



OHIO AUDITOR OF STATE
KEITH FABER



**SUNSBURY TOWNSHIP
MONROE COUNTY
DECEMBER 31, 2019 AND 2018**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Sunsbury Township
Monroe County
49263 Ozark Eddy Bridge Road
Jerusalem, Ohio 43747

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Sunsbury Township, Monroe County, Ohio (the Township), as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Sunbury Township, Monroe County, as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 10 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2020, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

August 12, 2020

**SUNSBURY TOWNSHIP
MONROE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General	Special Revenue	Debt Service	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$166,947	\$91,785	\$0	\$258,732
Intergovernmental	21,076	122,660	0	143,736
Earnings on Investments	84	156	0	240
Miscellaneous	27,202	0	0	27,202
<i>Total Cash Receipts</i>	<u>215,309</u>	<u>214,601</u>	<u>0</u>	<u>429,910</u>
Cash Disbursements				
Current:				
General Government	66,019	0	0	66,019
Public Safety	3,683	0	0	3,683
Public Works	68,722	187,242	0	255,964
Health	6,144	0	0	6,144
Capital Outlay	66,241	22,727	0	88,968
<i>Total Cash Disbursements</i>	<u>210,809</u>	<u>209,969</u>	<u>0</u>	<u>420,778</u>
<i>Excess of Cash Receipts Over Cash Disbursements</i>	<u>4,500</u>	<u>4,632</u>	<u>0</u>	<u>9,132</u>
Other Financing Receipts				
Other Financing Sources	130	0	0	130
<i>Total Other Financing Receipts</i>	<u>130</u>	<u>0</u>	<u>0</u>	<u>130</u>
<i>Net Change in Fund Cash Balances</i>	4,630	4,632	0	9,262
<i>Fund Cash Balances, January 1</i>	<u>68,068</u>	<u>57,036</u>	<u>795</u>	<u>125,899</u>
Fund Cash Balances, December 31				
Restricted	0	33,997	795	34,792
Committed	0	27,671	0	27,671
Assigned	72,698	0	0	72,698
<i>Fund Cash Balances, December 31</i>	<u>\$72,698</u>	<u>\$61,668</u>	<u>\$795</u>	<u>\$135,161</u>

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

**SUNSBURY TOWNSHIP
MONROE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE (REGULATORY CASH BALANCE)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Private Purpose Trust
Operating Cash Receipts	
Earnings on Investments	\$1
<i>Total Operating Cash Receipts</i>	<u>1</u>
<i>Operating Income</i>	1
<i>Fund Cash Balance, January 1</i>	<u>1,190</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$1,191</u></u>

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

Sunsbury Township
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Sunsbury Township, Monroe County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance. The Township contracts with the Beallsville Volunteer Fire Department to provide fire and emergency services. The Township appropriates general fund money to support a volunteer fire department.

Public Entity Risk Pool

The Township participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the fiduciary fund type which are organized on a fund type basis.

Fund Accounting

The Township uses funds 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. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported 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.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Gas Tax Fund The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Road and Bridge Fund The road and bridge fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township's Debt Service Funds had no activity during 2019.

Fiduciary Funds Fiduciary funds include private purpose trust funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs. The Township had the following Fiduciary Fund:

Sunbury Township
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Harmon Cemetery Fund This fund receives interest earned on the nonexpendable corpus from a trust agreement. The earnings are used for the general maintenance and upkeep of the Township's cemetery.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

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

A summary of 2019 budgetary activity appears in Note 4.

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Sunsbury Township
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$42,990 for the year ended December 31, 2019.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$141,521	\$215,439	\$73,918
Special Revenue	159,960	214,601	54,641
Fiduciary	1	1	0
Total	\$301,482	\$430,041	\$128,559

Sunsbury Township
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 4 – Budgetary Activity (Continued)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$167,819	\$210,809	(\$42,990)
Special Revenue	215,763	209,969	5,794
Total	\$383,582	\$420,778	(\$37,196)

Note 5 – Deposits

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

	2019
Demand deposits	\$136,352

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 6 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Note 7 – Risk Management

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township’s policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability
- Automobile liability

Sunbury Township
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 7 – Risk Management (Continued)

- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2019</u>
Cash and investments	\$35,207,320
Actuarial liabilities	\$10,519,942

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

Social Security

One Township employee contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

Sunbury Township
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 10 – Subsequent Events

A. COVID-19 State of Emergency

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

B. Lease

In July 2020, the Township Trustees approved entering into a 60-month lease with John Deere Financial to purchase a skid steer and a roller at a purchase price of \$77,953.

