeded appropriations at December 31, 1999, in the following fund:

	<b>Appropriations</b>	<b>Expenditures</b>	<b>Variance</b>
<b>General Fund</b>	\$ 97,872	\$ 105,890	(\$ 8,018)

The Township Clerk obtained an amended certificate for unexpected estate tax and then failed to seek approval of the Board of Trustees to appropriate it before incurring expenditures.

**FINDING NUMBER 2000-40408-002**

**Material Noncompliance**

Ohio Rev. Code, Section 5575.01, requires that in the maintenance and repair of roads when the board of trustees proceeds by contract the contract shall, if the amount involved exceeds fifteen thousand dollars, be let by the board to the lowest responsible bidder after advertisement for bids. The Township did not bid road improvement and repair projects for 2000 which were subject to competitive bidding procedures. The Township made road improvement and repair expenditures of \$78,610 from the General Fund and \$13,556 from the Gasoline Tax Fund, which is respectively 55.6% and 28.5% of total fund expenditures.

**FINDING NUMBER 2000-40408-003**

**Finding For Recovery Repaid While Under Audit**

Taxes collected in 2000 by Brown County Treasurer for the razing of an abandoned house in the Village of Ripley were improperly distributed by the Brown County Auditor to Union Township. The Township Clerk receipted the distribution of \$447.62 into the Township's General Fund.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code, Section 117.28, a Finding for Recovery is hereby issued against Union Township, Brown County's, General Fund in the amount of four-hundred forty-seven dollars and sixty-two cents (\$447.62) in favor of the Village of Ripley, Brown County.

This finding was repaid during the audit. Union Township issued a check to Brown County for the full amount. Brown County corrected their records and issued a county warrant to Village of Ripley.







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OFFICE OF THE AUDITOR

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**UNION TOWNSHIP**

**BROWN 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  
MAY 17, 2001**