

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	2
GENERAL PURPOSE FINANCIAL STATEMENTS	
Combined Balance Sheet - All Fund Types and Account Groups	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance – All Governmental Fund and Expendable Trust Fund Types	5
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget to Actual - General Fund	
Notes to Financial Statements	7

Houston Walker & Associates

CERTIFIED PUBLIC ACCOUNTANTS

JAMES A. GRAY
KATHY B. HOUSTON
BRIAN R. WALKER

INDEPENDENT AUDITORS' REPORT

Board of Supervisors
Township of Union
Finleyville, Pennsylvania

We have audited the accompanying general-purpose financial statements of the *Township of Union*, Finleyville, Pennsylvania, as of December 31, 2003, and for the year then ended. These general purpose financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

Except as discussed in the following paragraphs, we conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose 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.

Because we were not engaged as auditors until after December 31, 2003, we have not satisfied ourselves by means of other auditing procedures about the fund balances for the Township at December 31, 2002. Also, in accordance with the terms of our engagement, we have not applied audit procedures necessary to satisfy ourselves about the classifications and amounts comprising the combined balance sheet and December 31, 2002. The amount of the Township's fund balances at December 31, 2002, and other significant aspects of the combined balance sheet at that date, including classifications and amounts, materially affects the determination of the results of operations for the year ended December 31, 2003.

Because of the matter discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the results of operations for the year ended December 31, 2003, or on the consistency of application of accounting principles with the preceding year.

The general purpose financial statements referred to above do not include the General Fixed Asset Account Group, which should be included in order to conform with generally accepted accounting principles.

In our opinion, except for the effects of not properly accounting for fixed assets, the combined balance sheet presents fairly, in all material respects, the financial position of the Township of Union, as of December 31, 2003, in conformity with generally accepted accounting principles.

Houston Walker & Associates

September 24, 2004

TOWNSHIP OF UNION

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

DECEMBER 31, 2003

	GOVERNMENT FUND TYPES			EXPANDABLE TRUST	ACCOUNT GROUPS		Totals (memo only)
	General Fund	Special Revenue Funds	Capital Reserve Fund	Pension Trust Fund	General Fixed Assets	General Long Term Debt	
Assets							
CURRENT ASSETS							
Cash	30,200	7,585	-	-	-	-	37,785
Investment – at market	35,438	-	55,410	1,415,553	-	-	1,506,401
	<u>65,638</u>	<u>7,585</u>	<u>55,410</u>	<u>1,415,553</u>	-	-	<u>1,544,186</u>
GENERAL FIXED ASSETS							
Land	-	-	-	-	-	-	-
Machinery, equipment and fixtures	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-
AMOUNT TO BE PROVIDED FOR RETIREMENT TO LONG TERM DEBT							
	-	-	-	-	-	165,942	165,942
	<u>65,638</u>	<u>7,585</u>	<u>55,410</u>	<u>1,415,553</u>	-	<u>165,942</u>	<u>1,710,128</u>
LIABILITIES, EQUITY AND OTHER CREDITS							
LIABILITIES							
Accounts payable	42,421	-	-	-	-	-	42,421
Payroll taxes payable	1,338	-	-	-	-	-	1,338
Security deposits	2,401	-	-	-	-	-	2,401
PennVest note payable	-	-	-	-	-	165,942	165,942
	<u>46,160</u>	-	-	-	-	<u>165,942</u>	<u>212,102</u>
EQUITY AND OTHER CREDITS							
Investment in general fixed assets							
Fund balances:							
Reserved for highways	-	4,272	-	-	-	-	4,272
Reserved for street lighting	-	3,313	-	-	-	-	3,313
Reserved for capital reserve	-	-	55,410	-	-	-	55,410
Reserved for police pension	-	-	-	1,415,553	-	-	1,415,553
Unreserved and undesignated	19,478	-	-	-	-	-	19,478
TOTAL FUND EQUITY AND OTHER CREDITS	19,478	19,478	55,410	1,415,553	-	-	1,498,026
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	<u>65,638</u>	<u>19,478</u>	<u>55,410</u>	<u>1,415,553</u>	-	<u>165,942</u>	<u>1,710,128</u>