**SUNSBURY TOWNSHIP
MONROE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Special Revenue	Debt Service	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$122,109	\$68,785	\$0	\$190,894
Intergovernmental	21,141	103,020	0	124,161
Earnings on Investments	51	95	0	146
Miscellaneous	5,635	10,400	0	16,035
<i>Total Cash Receipts</i>	<u>148,936</u>	<u>182,300</u>	<u>0</u>	<u>331,236</u>
Cash Disbursements				
Current:				
General Government	50,472	1,963	0	52,435
Public Safety	9,112	0	0	9,112
Public Works	27,699	208,109	0	235,808
Health	5,261	0	0	5,261
Capital Outlay	38,642	0	0	38,642
<i>Total Cash Disbursements</i>	<u>131,186</u>	<u>210,072</u>	<u>0</u>	<u>341,258</u>
<i>Excess of Cash Receipts Over/(Under) Cash Disbursements</i>	<u>17,750</u>	<u>(27,772)</u>	<u>0</u>	<u>(10,022)</u>
Other Financing Receipts(Disbursements)				
Transfers In	0	13,836	0	13,836
Transfers Out	(13,836)	0	0	(13,836)
<i>Total Other Financing Receipts(Disbursements)</i>	<u>(13,836)</u>	<u>13,836</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	3,914	(13,936)	0	(10,022)
<i>Fund Cash Balances, January 1</i>	<u>64,154</u>	<u>70,972</u>	<u>795</u>	<u>135,921</u>
Fund Cash Balances, December 31				
Restricted	0	16,148	795	16,943
Committed	0	40,888	0	40,888
Assigned	68,068	0	0	68,068
<i>Fund Cash Balances, December 31</i>	<u>\$68,068</u>	<u>\$57,036</u>	<u>\$795</u>	<u>\$125,899</u>

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

**SUNSBURY TOWNSHIP
MONROE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCE (REGULATORY CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Private Purpose Trust
Operating Cash Receipts	
Earnings on Investments	\$0
<i>Total Operating Cash Receipts</i>	<u>0</u>
<i>Operating Income (Loss)</i>	0
<i>Fund Cash Balance, January 1</i>	<u>1,190</u>
<i>Fund Cash Balance, December 31</i>	<u><u>\$1,190</u></u>

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

Sunsbury Township
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Sunsbury Township, Monroe County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance. The Township contracts with the Beallsville Volunteer Fire Department to provide fire and emergency services. The Township appropriates general fund money to support a volunteer fire department.

Public Entity Risk Pool

The Township participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for the fiduciary fund type which are organized on a fund type basis.

Fund Accounting

The Township uses funds 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. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported 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.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Gas Tax Fund The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Road and Bridge Fund The road and bridge fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township's Debt Service Funds had no activity during 2018.

Fiduciary Funds Fiduciary funds include private purpose trust funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs. The Township had the following Fiduciary Fund:

Sunbury Township
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Harmon Cemetery Fund This fund receives interest earned on the nonexpendable corpus from a trust agreement. The earnings are used for the general maintenance and upkeep of the Township's cemetery.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

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

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

A summary of 2018 budgetary activity appears in Note 4.

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Sunbury Township
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Gasoline Tax Fund by \$12,842 for the year ended December 31, 2018.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$89,399	\$148,936	\$59,537
Special Revenue	159,060	196,136	37,076
Total	\$248,459	\$345,072	\$96,613

Sunbury Township
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 4 – Budgetary Activity (Continued)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$166,301	\$145,022	\$21,279
Special Revenue	203,447	210,072	(6,625)
Total	\$369,748	\$355,094	\$14,654

Note 5 – Deposits

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

	2018
Demand deposits	\$127,089

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 6 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

Note 7 – Risk Management

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township’s policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability
- Automobile liability

Sunbury Township
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 7 – Risk Management (Continued)

- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2018:

	<u>2018</u>
Cash and investments	\$33,097,416
Actuarial liabilities	\$ 7,874,610

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

Social Security

One Township employee contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018.

Sunbury Township
Monroe County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 10 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

OHIO AUDITOR OF STATE KEITH FABER



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

Sunbury Township
Monroe County
49263 Ozark Eddy Bridge Road
Jerusalem, Ohio 43747

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Sunbury Township, Monroe County, Ohio (the Township), as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated August 12, 2020, wherein we noted the Township followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider findings 2019-002 and 2019-003 to be material weaknesses.

