



**SULLIVAN TOWNSHIP
ASHLAND COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2006-2005



Mary Taylor, CPA
Auditor of State

**SULLIVAN TOWNSHIP
ASHLAND COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets – Cash Basis December 31, 2006.....	9
Statement of Activities – Cash Basis For the Year Ended December 31, 2006.....	10
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances Governmental Funds Ended December 31, 2006.....	11
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances Governmental Funds For the Year Ended December 31, 2006.....	12
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis General Fund For the Year Ended December 31, 2006.....	13
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis Gasoline Tax Fund For the Year Ended December 31, 2006.....	14
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis Road and Bridge Fund For the Year Ended December 31, 2006.....	15
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis Ambulance and Emergency Medical Services Fund For the Year Ended December 31, 2006.....	16
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets – Cash Basis December 31, 2005.....	17
Statement of Activities – Cash Basis For the Year Ended December 31, 2005.....	18

TABLE OF CONTENTS (Continued)

TITLE	PAGE
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances Governmental Funds Ended December 31, 2005	19
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances Governmental Funds For the Year Ended December 31, 2005	20
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis General Fund For the Year Ended December 31, 2005	21
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis Gasoline Tax Fund For the Year Ended December 31, 2005	22
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis Road and Bridge Fund For the Year Ended December 31, 2005	23
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis Ambulance and Emergency Medical Services Fund For the Year Ended December 31, 2005	24
Notes to the Financial Statements	25
Independent Accountants’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	37
Schedule of Findings.....	39
Schedule of Prior Audit Findings.....	41



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Sullivan Township
Ashland County
P.O. Box 9
Sullivan, Ohio 44880

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sullivan Township, Ashland County, Ohio, (the Township) as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Township's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11 (B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Sullivan Township, Ashland County, Ohio, as of December 31, 2006 and 2005, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund, Gasoline Tax Fund, Road and Bridge Fund, and Ambulance and Emergency Medical Services Fund thereof for the years then ended in conformity with the basis of accounting Note 1 describes.

For the years ended December 31, 2006 and 2005, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2007 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

May 31, 2007

Sullivan Township, Ashland County
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

This discussion and analysis of Sullivan Township's financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2006 and 2005, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2006 are as follows:

Net assets of governmental activities increased \$112,934, or 45 percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the Ambulance and Emergency Medical Services Fund.

The Township's general receipts are primarily property taxes. These receipts represent 32 percent of all receipts or 60 percent of general receipts of the total cash received for governmental activities during the year.

Key highlights for 2005 are as follows:

Net assets of governmental activities increased \$83,414, or 49 percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the Ambulance Emergency Medical Services Fund.

The Township's general receipts are primarily property taxes. These receipts represent 25 percent of all receipts or 64 percent of general receipts of the total cash received for governmental activities during the year.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

Sullivan Township, Ashland County
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2006 and 2005, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, the governmental activities include the Township's programs and services, including general government services and road and bridge maintenance. State grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are as follows: General Fund, Gasoline Tax Fund, Road and Bridge Fund, Ambulance and Emergency Medical Services Fund, and OPWC Fund.

Sullivan Township, Ashland County
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2006 compared to 2005 on a cash basis:

Since the Township did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data was not presented for 2004. In future years, when prior information is available a comparative analysis will be presented for three years.

(Table 1)

Net Assets

	Governmental Activities	
	2006	2005
Assets		
Cash and Cash Equivalents	\$364,986	\$252,052
Net Assets		
Restricted for:		
Other Purposes	245,048	138,275
Unrestricted	119,938	113,777
Total Net Assets	\$364,986	\$252,052

As mentioned previously, net assets of governmental activities increased \$112,934 or 45 percent during 2006. The primary reason contributing to the increase in cash balances is as follows:

- Findings for recovery from the previous audit were repaid during 2006.

Net assets of governmental activities increased \$83,414 or 49 percent during 2005. The primary reason contributing to the increase in cash balances is as follows:

- Less road work done due to budget constraints.

Table 2 reflects the changes in net assets on a cash basis in 2006 and 2005 for governmental activities.

Since the Township did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data was not presented for 2004. In future years, when prior information is available a comparative analysis will be presented for three years.

Sullivan Township, Ashland County
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

(Table 2)
Changes in Net Assets

	Governmental Activities	
	2006	2005
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$62,734	\$56,432
Operating Grants and Contributions	96,872	85,737
Capital Grants and Contributions	82,553	239,893
Total Program Receipts	242,159	382,062
General Receipts:		
Property and Other Local Taxes	171,259	164,931
Grants and Entitlements Not Restricted to Specific Programs	51,900	69,948
Interest	1,838	991
Rental	13,830	12,060
Miscellaneous	48,697	10,522
Total General Receipts	287,524	258,452
Total Receipts	529,683	640,514
Disbursements:		
General Government	103,536	139,423
Public Safety	41,994	27,755
Public Works	164,995	141,239
Health	11,676	8,707
Other		83
Capital Outlay	82,553	239,893
Principal Retirement	11,995	
Total Disbursements	416,749	557,100
Net Assets, January 1	252,052	168,638
Net Assets, December 31	\$364,986	\$252,052

In 2006 and 2005, program receipts represent 45.7 percent and 59.6 percent of total receipts, respectively, and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, and building permits and inspection fees.