TOWNSHIP OF UNION
COMBINED STATEMENT OF REVENUES, EXPEDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNEMENTAL FUND AND EXPENDABLE TRUST FUND TYPES
 DECEMBER 31, 2003

	GOVERNMENT FUND TYPES			EXPANDABLE TRUST	Totals (memo only)
	General Fund	Special Revenue Funds	Capital Reserve Fund	Pension Trust Fund	
REVENUES AND OTHER FINANCING SOURCES					
Revenues					
Taxes					
Earned Income	437,253	-	-	-	437,253
Real Estate	286,285	-	-	-	286,285
Real Estate Transfer	34,992	-	-	-	34,992
Per Capita	14,849	-	-	-	14,849
Occupation privilege	8,465	-	-	-	8,465
	781,844	-	-	-	781,844
Department Earnings	295,684	8,975	-	-	304,659
Fines and forfeits	42,092	-	-	-	42,092
Intergovernmental revenues	33,569	119,519	-	-	153,088
Licenses and permits	13,704	-	-	-	13,704
Miscellaneous	7,017	-	-	-	7,017
Interest and rents	4,186	-	-	15,699	19,885
Other Funding Sources					
Interfund transfers	115,247	-	-	-	115,247
Proceeds from extended term financing	30,300	-	-	-	30,300
Unrealized gains on investments	-	-	-	216,311	216,311
	145,547	-	-	216,311	361,858
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>1,323,643</u>	-	-	<u>216,311</u>	<u>361,858</u>
Expenditures and Other Financing Uses					
Protection to persons and property	646,508	-	-	-	646,508
General Government	318,262	11,855	-	-	318,262
Highways	380,180	-	-	-	380,180
Employee benefits, insurance, and miscellaneous	107,457	-	-	11,855	145,475
Zoning and planning	29,207	-	-	-	29,207
	1,481,614	11,855	-	11,855	1,531,487
Other Financing Uses					
Interfund transfers	-	115,247	-	-	115,247
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>1,481,614</u>	<u>127,102</u>	-	<u>38,018</u>	<u>1,646,734</u>
RENEUVES OVER (UNDER) EXPENDITURES	(157,971)	1,392	-	193,992	37,413
FUND BALANCE – January 1, 2003	177,449	6,193	55,410	1,221,561	1,460,613
FUND BALANCE – December 31, 2003	19,478	7,585	55,410	1,415,553	1,498,026

TOWNSHIP OF UNION
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

BUDGET TO ACTUAL - GENERAL FUND

YEAR ENDED DECEMBER 31, 2003

Revenues and Other Financing Sources	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes			
Earned income	410,000	437,253	27,253
Real Estate	303,000	286,285	(16,715)
Real Estate transfer	35,000	34,992	(8)
Per Capita	16,000	14,849	(1,151)
Occupation Privilege	6,500	8,465	1,965
	770,500	781,844	11,344
Departmental Earnings	256,300	295,684	39,384
Fines and Forfeits	45,000	42,092	(2,908)
Intergovernmental revenues	22,000	33,569	11,569
License and permits	25,050	13,704	(11,346)
Miscellaneous	12,000	7,017	(4,983)
Interest and rents	4,000	4,186	186
	1,134,850	1,178,096	43,246
Other Financing Sources			
Interfund transfers	118,000	115,247	(2,753)
Proceeds from extended term financing	-	30,300	30,300
TOTAL REVENUE AND OTHER FINANCING SOURCES	1,252,850	1,323,643	70,793
EXPENDITURES AND OTHER FINACING USES			
Protection to persons and property	583,250	646,508	(63,258)
General government	215,200	318,262	(101,062)
Highway	373,000	380,180	(7,180)
Employee benefits, insurance, and miscellaneous	134,900	107,457	27,443
Zoning and planning	25,500	29,207	(3,707)
	1,331,850	1,481,614	(149,764)
Other Financing Uses			
Interfund transfers	0	0	0
TOTAL EXPENDITURES AND OTHER FINACING USES	1,331,850	1,481,614	(149,764)
Revenues Under Expenditures	(79,000)	(157,971)	(78,971)
FUND BALANCE – Beginning		177,449	
FUND BALANCE - Ending		19,478	

