



**SUNSBURY TOWNSHIP
MONROE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**SUNSBURY TOWNSHIP
TABLE OF CONTENTS**

TITLE	PAGE
Report of Independent Accountants	1
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, 1999	3
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, 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
Schedule of Findings	13

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701

Telephone 740-594-3300
800-441-1389

Facsimile 740-594-2110

REPORT OF INDEPENDENT ACCOUNTANTS

Sunsbury Township
Monroe County
51612 SR 145
Beallsville, Ohio 43716

To the Board of Trustees:

We have audited the accompanying financial statements of Sunsbury Township, Monroe County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 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 and reserves for encumbrances of Sunsbury Township, Monroe County, as of December 31, 1999 and 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 May 12, 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 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

May 12, 2000

SUNSBURY TOWNSHIP
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, 1999

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Fiduciary Funds</u>	
Cash Receipts:					
Local Taxes	\$8,634	\$12,850		\$	\$21,484
Intergovernmental	17,536	68,338	\$4,800		90,674
Earnings on Investments	195	322		27	544
Other Revenue	21	274			295
Total Cash Receipts	<u>26,386</u>	<u>81,784</u>	<u>4,800</u>	<u>27</u>	<u>112,997</u>
Cash Disbursements:					
Current:					
General Government	17,708				17,708
Public Safety	1,180				1,180
Health	5,673				5,673
Transportation	574	103,762			104,336
Debt Service:					
Redemption of Principal			3,575		3,575
Interest and Fiscal Charges			646		646
Capital Outlay	414				414
Total Cash Disbursements	<u>25,549</u>	<u>103,762</u>	<u>4,221</u>	<u>0</u>	<u>133,532</u>
Total Receipts Over/(Under) Disbursements	<u>837</u>	<u>(21,978)</u>	<u>579</u>	<u>27</u>	<u>(20,535)</u>
Other Financing Receipts/(Disbursements):					
Transfers-In		8,956			8,956
Transfers-Out		(8,956)			(8,956)
Other Sources		12,000			12,000
Total Other Financing Receipts/(Disbursements)	<u>0</u>	<u>12,000</u>	<u>0</u>	<u>0</u>	<u>12,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>837</u>	<u>(9,978)</u>	<u>579</u>	<u>27</u>	<u>(8,535)</u>
Fund Cash Balances, January 1	<u>4,877</u>	<u>14,034</u>		<u>1,041</u>	<u>19,952</u>
Fund Cash Balances, December 31	<u><u>\$5,714</u></u>	<u><u>\$4,056</u></u>	<u><u>\$579</u></u>	<u><u>\$1,068</u></u>	<u><u>\$11,417</u></u>
Reserve for Encumbrances, December 31	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

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

SUNSBURY TOWNSHIP
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, 1998

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Fiduciary Funds</u>	
Cash Receipts:					
Local Taxes	\$8,198	\$12,550		\$	\$20,748
Intergovernmental	11,022	85,386	\$3,600		100,008
Earnings on Investments	230	347		31	608
Other Revenue	1,000	1,625			2,625
	<u>20,450</u>	<u>99,908</u>	<u>3,600</u>	<u>31</u>	<u>123,989</u>
Total Cash Receipts					
	<u>20,450</u>	<u>99,908</u>	<u>3,600</u>	<u>31</u>	<u>123,989</u>
Cash Disbursements:					
Current:					
General Government	12,581				12,581
Public Safety	1,130				1,130
Health	5,706				5,706
Transportation	669	123,566			124,235
Debt Service:					
Redemption of Principal			3,567		3,567
Interest and Fiscal Charges			33		33
Capital Outlay	234	4,000			4,234
	<u>20,320</u>	<u>127,566</u>	<u>3,600</u>	<u>0</u>	<u>151,486</u>
Total Cash Disbursements					
	<u>20,320</u>	<u>127,566</u>	<u>3,600</u>	<u>0</u>	<u>151,486</u>
Total Receipts Over/(Under) Disbursements	130	(27,658)	0	31	(27,497)
Other Financing Receipts/(Disbursements):					
Proceeds from Sale of Public Debt:					
Sale of Notes		15,000			15,000
Transfers-In		7,334			7,334
Transfers-Out		(7,334)			(7,334)
Other Sources		18,455			18,455
	<u>0</u>	<u>33,455</u>	<u>0</u>	<u>0</u>	<u>33,455</u>
Total Other Financing Receipts/(Disbursements)					
	<u>0</u>	<u>33,455</u>	<u>0</u>	<u>0</u>	<u>33,455</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	130	5,797	0	31	5,958
Fund Cash Balances, January 1	4,747	8,237		1,010	13,994
	<u>4,747</u>	<u>8,237</u>		<u>1,010</u>	<u>13,994</u>
Fund Cash Balances, December 31	<u>\$4,877</u>	<u>\$14,034</u>	<u>\$0</u>	<u>\$1,041</u>	<u>\$19,952</u>
Reserve for Encumbrances, December 31	<u>\$89</u>	<u>\$1,973</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,062</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Sunbury Township, Monroe 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 Beallsville Volunteer Fire Department to provide fire services and emergency medical 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 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.