In 2006, general receipts represent 54.3 percent of the Township's total receipts, and of this amount, over 59.6 percent are property taxes. State grants and entitlements make up the balance of the Township's general receipts (40.4 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

In 2005, general receipts represent 40.4 percent of the Township's total receipts, and of this amount, over 63.8 percent are property taxes. State grants and entitlements make up the balance of the Township's general receipts (36.2 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Sullivan Township, Ashland County
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

In 2006 and 2005, disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Government activities. These include the costs of the Fiscal Officer and trustees as well as internal services such as payroll and purchasing.

Disbursements for Public Safety are the costs of providing fire and EMS services to the Township's residents.

Disbursements for Public Works are the costs of constructing, maintaining, and repairing Township roads and bridges.

Disbursements for Capital Outlay are the costs of repairing Township Roads.

Governmental Activities

If you look at the Statement of Activities on pages 10 and 18, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities in 2006 are for Public Works, which account for 40 percent of all governmental disbursements. The major program disbursements for governmental activities in 2005 are for Capital Outlay, which account for 43 percent of all governmental disbursements. General government also represents a significant cost, about 25 percent for 2006 and 2005. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

Since the Township did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data was not presented for 2004. In future years, when prior information is available a comparative analysis will be presented for three years.

(Table 3)

Governmental Activities

	Total Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2006	Net Cost of Services 2005
General Government	\$103,536	\$139,423	(\$83,491)	(\$121,275)
Public Safety	41,994	27,755	(41,994)	(26,755)
Public Works	164,995	141,239	(50,338)	(39,563)
Health	11,676	8,707	13,228	12,638
Other		83	0	(83)
Capital Outlay	82,553	239,893		
Principal Retirement	11,995		(11,995)	
Total	\$416,749	\$557,100	(\$174,590)	(\$175,038)

The dependence upon property tax receipts is apparent as over 41.1 and 29.6 percent of governmental activities are supported through these general receipts for 2006 and 2005, respectively.

Sullivan Township, Ashland County
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

The Township's Funds

In 2006, total governmental funds had receipts and other financing sources of \$529,683 and disbursements of \$416,749. The greatest change within governmental funds occurred within the Ambulance and Emergency Medical Services Fund. The fund balance of the Ambulance and Emergency Medical Services Fund increased \$48,991 as the result of findings from the previous audit being paid in 2006.

In 2005, total governmental funds had receipts and other financing sources of \$640,514 and disbursements and other financing uses of \$557,100. The greatest change within governmental funds occurred within the Ambulance and Emergency Medical Services Fund. The fund balance of the Ambulance and Emergency Medical Services Fund increased \$36,209 as the result of increased collections from EMS runs in 2005.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2006 and 2005, the Township did not amend its General Fund budget to reflect changing circumstances. Actual receipts exceeded budgeted receipts due to not budgeting for all anticipated grants.

In 2006, final disbursements were budgeted at \$216,140 while actual disbursements were \$118,579.

In 2005, final disbursements were budgeted at \$182,542 while actual disbursements were \$146,624.

Debt Administration

At December 31, 2006, the Township's outstanding debt included \$228,005 in OPWC loans issued for improvements to roads. For further information regarding the Township's debt, refer to Note 11 to the basic financial statements.

Current Issues

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Susan Denbow, Fiscal Officer, Sullivan Township, P.O. Box 9, Sullivan, Ohio 44880.

**Sullivan Township
Ashland County**

*Statement of Net Assets - Cash Basis
December 31, 2006*

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$364,986</u>
Net Assets	
Restricted for:	
Other Purposes	245,048
Unrestricted	<u>119,938</u>
<i>Total Net Assets</i>	<u>\$364,986</u>

See accompanying notes to the basic financial statements

Sullivan Township
Ashland County

Statement of Activities - Cash Basis
For the Year Ended December 31, 2006

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$103,536	\$20,045			(\$83,491)
Public Safety	41,994				(41,994)
Public Works	164,995	17,785	\$96,872		(50,338)
Health	11,676	24,904			13,228
Capital Outlay	82,553			\$82,553	
Debt Service:					
Principal Retirement	11,995				(11,995)
Total Governmental Activities	<u>416,749</u>	<u>62,734</u>	<u>96,872</u>	<u>82,553</u>	<u>(174,590)</u>
		General Receipts			
		Property Taxes Levied for:			
		General Purposes			50,976
		Road and Bridge			78,161
		Fire District			15,608
		Ambulance and Emergency Medical Services			26,514
		Grants and Entitlements not Restricted to Specific Programs			51,900
		Interest			1,838
		Rental			13,830
		Miscellaneous			48,697
		Total General Receipts			287,524
		Change in Net Assets			112,934
		<i>Net Assets Beginning of Year</i>			<u>252,052</u>
		<i>Net Assets End of Year</i>			<u><u>\$364,986</u></u>