TOWNSHIP OF UNION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

REPORTING ENTITY - The Township of Union is located in Washington County, Pennsylvania, and is organized within the laws of the Commonwealth of Pennsylvania. It is governed by an elected Board of Supervisors, and has the power of taxation and the ability to incur long-term liability. As such it is an independent governmental unit.

The governmental reporting entity consists of the Township and its component units. Component units are legally separate organizations for which the Board is financially accountable or other organizations whose nature and significant relationship with the Township are such that exclusion would cause the Township's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the Township's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the Township. No such entities were identified to exist. Thus, the reporting entity has been defined as only the funds administered directly by the Township.

FUND ACCOUNTING - The accounts of the Township are organized on the basis of fund and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into four broad fund categories and two account groups as follows:

The Township reports the following governmental funds:

- *General Fund* — The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.
- *Special Revenue Funds* — The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The special revenue funds maintained by the Township include the Liquid Fuels Fund and the Street Lighting Fund.

TOWNSHIP OF UNION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES – *continued*

- *Capital Reserve Fund* — The Capital Reserve Fund accounts for proceeds specified for future capital projects. The major source of revenues for this fund is derived from transfers from the General Fund.
- *Debt Service Funds* — In a prior year, at the advice of the Township’s Solicitor, the Township transferred resources accumulated to provide for payment of an old loan to the General Fund. At December 31, 2003, there were no balances in this fund.

The Township reports the following fiduciary funds:

- *Expendable Trust Fund* — The Township maintains one trust fund, an expendable trust fund. This fund was established to account for revenues and pension expenditures to the Township’s police pension fund. Expendable trust funds are accounted for in essentially the same manner as governmental funds.

BASIS OF ACCOUNTING - Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds and expendable trust funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts and sales taxes are considered “measurable” when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid vacation, sick pay and other employee amounts which are not accrued; and (2) principal and interest on general long-term debt which is recognized ‘when due.

The columns labeled “Memo Only” are presented only to facilitate financial analysis. It is not intended to present information in accordance with generally accepted accounting principles, as interfund eliminations and other adjustments have not been made.

TOWNSHIP OF UNION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES – *continued*

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

FIXED ASSETS AND LONG-TERM LIABILITIES - The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All Governmental Funds and Expendable Trust Funds are accounted for on a spending or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on the balance sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources”. Governmental fund operation statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds.

The Township of Union has not presented a General Fixed Asset Account Group. This is not in accordance with generally accepted accounting principles.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The two account groups are not “funds”. They are concerned only with the measurement of financial position. They are not involved with measurement of result of operations.

BUDGETS AND BUDGETARY ACCOUNTING - The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to December 1, the budget is legally enacted through passage of a resolution.
- Formal budgetary integration is employed as a management control device during the year for the General Fund.

TOWNSHIP OF UNION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES – *continued*

- Budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles.
- The original budget was adopted on December 17, 2002. The Township is not permitted to amend the budget during the year to change the original appropriation. The control level at which the budget must report is function and object.
- In accordance with Pennsylvania Township Law, the General Fund is the only fund legally required to have a budget.
- At December 31st of each year, appropriations lapse and may not be carried forward.
- Encumbrances are utilized to the extent necessary for the Township to maintain proper control over the budget. Open encumbrances at year-end lapse and are reappropriated in the next year's budget.

