

**SULLIVAN TOWNSHIP
ASHLAND COUNTY, OHIO**

**FOR THE YEARS ENDED
DECEMBER 31, 1999 AND 1998**

SULLIVAN TOWNSHIP
ASHLAND COUNTY, OHIO

FOR THE YEARS ENDED
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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Trustees
Sullivan Township
Ashland County, Ohio

We have reviewed the independent auditor's report of Sullivan Township, Ashland County, prepared by Rea & Associates, Inc., Certified Public Accountants, for the audit period January 1, 1998 through December 31, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Sullivan Township is responsible for compliance with these laws and regulations.



JIM PETRO
Auditor of State

July 10, 2000

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Rea & Associates, Inc.
ACCOUNTANTS AND BUSINESS CONSULTANTS

June 6, 2000

Board of Trustees
Sullivan Township
Ashland County, Ohio

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Sullivan Township, Ashland County, as of and for the years ended December 31, 1999 and 1998, as listed in the table of contents. These financial statements are the responsibility of the Sullivan 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 the 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 described in Note 1, the Township, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of The State of Ohio, 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 cash balances of Sullivan Township, Ashland 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 a report dated June 6, 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 the officials authorized to receive this report under Section 117.26, Ohio Revised Code, and it is not intended to be and should not be used by anyone other than these specified parties.

Rea & Associates, Inc.

Columbus
New Philadelphia
Millersburg
Coshocton
Cambridge
Marietta
Medina
Lima

SULLIVAN TOWNSHIP
ASHLAND COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR
FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999

	Governmental Fund Types			Fiduciary	Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Non-Expendable Trust	
CASH RECEIPTS:					
Taxes	\$ 25,570	\$ 101,995	\$ 46,467	\$ 0	\$ 174,032
Charges for Services	0	3,084	0	0	3,084
Licenses, Permits, and Fees	18,420	3,000	0	0	21,420
Intergovernmental Receipts	41,597	88,405	0	0	130,002
Interest	1,029	87	6,613	7	7,736
All Other Revenue	1,021	11,914	0	0	12,935
Total Cash Receipts	87,637	208,485	53,080	7	349,209
CASH DISBURSEMENTS:					
General Government	75,961	0	0	0	75,961
Public Safety	300	51,686	0	0	51,986
Public Works	3,048	119,620	0	0	122,668
Health	4,145	4,060	0	0	8,205
Capital Outlay	0	5,044	0	0	5,044
Total Cash Disbursements	83,454	180,410	0	0	263,864
Total Receipts Over (Under) Disbursements	4,183	28,075	53,080	7	85,345
OTHER FINANCING SOURCES (USES):					
Operating transfers-in	0	0	51,000	0	51,000
Operating transfers-out	0	(51,000)	0	0	(51,000)
Other Financing Sources	0	16	0	0	16
Total Other Financing Sources (Uses)	0	(50,984)	51,000	0	16
Total of Receipts and Other Sources Over (Under) Disbursements and Other Financing Uses	4,183	(22,909)	104,080	7	85,361
Fund cash balances, beginning of year	35,135	58,817	86,302	304	180,558
Fund cash balances, end of year	\$ 39,318	\$ 35,908	\$ 190,382	\$ 311	\$ 265,919

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

SULLIVAN TOWNSHIP
ASHLAND COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR
FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998

	Governmental Fund Types			Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Non-Expendable Trust	
CASH RECEIPTS:					
Taxes	\$ 23,217	\$ 146,745	\$ 0	\$ 0	\$ 169,962
Charges for Services	0	3,423	0	0	3,423
Licenses, Permits, and Fees	10,659	3,507	0	0	14,166
Intergovernmental Receipts	33,469	80,318	0	0	113,787
Interest	1,009	93	2,028	3	3,133
All Other Revenue	951	16,661	0	0	17,612
Total Cash Receipts	69,305	250,747	2,028	3	322,083
CASH DISBURSEMENTS:					
General Government	57,579	0	1,307	0	58,886
Public Safety	284	21,180	0	0	21,464
Public Works	3,151	111,252	0	0	114,403
Health	1,317	7,896	0	0	9,213
Capital Outlay	0	3,808	0	0	3,808
Total Cash Disbursements	62,331	144,136	1,307	0	207,774
Total Receipts Over (Under) Disbursements	6,974	106,611	721	3	114,309
OTHER FINANCING SOURCES (USES):					
Operating transfers-in	0	0	83,000	0	83,000
Operating transfers-out	0	(83,000)	0	0	(83,000)
Other Financing Sources	525	45	0	0	570
Total Other Financing Sources (Uses)	525	(82,955)	83,000	0	570
Total of Receipts and Other Sources Over (Under) Disbursements and Other Financing Uses	7,499	23,656	83,721	3	114,879
Fund cash balances, beginning of year	27,636	35,161	2,581	301	65,679
Fund cash balances, end of year	\$ 35,135	\$ 58,817	\$ 86,302	\$ 304	\$ 180,558

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

**SULLIVAN TOWNSHIP
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 1999 AND 1998**

NOTE 1: Summary of Significant Accounting Policies

A. Description of the Entity

The Township of Sullivan, Ashland County, 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 four member Board. The Township provides general governmental services, including road, bridge and cemetery maintenance.

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:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

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.