See accompanying notes to the basic financial statements

**Sullivan Township
Ashland County**

*Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006*

	General	Gasoline Tax	Road and Bridge	Ambulance and Emergency Medical Services	OPWC	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	<u>\$119,938</u>	<u>\$52,833</u>	<u>\$27,579</u>	<u>\$94,010</u>	<u>\$0</u>	<u>\$70,626</u>	<u>\$364,986</u>
Fund Balances							
Reserved:							
Reserved for Encumbrances	\$4,418	\$1,066	\$476	\$1,200		\$7,254	\$14,414
Unreserved:							
Undesignated, Reported in:							
General Fund	115,520						115,520
Special Revenue Funds		51,767	27,103	92,810		63,372	235,052
Total Fund Balances	<u>\$119,938</u>	<u>\$52,833</u>	<u>\$27,579</u>	<u>\$94,010</u>	<u>\$0</u>	<u>\$70,626</u>	<u>\$364,986</u>

See accompanying notes to the basic financial statements

**Sullivan Township
Ashland County**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006*

	General	Gasoline Tax	Road and Bridge	Ambulance and Emergency Medical Services	OPWC	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$50,976		\$78,161	\$26,514		\$33,394	\$189,045
Charges for Services				16,204			16,204
Licenses, Permits and Fees	20,045					5,550	25,595
Intergovernmental	36,164	\$85,545	10,182	3,442	\$82,553	13,438	231,324
Interest	956	658				224	1,838
Other	16,044			29,195		20,301	65,540
<i>Total Receipts</i>	<u>124,185</u>	<u>86,203</u>	<u>88,343</u>	<u>75,355</u>	<u>82,553</u>	<u>72,907</u>	<u>529,546</u>
Disbursements							
Current:							
General Government	100,816		1,766	600		354	103,536
Public Safety				25,764		16,230	41,994
Public Works		61,444	87,431			16,120	164,995
Health	1,350					10,326	11,676
Capital Outlay					82,553		82,553
Debt Service:							
Principal Retirement	11,995						11,995
<i>Total Disbursements</i>	<u>114,161</u>	<u>61,444</u>	<u>89,197</u>	<u>26,364</u>	<u>82,553</u>	<u>43,030</u>	<u>416,749</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>10,024</u>	<u>24,759</u>	<u>(854)</u>	<u>48,991</u>	<u>0</u>	<u>29,877</u>	<u>112,797</u>
Other Financing Sources (Uses)							
Transfers In						4,000	4,000
Transfers Out	(4,000)						(4,000)
Other Financing Sources	137						137
<i>Total Other Financing Sources (Uses)</i>	<u>(3,863)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,000</u>	<u>137</u>
<i>Net Change in Fund Balances</i>	<u>6,161</u>	<u>24,759</u>	<u>(854)</u>	<u>48,991</u>	<u>0</u>	<u>33,877</u>	<u>112,934</u>
<i>Fund Balances Beginning of Year</i>	<u>113,777</u>	<u>28,074</u>	<u>28,433</u>	<u>45,019</u>	<u>0</u>	<u>36,749</u>	<u>252,052</u>
<i>Fund Balances End of Year</i>	<u>\$119,938</u>	<u>\$52,833</u>	<u>\$27,579</u>	<u>\$94,010</u>	<u>\$0</u>	<u>\$70,626</u>	<u>\$364,986</u>

See accompanying notes to the basic financial statements

**Sullivan Township
Ashland County**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Receipts				
Property and Other Local Taxes	\$45,218	\$45,218	\$50,976	\$5,758
Licenses, Permits and Fees	14,306	14,306	20,045	5,739
Intergovernmental	33,245	33,245	36,164	2,919
Interest	874	874	956	82
Other	13,427	13,427	16,044	2,617
<i>Total Receipts</i>	<u>107,070</u>	<u>107,070</u>	<u>124,185</u>	<u>17,115</u>
Disbursements				
Current:				
General Government	194,717	194,717	105,211	89,506
Health	9,423	9,423	1,373	8,050
Debt Service:				
Principal Retirement	12,000	12,000	11,995	5
<i>Total Disbursements</i>	<u>216,140</u>	<u>216,140</u>	<u>118,579</u>	<u>97,561</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(109,070)</u>	<u>(109,070)</u>	<u>5,606</u>	<u>114,676</u>
Other Financing Sources (Uses)				
Transfers Out	(4,000)	(4,000)	(4,000)	0
Other Financing Sources	83	83	137	54
<i>Total Other Financing Sources (Uses)</i>	<u>(3,917)</u>	<u>(3,917)</u>	<u>(3,863)</u>	<u>54</u>
<i>Net Change in Fund Balance</i>	(112,987)	(112,987)	1,743	114,730
<i>Fund Balance Beginning of Year</i>	108,719	108,719	108,719	0
Prior Year Encumbrances Appropriated	5,058	5,058	5,058	0
<i>Fund Balance End of Year</i>	<u>\$790</u>	<u>\$790</u>	<u>\$115,520</u>	<u>\$114,730</u>