CASH AND INVESTMENTS — The Township is permitted to invest funds consistent with sound business practices in the following types of investments and deposit accounts:

Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth of Pennsylvania, or (c) of any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

Act 20 of Pennsylvania law, enacted in June of 1995, expands the allowable investment vehicles to include certain money market mutual funds rated as "AAA" whose investments are limited to those mentioned in the previous paragraph.

Deposits in savings accounts, time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository.

Investments are stated at market.

TOWNSHIP OF UNION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 2- DEPOSITS

At year-end, the carrying amount of the Township's cash deposits was \$37,785 and the bank balance was \$79,749. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. Of the bank balance, \$78,634 was covered by federal depository insurance and \$1,115 was secured by pooled collateral held by the trust in the Township's name.

NOTE 3 - INVESTMENTS

The Townships investments are categorized below to give an indication of the level of custodial credit risk assumed by the Township as of December 31, 2003. Category (1) includes investments that are insured or registered, or held by the Township or its agent in the Township's name. Category (2) includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Township's name. Category (3) includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the Township's name. The Township does not have any category 3 investments at December 31, 2003.

The Township's investments at December 31, 2003 consist of

	Category 1	Category 2	Fair Value
PNC Bank Trustee for Police Pension Fund			
Interest Bearing Cash — Money Market		1,544	1,544
Bond Funds		142,338	142,338
US Treasury Notes		884,407	884,407
Stock Funds		387,265	387,265
Certificate of Deposits	90,847		90,847
	90,847	1,415,554	1,506,401

NOTE 4- CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets has not been presented, as the Township does not account for their Fixed Asset Account Group. This is not in accordance with generally accepted accounting principles.

TOWNSHIP OF UNION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 5-PROPERTY TAXES

The Township bills and collects its own property taxes through locally elected tax collectors. Taxes are levied on March 15 and are payable in one installment. Taxes may be paid at a 2% discount until May 15, at a face until July 15, and at a 10% penalty until the second Monday in January of the following year, at that time, an enforceable lien is attached to the property, and the County becomes responsible for their collections.

NOTE 6- CHANGES IN LONG-TERM DEBT

The following is a summary of note transactions of the Township for the year ended December 31, 2003:

	PennVest Note Payable	Municipal Lease Agreement	Police Auto Lease Agreement	Total
Balance — January 1, 2003	93,800	43,160	13,624	150,584
Additions	30,300	-	19,300	49,600
Retirements	-	(20,835)	(13,407)	(34,242)
Balance — December 31, 2003	124,100	22,325	19,517	165,942

The PennVest note payable is a design and engineering loan that was issued for the Elrama Sewerage Project. The note is an interest only loan that bears interest at a rate of 1%, and the entire principal and unpaid interest is due September 1, 2006.

On July 26, 2001, the Township entered into a lease-purchase agreement with Ford Motor Credit Company to purchase two 2001 Ford F450 trucks for \$86,526. The agreement was for a term of four years at an interest rate of 7.15%. Principal and interest payments of \$23,921 are due annually.

On April 9, 2002, the Township entered into a lease-purchase agreement with Ford Motor Credit Company to purchase a 2001 Ford Crown Victoria Police Sedan for \$21,033. The agreement was for a term of three years at an interest rate of 7.05%. Principal and interest payments of \$7,541 are due annually. On May 9, 2003, the Township entered into a lease-purchase agreement with Ford Motor Credit Company to purchase another 2001 Ford Crown Victoria Police Sedan for \$19,300. The agreement was for a term of three years at an interest rate of 6.25%. Principal and interest payments of \$6,827 are due annually.