3. 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 gasoline tax money to pay principal and interest on the outstanding note debt.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

4. Fiduciary Funds

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant Fiduciary Fund:

Cemetery Nonexpandable Trust Fund - This fund was established to account for a bequest of the Township. This fund receives interest revenue to be used for the specified purposes of the trust.

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. 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 did not encumber all commitments required by Ohio law.

A summary of 1999 and 1998 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.

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:

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

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

	<u>1999</u>	<u>1998</u>
Demand deposits	<u>\$11,417</u>	<u>\$19,952</u>
Total deposits	<u><u>\$11,417</u></u>	<u><u>\$19,952</u></u>

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

3. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$27,754	\$26,386	(\$1,368)
Special Revenue	84,428	102,740	18,312
Debt Service	4,800	4,800	0
Fiduciary	32	27	(5)
Total	<u><u>\$117,014</u></u>	<u><u>\$133,953</u></u>	<u><u>\$16,939</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$27,898	\$25,549	\$2,349
Special Revenue	82,146	112,718	(30,572)
Debt Service	4,800	4,221	579
Fiduciary	0	0	0
Total	<u><u>\$114,844</u></u>	<u><u>\$142,488</u></u>	<u><u>(\$27,644)</u></u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$21,394	\$20,450	(\$944)
Special Revenue	131,655	140,697	9,042
Debt Service	3,600	3,600	0
Fiduciary	31	31	0
Total	<u><u>\$156,680</u></u>	<u><u>\$164,778</u></u>	<u><u>\$8,098</u></u>

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

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$22,536	\$20,409	\$2,127
Special Revenue	77,804	136,873	(59,069)
Debt Service	3,600	3,600	0
Fiduciary	0	0	0
Total	\$103,940	\$160,882	(\$56,942)

During both 1999 and 1998 the Township had expenditures which exceeded appropriations in the following Special Revenue Funds: Motor Vehicle License Tax, FEMA, and Gasoline Tax Funds contrary to Ohio Rev. Code Section 5705.41 (B). Also during 1999 and 1998 the Township did not properly obtain the Clerk's prior certification for expenditures contrary to Ohio Rev. Code Section 5705.41 (D).

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. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Promissory Note	\$8,758	4.9%

The promissory note was issued to finance the purchase of a truck to be used for Township road maintenance. The note is secured by the truck.

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

5. DEBT (Continued)

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

<u>Year ending December 31:</u>	<u>Promissory Note</u>
2000	\$4,221
2001	4,221
2002	<u>1,038</u>
Total	<u><u>\$9,480</u></u>

6. RETIREMENT SYSTEMS

The Township's employees and officials 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. For 1999 and 1998, members of PERS 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.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and Omissions

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701

Telephone 740-594-3300
800-441-1389

Facsimile 740-594-2110

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

Sunbury Township
Monroe County
51612 SR 145
Beallsville, Ohio 43716

To the Board of Trustees:

We have audited the accompanying financial statements of Sunbury Township, Monroe County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated May 12, 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 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 1999-41056-001 and 1999-41056-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 12, 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 May 12, 2000.

Sunbury Township
Monroe 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", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

May 12, 2000

**SUNSBURY TOWNSHIP
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 1999-41056-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D)(1) 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 for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by statute:

- A. Then and Now Certificate - This exception provides that, if the fiscal officer can certify that both at the time the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any 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.

Amounts of less than \$100 for counties, or less than \$1,000 for other political subdivisions, 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.

Sixty-six percent of transactions we tested in 1999 and sixty-two percent of the transactions we tested in 1998 did not include prior certification of the Clerk, nor was there evidence of a "Then and Now" certificate being used by the Clerk

We recommend that the Clerk certify the availability of funds prior to the cash expenditure, and to encumber the entire amount of the invoice at the time the purchase order is approved.

FINDING NUMBER 1999-41056-002

Noncompliance Citation

Ohio Revised Code Section 5705.41(B) requires no subdivision or taxing authority to expend money unless it has been appropriated.

The following funds had expenditures which exceeded appropriations:

1999	
Special Revenue Fund Type:	
Motor Vehicle License Fund	\$161
Gasoline Tax Fund	21,822
FEMA Fund (2902)	858

1998	
Special Revenue Fund Type:	
Gasoline Tax Fund	\$ 7,754
FEMA Fund (2901)	10,197
FEMA Fund (2902)	41,344

**SUNSBURY TOWNSHIP
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
--

**FINDING NUMBER 1999-41056-002
(Continued)**

Noncompliance Citation (Continued)

Township management should monitor available appropriations, and deny payments that exceed appropriations. If available resources exist to make the payment, management should request the Board of Trustees to consider amending appropriations.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

SUNSBURY TOWNSHIP

MONROE 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
AUGUST 10, 2000**