See accompanying notes to the basic financial statements

**Sullivan Township
Ashland County**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Receipts				
Intergovernmental	\$65,404	\$65,404	\$85,545	\$20,141
Interest	136	136	658	522
<i>Total Receipts</i>	<u>65,540</u>	<u>65,540</u>	<u>86,203</u>	<u>20,663</u>
Disbursements				
Current:				
Public Works	<u>93,218</u>	<u>93,218</u>	<u>62,510</u>	<u>30,708</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(27,678)</u>	<u>(27,678)</u>	<u>23,693</u>	<u>51,371</u>
<i>Net Change in Fund Balance</i>	(27,678)	(27,678)	23,693	51,371
<i>Fund Balance Beginning of Year</i>	27,941	27,941	27,941	0
Prior Year Encumbrances Appropriated	<u>133</u>	<u>133</u>	<u>133</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$396</u></u>	<u><u>\$396</u></u>	<u><u>\$51,767</u></u>	<u><u>\$51,371</u></u>

See accompanying notes to the basic financial statements

**Sullivan Township
Ashland County**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Receipts				
Property and Other Local Taxes	\$70,538	\$70,538	\$78,161	\$7,623
Intergovernmental	8,549	8,549	\$10,182	1,633
<i>Total Receipts</i>	79,087	79,087	88,343	9,256
Disbursements				
Current:				
General Government	2,000	2,000	1,766	234
Public Works	105,420	105,420	87,907	17,513
<i>Total Disbursements</i>	107,420	107,420	89,673	17,747
<i>Excess of Receipts (Under) Disbursements</i>	(28,333)	(28,333)	(1,330)	27,003
<i>Net Change in Fund Balance</i>	(28,333)	(28,333)	(1,330)	27,003
<i>Fund Balance Beginning of Year</i>	28,433	28,433	28,433	0
<i>Fund Balance End of Year</i>	\$100	\$100	\$27,103	\$27,003

See accompanying notes to the basic financial statements

**Sullivan Township
Ashland County**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Ambulance and Emergency Medical Services Fund
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Receipts				
Property and Other Local Taxes	\$28,411	\$28,411	\$26,514	(\$1,897)
Charges for Services	13,720	13,720	16,204	2,484
Intergovernmental			3,442	3,442
Other			29,195	29,195
<i>Total Receipts</i>	<u>42,131</u>	<u>42,131</u>	<u>75,355</u>	<u>33,224</u>
Disbursements				
Current:				
General Government	700	700	600	100
Public Safety	84,386	84,386	26,964	57,422
<i>Total Disbursements</i>	<u>85,086</u>	<u>85,086</u>	<u>27,564</u>	<u>57,522</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(42,955)</u>	<u>(42,955)</u>	<u>47,791</u>	<u>90,746</u>
<i>Net Change in Fund Balance</i>	(42,955)	(42,955)	47,791	90,746
<i>Fund Balance Beginning of Year</i>	42,955	42,955	42,955	0
Prior Year Encumbrances Appropriated	<u>2,064</u>	<u>2,064</u>	<u>2,064</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$2,064</u>	<u>\$2,064</u>	<u>\$92,810</u>	<u>\$90,746</u>

See accompanying notes to the basic financial statements

**Sullivan Township
Ashland County**

*Statement of Net Assets - Cash Basis
December 31, 2005*

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$252,052</u></u>
Net Assets	
Restricted for:	
Other Purposes	138,275
Unrestricted	<u>113,777</u>
<i>Total Net Assets</i>	<u><u>\$252,052</u></u>

See accompanying notes to the basic financial statements

**Sullivan Township
Ashland County**

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2005*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$139,423	\$18,148			(\$121,275)
Public Safety	27,755		\$1,000		(26,755)
Public Works	141,239	16,939	84,737		(39,563)
Health	8,707	21,345			12,638
Other	83				(83)
Capital Outlay	239,893			\$239,893	0
<i>Total Governmental Activities</i>	<u>557,100</u>	<u>56,432</u>	<u>85,737</u>	<u>239,893</u>	<u>(175,038)</u>
General Receipts					
Property Taxes Levied for:					
General Purposes					47,942
Road and Bridge					73,511
Fire District					16,534
Ambulance and Emergency Medical Services					26,944
Grants and Entitlements not Restricted to Specific Programs					69,948
Interest					991
Rental					12,060
Miscellaneous					10,522
<i>Total General Receipts</i>					<u>258,452</u>
Change in Net Assets					83,414
<i>Net Assets Beginning of Year</i>					<u>168,638</u>
<i>Net Assets End of Year</i>					<u><u>\$252,052</u></u>