TOWNSHIP OF UNION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 6- CHANGES IN LONG-TERM DEBT – *continued*

The amount necessary to satisfy all outstanding obligations as of December 31, 2003 is as follows:

Year ended December 31, 2004	\$ 35,416
2005	6,426
2006	<u>124,100</u>
	<u>165,942</u>

NOTE 7-OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosure, as part of the Combined Statements — Overview, of certain information concerning individual funds as follows:

- Summary disclosures of changes in general long-term debt. This requirement is met by Note 4.
- Excesses of expenditures over appropriations in individual funds. The Township's expenditures did exceed budgeted appropriations in the General Fund by \$78,971.
- Deficit fund balances of individual funds. No funds had a deficit fund balance as of December 31, 2003.

NOTE 8-PENSION PLANS

POLICE PLAN DESCRIPTION: Union Township's Police Pension Plan (UTPPP) is a single-employer defined benefit pension plan administered by the Union Township Board of Supervisors. UTPPP provides retirement, disability, and death benefits to plan members and beneficiaries. Cost of living adjustments are provided at the discretion of the Union Township Board of Supervisors. The plan was established under authority of the Board of Supervisors of Union Township and is subject to funding and reporting requirements of Commonwealth Act 205 of 1984 and Act 600. The plan actuary issues a separate financial report. That report may be obtained by calling the Township.

TOWNSHIP OF UNION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 8-PENSION PLANS – *continued*

FUNDING POLICY: The contribution requirements of plan members and the Township are established and may be amended by the Township Board of Supervisors of Union Township. During 2002, the Plan's actuary reviewed the financial requirements to determine whether employee contributions may be eliminated for 2003. Based on the January 1, 2001 Actuarial Valuation, the Plan's assets exceeded the actuarial present value of benefits. Therefore, the Plan was fully funded and no contributions to the plan are required. The Township is required to contribute an annual contribution that is based upon the Minimum Municipal Obligation (MMO). The MMO, which is based upon the plan's biennial actuarial valuation (annual valuation for distressed plans), includes the normal cost, estimated administrative expenses and an amortization contribution of the unfunded actuarial accrued liability, less estimated member contributions, and a credit equal to 10% of the excess (if any) of the actuarial value of assets over the actuarial accrued liability. The Commonwealth of Pennsylvania provides an allocation of funds that must be used for police pension funding. Any excess of this funding may be used to fund other plans of the Township. Any financial requirement established by the MMO, that exceeds state and member contributions, must be funded by the Township. In accordance with Section 302(B)(1) of Act 205, because there is no MMO and the actuarial value of assets exceeds the actuarial accrued liability employee and employer contributions have been suspended.

Total Township Payroll for 2003	\$ 689,797
Total Covered Payroll for 2003	\$ 447,289
Total Employees covered for 2003	<u>5</u>

ROAD WORKERS DESCRIPTION - The Township Road workers are employed under the collective bargaining unit of the Teamsters Local No. 205 Road workers. The Contract includes a provision for the Township's contribution to the Western Pennsylvania Teamsters and Employers Pension Fund of \$65 per week per full time employee. The weekly contribution is increased each year as stated in the contract. The employer contributed \$16,990 to the plan in 2003.

NOTE 9- COMMITMENTS

The Township received a loan commitment from Community Bank in the amount of \$200,000. The loan was in the form of a Tax and Revenue Anticipation Note, Series of 2004. The total amount borrowed, including interest charged at a rate of 4.89%, is due on December 31, 2004. As of the date of our report, no monies were borrowed on this loan.

TOWNSHIP OF UNION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 10- CONTINGENT LIABILITIES

Union Township participates in grant programs sponsored by other governments. The programs are subject to program compliance audits by the grantor agencies or their representatives. The audits of some of these programs for and including the year ended December 31, 2003 have not yet been conducted. Accordingly, the Township's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures, which may be disallowed by the granting agencies, cannot be determined at this time although the Township expects such amounts to be immaterial

NOTE 11- RISK MANAGEMENT AND LITIGATION

The Township is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township manages most risk through the general fund with the purchase of commercial insurance coverage.

The Township estimates that the amount of actual or potential claims against the Township as of December 31, 2003 will not materially affect the financial condition of the Township and will be covered under the present insurance coverage.