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, opining 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 we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2019-001.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

August 12, 2020

**SUNSBURY TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018**

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

FINDING NUMBER 2019-001

Noncompliance

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Township's General Fund had expenditures in excess of appropriations of \$42,990, as of December 31, 2019. In addition, the Township's Gasoline Tax Fund had expenditures in excess of appropriations of \$12,842, as of December 31, 2018.

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices

The Board of Trustees should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

FINDING NUMBER 2019-002

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The Ohio Township Handbook (revised March 2019) provides suggested account classifications. These accounts classify receipts by fund and source (property taxes or intergovernmental revenue, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications and the aforementioned accounting records will provide the Township with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

The Township did not always record receipts and disbursements into accurate classifications, based upon the source of the receipt or the nature of the disbursement.

Also, the Township did not always properly classify its December 31, 2019 and 2018 governmental fund cash balances in accordance with Governmental Accounting Standards Board (GASB) *Statement Number 54 - Fund Balance Reporting and Governmental Fund Type Definitions*, effective for fiscal years beginning after June 15, 2010.

We noted the following:

- The General Fund amount appropriated over estimated receipts in the next fiscal year was classified as Unassigned rather than Assigned in the amounts of \$72,698 and \$68,068 in 2019 and 2018, respectively.

**SUNSBURY TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2019-002 (Continued)

Material Weakness (Continued)

- The Road & Bridge Fund cash fund balance for the portion of the property taxes-inside millage was classified as Restricted rather than Committed in the amounts of \$27,671 and \$40,888 in 2019 and 2018, respectively.

The adjustments noted above, with which management agrees, are reflected in the accompanying financial statements.

We also noted the following in 2019:

- Reimbursement for taxes deduction was posted to Miscellaneous Revenue instead of Taxes in the General Fund in the amount of \$3,446.
- Purchase of a mower was posted to Public Works instead of Capital Outlay in the General Fund in the amount of \$11,475.

As these errors are not significant to the opinion units affected in 2019, the adjustments noted above were agreed to by management but will not be posted to the financial statements.

The Township did not have a control process in place to help ensure receipts, expenditures, and fund balances are recorded in the correct classification.

Not properly reporting financial activity could result in material misstatements occurring and remaining undetected and increases the risk that management would not be provided an accurate picture of the Township's financial position and operations.

The Township Fiscal Officer should utilize available authoritative resources to appropriately classify and record all receipt and expenditure transactions. This guidance will help ensure the Fiscal Officer makes proper postings to receipt and expenditure account classifications based on the source of the receipt and nature of the expenditure. Also, the Township Fiscal Officer may refer to Auditor of State Bulletin 2011-004 for additional guidance regarding fund balance classifications.

FINDING NUMBER 2019-003

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Board to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Township and the appropriation ledger provides the process by which the Township controls spending, it is therefore necessary the amounts appropriated by the Board are precisely stated and accurately posted to the appropriation ledger.

**SUNSBURY TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2019-003 (Continued)

Material Weakness (Continued)

The amount posted to the accounting system for appropriations in the General Fund of \$210,822 did not agree to the amount approved by the Board of Trustees of \$167,819, creating a variance of \$43,003 for 2019.

The amount posted to the accounting system for appropriations in the Gasoline Tax Fund of \$88,748 did not agree to the amount approved by the Board of Trustees of \$102,584, creating a variance of \$13,836 for 2018.

The Township did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations and amendments thereof approved by the Board were not properly posted to the accounting system.

Failure to accurately post the appropriations to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Township should post to the ledgers, on a timely basis, appropriations approved by the Board. The Township should then monitor budget versus actual reports to help ensure appropriations have been properly posted to the ledgers.

Officials' Response: We did not receive a response from Officials to the Findings reported above.

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Sunsbury Township

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2019 AND 2018

Finding Number	Finding Summary	Status	Additional Information
2017-001	Ohio Rev. Code § 5705.41(B) expenditures exceeded appropriations. Appropriations amendments not approved by the Board.	Not Corrected	We are working on trying to correct this.
2017-002	Ohio Rev. Code §5705.05 tax levy receipts posted to Debt Service Fund instead of General Fund	Fully Corrected	
2017-003	Material weakness for mispostings of budgetary amounts.	Not Corrected	We are working on trying to correct this.
2017-004	Material weakness for mispostings of revenue and expenditures.	Not Corrected	We are working on trying to correct this.

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OHIO AUDITOR OF STATE KEITH FABER



SUNSBURY TOWNSHIP

MONROE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/8/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov