



**SUTTON TOWNSHIP
MEIGS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**SUTTON TOWNSHIP
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REPORT OF INDEPENDENT ACCOUNTANTS

Sutton Township
Meigs County
43410 Dutchtown Hill Road
Racine, Ohio 45771

To the Board of Trustees:

We have audited the accompanying financial statements of Sutton Township, Meigs County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Sutton Township, Meigs County, Ohio, 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 14, 2000, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

June 14, 2000

**SUTTON TOWNSHIP
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$13,569	\$49,316	\$62,885
Intergovernmental	50,148	101,541	151,689
Licenses, Permits, and Fees		1,725	1,725
Earnings on Investments		3,039	3,039
Other Revenue	23	5,000	5,023
	<u>63,740</u>	<u>160,621</u>	<u>224,361</u>
Total Cash Receipts			
	<u>63,740</u>	<u>160,621</u>	<u>224,361</u>
Cash Disbursements:			
Current:			
General Government	55,553	17,657	73,210
Public Safety		56,450	56,450
Public Works		37,245	37,245
Health		8,173	8,173
Miscellaneous		1,407	1,407
Debt Service:			
Redemption of Principal		5,383	5,383
Interest and Fiscal Charges		287	287
Capital Outlay		24,930	24,930
	<u>55,553</u>	<u>151,532</u>	<u>207,085</u>
Total Cash Disbursements			
	<u>55,553</u>	<u>151,532</u>	<u>207,085</u>
Total Receipts Over/(Under) Disbursements	<u>8,187</u>	<u>9,089</u>	<u>17,276</u>
Fund Cash Balances, January 1	<u>31,050</u>	<u>44,085</u>	<u>75,135</u>
Fund Cash Balances, December 31	<u>\$39,237</u>	<u>\$53,174</u>	<u>\$92,411</u>

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

**SUTTON TOWNSHIP
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCE
 NON-EXPENDABLE TRUST FUND
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	Non-expendable Trust
Operating Cash Receipts:	
Interest	\$149
Total Operating Cash Receipts	149
Fund Cash Balance, January 1	4,057
Fund Cash Balance, December 31	\$4,206

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

**SUTTON TOWNSHIP
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$11,858	\$46,850	\$58,708
Intergovernmental	45,694	68,695	114,389
Licenses, Permits, and Fees		1,075	1,075
Earnings on Investments	423	2,302	2,725
Other Revenue	4,148		4,148
	<u>62,123</u>	<u>118,922</u>	<u>181,045</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	42,241		42,241
Public Safety		15,813	15,813
Public Works		68,246	68,246
Health		11,178	11,178
Debt Service:			
Redemption of Principal		3,328	3,328
Interest and Fiscal Charges		493	493
Capital Outlay	20,000	27,585	47,585
	<u>62,241</u>	<u>126,643</u>	<u>188,884</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	<u>(118)</u>	<u>(7,721)</u>	<u>(7,839)</u>
Other Financing Sources/(Uses):			
Sale of Fixed Assets	3,183		3,183
Transfers-In		6,891	6,891
Transfers-Out		(6,891)	(6,891)
	<u>3,183</u>		<u>3,183</u>
Total Other Financing Sources/(Uses)			
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	3,065	(7,721)	(4,656)
Fund Cash Balances, January 1	<u>27,985</u>	<u>51,806</u>	<u>79,791</u>
Fund Cash Balances, December 31	<u>\$31,050</u>	<u>\$44,085</u>	<u>\$75,135</u>

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

SUTTON TOWNSHIP
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1998

	Non-expendable Trust
Operating Cash Receipts:	
Interest	\$238
Total Operating Cash Receipts	238
Fund Cash Balance, January 1	3,819
Fund Cash Balance, December 31	\$4,057

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Sutton Township, Meigs County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees and a publicly-elected Clerk/Treasurer. The Township provides general governmental services, including maintenance of Township roads and cemeteries, and fire protection.

The Township's management believes these financial statements represent 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.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of Deposit are valued at cost.

D. Fund Accounting

The Township uses fund accounting to segregate cash that is restricted as to use. The Township classifies its funds into the following types:

1. General Fund

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

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds :

Motor Vehicle License Tax Fund - These funds receive motor vehicle tax money for maintaining Township roads.

Fire District Fund - This fund receives tax money for maintaining Township fire protection.

Federal Emergency Management Agency (FEMA) Fund I, II, III, and IV- These funds receive federal money for damages due to flooding.

SUTTON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Fiduciary Fund

Trust funds are used to account for resources restricted by legally binding trust agreements. The Township has the following Fiduciary Fund.

Cemetery Bequest Fund- This Non-expendable Trust Fund receives money from the estate of deceased citizens for the general upkeep of the cemeteries maintained by Sutton Township.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (i.e., 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 Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when 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.

F. Property, Plant and Equipment

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

G. Unpaid Vacation

Employees are entitled to cash payments for unused vacation in certain circumstances, such as upon leaving employment. Unpaid vacation is not reflected as a liability under the cash basis of accounting used by the Township.

SUTTON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

2. EQUITY IN POOLED CASH

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

	<u>1999</u>	<u>1988</u>
Demand deposits	\$89,117	\$71,692
Certificates of deposit	<u>\$7,500</u>	<u>\$7,500</u>
Total Deposit	<u><u>\$96,617</u></u>	<u><u>\$79,192</u></u>

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

3. BUDGETARY

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

1999 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$60,002	\$63,740	\$3,738
Special Revenue	117,037	160,621	43,584
Non-expendable Trust	<u> </u>	<u>149</u>	<u>149</u>
Total	<u><u>\$177,039</u></u>	<u><u>\$224,510</u></u>	<u><u>\$47,471</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$92,332	\$55,553	\$36,779
Special Revenue	163,453	151,532	11,921
Non-expendable Trust	<u> </u>	<u> </u>	<u> </u>
Total	<u><u>\$255,785</u></u>	<u><u>\$207,085</u></u>	<u><u>\$48,700</u></u>

1998 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$51,291	\$65,306	\$14,015
Special Revenue	74,958	125,813	50,855
Non-expendable Trust	<u> </u>	<u>238</u>	<u>238</u>
Total	<u><u>\$126,249</u></u>	<u><u>\$191,357</u></u>	<u><u>\$65,108</u></u>

SUTTON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

3. BUDGETARY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$90,721	\$62,241	\$28,480
Special Revenue	171,435	133,534	37,901
Non-expendable Trust	_____	_____	_____
Total	\$262,156	\$195,775	\$66,381

4. PROPERTY TAX

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

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

5. RETIREMENT SYSTEM

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. 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.

6. RISK MANAGEMENT

The Township has obtained commercial insurance coverage for the following risks:

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

SUTTON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

7. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

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

Sutton Township
Meigs County
43410 Dutchtown Hill Road
Racine, Ohio 45771

To the Board of Trustees:

We have audited the accompanying financial statements of Sutton Township, Meigs County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 14, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 the Township in a separate letter dated June 14, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 14, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

June 14, 2000

**SUTTON TOWNSHIP
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1997-40753-001	<p>Ohio Rev. Code Section 5705.41(D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same 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.</p> <p>The Township did not obtain certification of the availability of funds from the Clerk prior to making expenditures</p>	Yes	

**SUTTON TOWNSHIP
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998
(Continued)**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1997-40753-002	<p>Ohio Admin. Code 117-3-11 states that each Township shall maintain an appropriations ledger. Each encumbrance charged against an appropriation account shall be posted and subtracted from the appropriated balance, producing a declining unencumbered balance. This procedure should use, as the source posting document, an executed purchase order.</p> <p>The Township did not use purchase orders or post encumbrances to the appropriations ledger.</p>	Yes	



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SUTTON TOWNSHIP

MEIGS 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 13, 2000