See accompanying notes to the basic financial statements

**Sullivan Township
Ashland County**

*Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2005*

	General	Gasoline Tax	Road and Bridge	Ambulance and Emergency Medical Services	OPWC	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$113,777	\$28,074	\$28,433	\$45,019	\$0	\$36,749	\$252,052
Fund Balances							
Reserved:							
Reserved for Encumbrances	\$5,058	\$133		\$2,064		\$1,554	\$8,809
Unreserved:							
Undesignated, Reported in:							
General Fund	108,719						108,719
Special Revenue Funds		27,941	28,433	42,955		35,195	134,524
<i>Total Fund Balances</i>	<u>\$113,777</u>	<u>\$28,074</u>	<u>\$28,433</u>	<u>\$45,019</u>	<u>\$0</u>	<u>\$36,749</u>	<u>\$252,052</u>

See accompanying notes to the basic financial statements

**Sullivan Township
Ashland County**

*Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2005*

	General	Gasoline Tax	Road and Bridge	Ambulance and Emergency Medical Services	OPWC	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$47,942		\$73,511	\$26,944		\$33,473	\$181,870
Charges for Services				15,295			15,295
Licenses, Permits and Fees	18,016					2,900	20,916
Intergovernmental	50,094	\$73,230	12,727	4,578		14,057	154,686
Interest	556	313				122	991
Other	13,446			3,000		10,417	26,863
<i>Total Receipts</i>	<u>130,054</u>	<u>73,543</u>	<u>86,238</u>	<u>49,817</u>	<u>0</u>	<u>60,969</u>	<u>400,621</u>
Disbursements							
Current:							
General Government	136,659		1,697	650		417	139,423
Public Safety				12,958		14,797	27,755
Public Works		62,485	66,463			12,291	141,239
Health	5,207					3,500	8,707
Capital Outlay					239,893		239,893
<i>Total Disbursements</i>	<u>141,866</u>	<u>62,485</u>	<u>68,160</u>	<u>13,608</u>	<u>239,893</u>	<u>31,005</u>	<u>557,017</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(11,812)</u>	<u>11,058</u>	<u>18,078</u>	<u>36,209</u>	<u>(239,893)</u>	<u>29,964</u>	<u>(156,396)</u>
Other Financing Sources (Uses)							
Other Debt Proceeds					239,893		239,893
Advances In	6,000		6,000				12,000
Advances Out	(6,000)		(6,000)				(12,000)
Other Financing Uses	(83)						(83)
<i>Total Other Financing Sources (Uses)</i>	<u>(83)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>239,893</u>	<u>0</u>	<u>239,810</u>
<i>Net Change in Fund Balances</i>	<u>(11,895)</u>	<u>11,058</u>	<u>18,078</u>	<u>36,209</u>		<u>29,964</u>	<u>83,414</u>
<i>Fund Balances Beginning of Year</i>	<u>125,672</u>	<u>17,016</u>	<u>10,355</u>	<u>8,810</u>		<u>6,785</u>	<u>168,638</u>
<i>Fund Balances End of Year</i>	<u>\$113,777</u>	<u>\$28,074</u>	<u>\$28,433</u>	<u>\$45,019</u>	<u>\$0</u>	<u>\$36,749</u>	<u>\$252,052</u>

See accompanying notes to the basic financial statements

**Sullivan Township
Ashland County**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Receipts				
Property and Other Local Taxes	\$44,741	\$44,741	\$47,942	\$3,201
Licenses, Permits and Fees	10,300	10,300	18,016	7,716
Intergovernmental	17,501	17,501	50,094	32,593
Interest	77	77	556	479
Other	17,360	17,360	13,446	(3,914)
<i>Total receipts</i>	<u>89,979</u>	<u>89,979</u>	<u>130,054</u>	<u>40,075</u>
Disbursements				
Current:				
General Government	167,547	167,547	141,694	25,853
Human Services	14,995	14,995	5,230	9,765
<i>Total Disbursements</i>	<u>182,542</u>	<u>182,542</u>	<u>146,924</u>	<u>35,618</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(92,563)	(92,563)	(16,870)	75,693
Other Financing (Uses)				
Other Financing Uses	(83)	(83)	(83)	0
<i>Net Change in Fund Balance</i>	(92,646)	(92,646)	(16,953)	75,693
<i>Fund Balance Beginning of Year</i>	119,165	119,165	119,165	0
Prior Year Encumbrances Appropriated	6,507	6,507	6,507	0
<i>Fund Balance End of Year</i>	<u>\$33,026</u>	<u>\$33,026</u>	<u>\$108,719</u>	<u>\$75,693</u>

See accompanying notes to the basic financial statements

**Sullivan Township
Ashland County**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$63,627	\$63,627	\$73,230	\$9,603
Interest	5	5	313	308
<i>Total Receipts</i>	<u>63,632</u>	<u>63,632</u>	<u>73,543</u>	<u>9,911</u>
Disbursements				
Current:				
Public Works	66,966	66,966	62,618	4,348
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(3,334)</u>	<u>(3,334)</u>	<u>10,925</u>	<u>14,259</u>
<i>Net Change in Fund Balance</i>	(3,334)	(3,334)	10,925	14,259
<i>Fund Balance Beginning of Year</i>	14,049	14,049	14,049	0
Prior Year Encumbrances Appropriated	<u>2,967</u>	<u>2,967</u>	<u>2,967</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$13,682</u>	<u>\$13,682</u>	<u>\$27,941</u>	<u>\$14,259</u>