Motor Vehicle License Tax Fund - This fund receives state motor vehicle license tax money for the construction, repair, and maintenance of township roads and bridges.

Gasoline Tax Fund - This fund receives gasoline tax money for the construction, repair and maintenance of township roads and bridges.

SULLIVAN TOWNSHIP
ASHLAND COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 1999 AND 1998

NOTE 1: Summary of Significant Accounting Policies (continued)

C. Fund Accounting (continued)

Road and Bridges Fund - This fund receives real estate and personal property tax money for the construction, repair and maintenance of township roads and bridges.

Cemetery Fund - This fund generates money through the selling of cemetery lots and donations from the general public. This money is disbursed for the maintenance and upkeep of township cemeteries.

Fire District - This fund receives real estate and personal property tax money for the operation of a volunteer fire department for the township.

Issue II Project - This fund records grant money of the township paid directly to contractors for repair and maintenance of township roads

Ambulance and Emergency Medical Services - This fund generates money from each run made by the volunteer fire department for emergency medical services.

Capital Projects Funds

These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Fire and Capital Equipment - This fund receives money transferred from the Fire District Fund and it is to be used for future capital purchases of the Fire Department.

Fiduciary Fund (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a non-expendable trust fund. The Township had the following significant fiduciary fund:

Non-Expendable Trust Fund - This fund receives money from the bequests of individuals. The earnings of which are expended for the upkeep of cemeteries and the purchase of cemetery land.

D. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

SULLIVAN TOWNSHIP
ASHLAND COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 1999 AND 1998

NOTE 1: Summary of Significant Accounting Policies (continued)

E. Budgetary Process (continued)

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 Township 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.

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.

Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

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 (capital outlays) when paid. These items are not reflected as assets in the accompanying financial statements.

NOTE 2: Equity in Pooled Cash

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

	<u>1999</u>	<u>1998</u>
Deposits	<u>\$ 265,919</u>	<u>\$ 180,558</u>

Deposits

Deposits are covered by Federal Depository Insurance and security pledged as collateral.

**SULLIVAN TOWNSHIP
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 1999 AND 1998**

NOTE 3: Budgetary Activity

Budgetary activity for the years ended December 31, 1999 and 1998 was as follows:

	Budgeted vs. Actual Receipts					
	1999			1998		
	Budgeted Receipts	Actual Receipts	Variance	Budgeted Receipts	Actual Receipts	Variance
General	\$ 63,401	\$ 87,637	\$ 24,236	\$ 57,829	\$ 69,305	\$ 11,476
Special Revenue	247,146	208,485	(38,661)	243,217	250,747	7,530
Capital Projects	186,069	53,080	(132,989)	176,100	2,028	(174,072)
Non-Expendable	<u>5</u>	<u>7</u>	<u>2</u>	<u>2</u>	<u>3</u>	<u>1</u>
Total	<u>\$ 496,621</u>	<u>\$ 349,209</u>	<u>\$ (147,412)</u>	<u>\$ 477,148</u>	<u>\$ 322,083</u>	<u>\$ (155,065)</u>

	Budgeted vs. Actual Expenditures					
	1999			1998		
	Appropriation Authority	Actual Expenditures	Variance	Appropriation Authority	Actual Expenditures	Variance
General	\$ 122,685	\$ 83,454	\$ 39,231	\$ 69,209	\$ 62,331	\$ 6,878
Special Revenue	264,507	180,410	84,097	185,925	144,136	41,789
Capital Projects	185,315	0	185,315	178,681	1,307	177,374
Non-Expendable	<u>309</u>	<u>0</u>	<u>309</u>	<u>53</u>	<u>0</u>	<u>53</u>
Total	<u>\$ 572,816</u>	<u>\$ 263,864</u>	<u>\$ 308,952</u>	<u>\$ 433,868</u>	<u>\$ 207,774</u>	<u>\$ 226,094</u>

NOTE 4: Debt Obligation

Debt outstanding December 31, 1999 and 1998, consisted of the following:

	1999	1998
Note Payable		
Principal Outstanding	\$ 0	\$ 8,996
Interest Rate	6.75%	6.75%

All outstanding notes at December 31 had been issued for ten years or less. Proceeds from the notes were used for a backhoe.

**SULLIVAN TOWNSHIP
ASHLAND COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 1999 AND 1998**

NOTE 5: Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Sullivan Township. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property taxes 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.

NOTE 6: Retirements Systems

The Board of Trustees, Township Clerk and other employees of the Township 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 health care, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. The Public Employee Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 4325-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, PERS members 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.

NOTE 7: Risk Management

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Automobile
- Public Officials Liability

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

June 6, 2000

The Board of Trustees
Sullivan Township
Ashland County, Ohio

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of Sullivan Township, Ashland County, as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 6, 2000. We have conducted our audit in accordance with generally accepted auditing standards and 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 Sullivan Township general purpose 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 not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of Sullivan Township in a separate letter dated June 6, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Sullivan Township internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose 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 general purpose 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 a material weakness. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Sullivan Township in a separate letter dated June 6, 2000.

This report is intended solely for the information and use of the Board of Trustees, management, and others within the Township, and it is not intended to be and should not be used by anyone other than those specified parties.

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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.

By: Susan Babbitt

Date: AUG 03 2000