See accompanying notes to the basic financial statements

**Sullivan Township
Ashland County**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$64,095	\$64,095	\$73,511	\$9,416
Intergovernmental	9,231	9,231	12,727	3,496
Other	1,061	1,061	0	(1,061)
<i>Total Receipts</i>	<u>74,387</u>	<u>74,387</u>	<u>86,238</u>	<u>11,851</u>
Disbursements				
Current:				
General Government	1,697	1,697	1,697	0
Public Works	72,166	72,166	66,463	5,703
<i>Total Disbursements</i>	<u>73,863</u>	<u>73,863</u>	<u>68,160</u>	<u>5,703</u>
<i>Excess of Receipts Over Disbursements</i>	<u>524</u>	<u>524</u>	<u>18,078</u>	<u>17,554</u>
Other Financing Sources (Uses)				
Advances In			6,000	6,000
Advances Out	(6,000)	(6,000)	(6,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(6,000)</u>	<u>(6,000)</u>	<u>0</u>	<u>6,000</u>
<i>Net Change in Fund Balance</i>	(5,476)	(5,476)	18,078	23,554
<i>Fund Balance Beginning of Year</i>	8,367	8,367	8,367	0
Prior Year Encumbrances Appropriated	1,988	1,988	1,988	0
<i>Fund Balance End of Year</i>	<u>\$4,879</u>	<u>\$4,879</u>	<u>\$28,433</u>	<u>\$23,554</u>

See accompanying notes to the basic financial statements

**Sullivan Township
Ashland County**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Ambulance and Emergency Medical Services Fund
For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$26,901	\$26,901	\$26,944	\$43
Charges for Services	10,642	10,642	15,295	4,653
Intergovernmental			4,578	4,578
Other			3,000	3,000
<i>Total Receipts</i>	<u>37,543</u>	<u>37,543</u>	<u>49,817</u>	<u>12,274</u>
Disbursements				
Current:				
General Government	650	650	650	0
Public Safety	31,650	31,650	15,022	16,628
<i>Total Disbursements</i>	<u>32,300</u>	<u>32,300</u>	<u>15,672</u>	<u>16,628</u>
<i>Excess of Receipts Over Disbursements</i>	<u>5,243</u>	<u>5,243</u>	<u>34,145</u>	<u>28,902</u>
<i>Net Change in Fund Balance</i>	<u>5,243</u>	<u>5,243</u>	<u>34,145</u>	<u>28,902</u>
<i>Fund Balance Beginning of Year</i>	<u>8,810</u>	<u>8,810</u>	<u>8,810</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$14,053</u>	<u>\$14,053</u>	<u>\$42,955</u>	<u>\$28,902</u>

See accompanying notes to the basic financial statements

Sullivan Township
Ashland County

Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 1 – Reporting Entity

Sullivan Township, Ashland County, Ohio, (the Township) is a body politic and corporate 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 also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government to ensure the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, cemetery maintenance, fire protection, and emergency medical services. Police protection is provided by the Ashland County Sheriff's Department.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township.

Sullivan Township has no component units.

C. Public Entity Risk Pools

The Township participates in a public entity risk pool. Note 8 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:

Ohio Township Association Risk Management Authority (OTARMA). See Note 8

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Sullivan Township
Ashland County

Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. The Township does not report any business-type activities, which are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. All of the Township's funds are categorized as governmental.

Sullivan Township
Ashland County

Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 2 – Summary of Significant Accounting Policies (continued)

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Road and Bridge Fund, Gasoline Tax Fund, Ambulance and Emergency Medical Services Fund, and OPWC Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio. The Road and Bridge Fund is used to account for tax money which the Township can only use for constructing, maintaining, and repairing Township roads. The Gasoline Tax Fund is used to account for gasoline tax money which the Township can only use to pay for constructing, maintaining, and repairing Township roads. The Ambulance and Emergency Medical Services Fund is used to account for charges for services and expenses related to squad runs. The OPWC Fund is used to account for revenues and expenditures related to major capital improvements.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, function, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

Sullivan Township
Ashland County

Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 2 – Summary of Significant Accounting Policies (continued)

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

The Township had no investments during fiscal year 2006 or 2005.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts in 2006 were credited to the General Fund in the amount of \$956, Gasoline Tax Fund in the amount of \$658, and Motor Vehicle License Tax Fund in the amount of \$224. Interest receipts in 2005 were credited to the General Fund in the amount of \$556, Gasoline Tax Fund in the amount of \$313, and Motor Vehicle License Tax Fund in the amount of \$122.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Township did not report any restricted assets during 2006 or 2005.

G. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township’s cash basis of accounting.

K. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Sullivan Township
Ashland County

Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 2 – Summary of Significant Accounting Policies (continued)

L. Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for road work.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

O. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Change in Basis of Accounting and Restatement of Fund Equity

During 2004 the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. During 2005 the Township has implemented the cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

Note 4 – Compliance

Compliance

Contrary to Ohio Rev. Code Section 5705.41(D), during 2005 and 2006, 54% and 41% of expenditures tested were not certified by the Fiscal Officer prior to incurring the obligation.

Sullivan Township
Ashland County

Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 5 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Road and Bridge Fund, Gasoline Tax Fund, and Ambulance and Emergency Medical Services Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis). The encumbrances outstanding at year end for 2006 (budgetary basis) amounted to \$4,418 for the General Fund, \$1,066 for the Gasoline Tax Fund, \$477 for the Road and Bridge Fund, and \$1,200 for the Ambulance and Emergency Medical Services Fund. The encumbrances outstanding at year end for 2005 (budgetary basis) amounted to \$5,058 for the general fund, \$133 for the Gasoline Tax Fund, and \$2,064 for the Ambulance and Emergency Medical Services Fund.

Note 6 – Deposits and Investments

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
2. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
3. The State Treasurer's investment pool (STAR Ohio).

Sullivan Township
Ashland County

Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 6 - Deposits and Investments (continued)

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end 2006, \$272,424 of the Township's bank balance of \$372,424 was exposed to custodial credit risk. At year end 2005, \$159,954 of the Township's bank balance of \$259,954 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2006 and 2005 the Township did not have any investments.

Note 7 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2006 and 2005 represent the collection of 2005 and 2004 taxes respectively. Real property taxes received in 2006 and 2005 were levied after October 1, 2005 and 2004, on the assessed values as of January 1, 2005 and 2004, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2006 and 2005 represent the collection of 2005 and 2004 taxes. Public utility real and tangible personal property taxes received in 2006 and 2005 became a lien on December 31, 2005 and 2004, were levied after October 1, 2005 and 2004 respectively, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2006 and 2005 (other than public utility property) represent the collection of 2006 and 2005 taxes. Tangible personal property taxes received in 2006 and 2005 were levied after October 1, 2005 and 2004, on the true value as of December 31, 2005 and 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

Sullivan Township
Ashland County

Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 7 – Property Taxes (continued)

The full tax rate for all Township operations for the year ended December 31, 2005 and 2006, was \$5.80 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 and 2006 property tax receipts were based are as follows:

Real Property	<u>2006</u>	<u>2005</u>
Residential/Agricultural	\$33,490,640	\$29,720,460
Other	950,140	840,050
Public Utility/Personal Property	<u>2,566,049</u>	<u>3,350,032</u>
Total Assessed Value	<u>\$37,015,829</u>	<u>\$33,910,542</u>

Note 8 – Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2006 and 2005, the Township contracted with the Ohio Township Association Risk Management Authority (OTARMA). The Township maintains the following insurance coverages:

<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Legal Liability	\$2,000,000
Vehicle Liability	2,000,000
Wrongful Acts	2,000,000
Real Property	1,088,000

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. Townships can elect additional coverage, from \$2,000,000 to \$12,000,000 with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Sullivan Township
Ashland County

Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 8 – Risk Management (continued)

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2005 was \$1,682,589.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township.

Settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2005 and 2004 (the latest information available):

<u>Casualty Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$30,485,638	\$28,132,620
Liabilities	<u>(12,344,576)</u>	<u>(11,086,379)</u>
Retained earnings	<u>\$18,141,062</u>	<u>\$17,046,241</u>
<u>Property Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$9,177,796	\$7,588,343
Liabilities	<u>(1,406,031)</u>	<u>(543,176)</u>
Retained earnings	<u>\$7,771,765</u>	<u>\$7,045,167</u>

At December 31, 2005 and 2004, respectively, casualty coverage assets and retained earnings noted above include approximately \$11.6 million and \$10.3 million of estimated incurred claims that will be paid subsequent to December 31, 2005 and 2004, respectively. These amounts will be billed and collected from members in the future when the related claims are due for payment. Because OTARMA is a public entity risk pool that shares risk management among its members, a specific liability related to the Township can not be reasonably estimated.

Sullivan Township
Ashland County

Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 8 – Risk Management (continued)

After completing one year of membership, members may withdraw on each anniversary date they joined OTARMA. They must provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to withdrawal. Withdrawing members have no other future obligation to the pool.

Based on discussions with OTARMA the expected rates charged by OTARMA to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership. The Townships contributions to OTARMA for the past three years are as follows:

<u>Year</u>	<u>Contribution</u>
2006	\$17,239
2005	16,922
2004	15,864

Note 9 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the years ended December 31, 2006 and 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9 percent and 8.5 percent, respectively, of their annual covered salaries. The Township's contribution rate for pension benefits for 2006 and 2005 was 13.7 percent and 13.55 percent, respectively. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$11,218, \$9,868, and \$10,282 respectively. The full amounts have been contributed for 2006, 2005 and 2004.

Sullivan Township
Ashland County

Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 10 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 and 2005 local government employer contribution rate was 13.7 percent of covered payroll; 4.50 and 4.0 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 369,214. Actual employer contributions for 2006 and 2005 which were used to fund postemployment benefits were \$3,685 and \$2,913 respectively. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

Note 11 – Debt

The Township's long-term debt activity for the year ended December 31, 2006, was as follows:

<u>Governmental Activities</u>	<u>Interest Rate</u>	<u>Balance December 31, 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2006</u>	<u>Due Within One Year</u>
OPWC Loan						
2005 Issue (\$240,000)	0%	\$240,000	\$0	\$11,995	\$228,005	\$12,000

The OPWC loan is supported by the full faith and credit of the Township and is payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal payments.

Sullivan Township
Ashland County

Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 11 – Debt (continued)

The following is a summary of the Township's future annual debt service requirements:

<u>Year</u>	<u>OPWC Loan Principal</u>
2007	\$12,000
2008	12,000
2009	12,000
2010	12,000
2011	12,000
2012–2017	60,000
2018–2023	60,000
2024–2028	48,005
Totals	<u>\$228,005</u>

Note 12 – Interfund Transfers

During 2006 the following transfers were made:

Transfers from the General Fund to:	
Other Governmental Funds	\$4,000

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 13 – Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 14 – Public Entity Risk Pool

The Township is a member of the Ohio Township Association Risk Management Authority (OTARMA). See Note 8.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Sullivan Township
Ashland County
P.O. Box 9
Sullivan, Ohio 44880

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sullivan Township, Ashland County, Ohio, (the Township) as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Township's basic financial statements and have issued our report thereon dated May 31, 2007, wherein we noted the Township revised its financial statements for 2006 and 2005, making them comparable to the requirements of Governmental Auditing Standards Board Statement Number 34, Basic Financial Statements and Management's Discussion and Analysis for the State and Local Governments. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Audit Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the Township's management in a separate letter dated May 31, 2007.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2006-001.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated May 31, 2007.

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the management and the Board of Trustees. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

May 31, 2007

SULLIVAN TOWNSHIP
ASHLAND COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005

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

FINDING NUMBER 2006-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **"Then and Now" Certificate** – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance 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 Township.

2. **Blanket Certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket Certificate** – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

During 2006 and 2005, 41% and 54%, respectively, of the expenditures tested were not certified by the Fiscal Officer prior to incurring the obligation. It was also found that neither of the three exceptions above were utilized for the items found to be in noncompliance. The Township should certify the availability of funds for expenditures prior to incurring obligations or use Then and Now Certificates as means to certify funds pursuant to Ohio Rev. Code Section 5705.41(D).

Officials' Response: Pursuant to Ohio Revised Code Section 5705.41(D), the Fiscal Officer shall certify the availability of funds for expenditures prior to incurring obligations or shall make use of "Then and Now" Certificates as a means to certify funds.

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**SULLIVAN TOWNSHIP
ASHLAND COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006 AND 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2004-001	Overpayment of contracted amounts between the township and fire department	Fully Corrected	Finding No Longer Valid
2004-002	Overpayment of Approved Salary. The Township Road Superintendent was over paid	Fully Corrected	Finding No Longer Valid
2004-003	Emergency Medical Services Receipts, EMS receipts were not deposited in the Township's bank account	Fully Corrected	Finding No Longer Valid
2004-004	ORC 5705.41(D), 68% of the expenditures tested were not certified by the Township Fiscal Officer	Not Corrected	Repeated as Finding Number 2006-001
2004-005	ORC 9.38, fire grants, EMS, and fire donations receipts were not deposited with the clerk or designated depository within 24 hours of collections	Fully corrected	Finding No Longer Valid
2004-006	ORC 149.351, the Township could not provide supporting documentation for EMS and fire grant receipts and 5% of the nonpayroll disbursements tested.	Fully Corrected	Finding No Longer Valid
2004-007	ORC 507.11(B), the Township Fire Department maintained separate bank accounts	Fully Corrected	Finding No Longer Valid
2004-008	Payroll Records – Township should adopt payroll policies and procedures to address various weaknesses	Fully Corrected	Finding No Longer Valid

Sullivan Township
Ashland County
Schedule of Prior Audit Findings
Page 2

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2004-009	Bank Reconciliations numerous errors were being carried forward causing misstatements of fund balances	Fully Corrected	Finding No Longer Valid
2004-010	Policy and Procedure Manual, the Township has not adopted a formal policy and procedure manual	Fully Corrected	Finding No Longer Valid
2004-011	Financial Monitoring, the Clerk did not prepare monthly financial reports for the Trustees to review and approve	Fully Corrected	Finding No Longer Valid
2004-012	Related Party Transaction, a previous Township fire chief employed his sister's company as a contractor without competitive bidding	Fully Corrected	Finding No Longer Valid
2004-013	Federal Taxpayer Identification Number, the former fire chief applied for various grants using the Township's federal taxpayer identification number, without the approval or knowledge of the Trustees.	Fully Corrected	Finding No Longer Valid
2004-014	Fixed Asset Inventory, the former fire chief made purchases on behalf of the Township, many of these items could not be located	Fully Corrected	Finding No Longer Valid



Mary Taylor, CPA
Auditor of State

SULLIVAN TOWNSHIP

ASHLAND COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 12, 2007**