



**NEWTON TOWNSHIP  
LICKING COUNTY**

**REGULAR AUDIT**

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



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



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## REPORT OF INDEPENDENT ACCOUNTANTS

Board of Trustees  
Newton Township  
Licking County  
3579 Chester Hills Road  
Newark, Ohio 43055

We have audited the accompanying financial statements of Newton Township, Licking County, Ohio, (the Township) as of and for the years ended December 31, 1999 and December 31, 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 audits.

We conducted our audits 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 audits 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 audits provide 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 Newton Township, Licking County, Ohio as of December 31, 1999 and December 31, 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As discussed in Note 8 to the financial statements, in 1998, the Township reclassified certain monies within fund types.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2000 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

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

**JIM PETRO**  
Auditor of State

April 19, 2000



**NEWTON TOWNSHIP  
LICKING COUNTY**

**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>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$59,021	\$116,658	\$61,504	\$237,183
Intergovernmental	66,061	83,625	0	149,686
Charges for Services	0	7,500	0	7,500
Licenses, Permits, and Fees	3,212	19,450	0	22,662
Fines, Forfeitures, and Penalties	0	11,359	0	11,359
Earnings on Investments	8,832	300	0	9,132
Other Revenue	1,185	97,009	0	98,194
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	138,311	335,901	61,504	535,716
Cash Disbursements:				
Current:				
General Government	80,516	0	0	80,516
Public Safety	0	53,719	0	53,719
Public Works	23,248	100,441	0	123,689
Health	5,466	86,450	0	91,916
Debt Service:				
Redemption of Principal	0	20,687	59,167	79,854
Interest and Fiscal Charges	0	731	9,541	10,272
Capital Outlay	0	42,147	0	42,147
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	109,230	304,175	68,708	482,113
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	29,081	31,726	(7,204)	53,603
Other Financing Receipts/(Disbursements):				
Sale of Fixed Assets	0	14,606	0	14,606
Other Sources	0	314	0	314
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	0	14,920	0	14,920
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	29,081	46,646	(7,204)	68,523
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	71,431	259,501	8,708	339,640
Fund Cash Balances, December 31	<hr/>	<hr/>	<hr/>	<hr/>
	\$100,512	\$306,147	\$1,504	\$408,163

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

NEWTON TOWNSHIP  
LICKING COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS  
AND CHANGES IN FUND CASH BALANCE  
AGENCY FUND  
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Fiduciary Fund Type</u>
	<u>Agency Fund</u>
Operating Cash Receipts:	
Miscellaneous	<u>\$15,131</u>
Total Operating Cash Receipts	<u>15,131</u>
Total Operating Cash Disbursements	<u>0</u>
Net Receipts Over/(Under) Disbursements	15,131
Fund Cash Balance, January 1	<u>61,403</u>
Fund Cash Balance, December 31	<u><u>\$76,534</u></u>

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



**NEWTON TOWNSHIP  
LICKING COUNTY**

**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>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$48,103	\$169,690	\$8,291	\$226,084
Intergovernmental	38,324	80,878	0	119,202
Charges for Services		7,250	0	7,250
Licenses, Permits, and Fees	3,743	14,680	0	18,423
Fines, Forfeitures, and Penalties		10,230	0	10,230
Earnings on Investments	8,026	300	0	8,326
Other Revenue	7,808	88,752	0	96,560
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	106,004	371,780	8,291	486,075
Cash Disbursements:				
Current:				
General Government	83,194	0	0	83,194
Public Safety	0	40,067	0	40,067
Public Works	11,592	99,033	0	110,625
Health	5,496	77,077	0	82,573
Debt Service:				
Redemption of Principal	0	0	7,500	7,500
Interest and Fiscal Charges	0	0	1,075	1,075
Capital Outlay	4,000	246,314	0	250,314
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	104,282	462,491	8,575	575,348
Total Cash Receipts Over/(Under) Cash Disbursements	1,722	(90,711)	(284)	(89,273)
Other Financing Receipts/(Disbursements):				
Proceeds from Sale of Public Debt:				
Sale of Notes	0	155,000	0	155,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	1,722	64,289	(284)	65,727
Fund Cash Balances, January 1	69,709	195,212	8,992	273,913
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$71,431</u>	<u>\$259,501</u>	<u>\$8,708</u>	<u>\$339,640</u>

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

**NEWTON TOWNSHIP  
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS  
AND CHANGES IN FUND CASH BALANCE  
AGENCY FUND  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<b>Fiduciary Fund Type</b>
	<b>Agency Fund</b>
Operating Cash Receipts:	
Miscellaneous	\$19,320
Total Operating Cash Receipts	19,320
Total Operating Cash Disbursements	0
Net Receipts Over/(Under) Disbursements	19,320
Fund Cash Balance, January 1	42,083
Fund Cash Balance, December 31	\$61,403

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

**NEWTON TOWNSHIP  
LICKING COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Newton Township, Licking County, Ohio, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

The Township'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 to be accounted for in another fund.

**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:

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

Fire Fund - This fund receives property tax money for the protection of Township persons and property.

Cemetery Fund - This fund receives property tax money for the care of Township Cemeteries.

**NEWTON TOWNSHIP  
LICKING COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Fund Accounting (Continued)**

**Debt Service Fund**

The Debt Service Fund is used to accumulate resources for the payment of commercial loan indebtedness.

**Fiduciary Fund (Agency Fund)**

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

Cemetery Prepayment Fund - This fund receives prepayments for opening and closing fees for burials in the future.

**D. 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. The County Budget Commission must also approve the annual appropriation measure. 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 individual commitments are made.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

**E. Property, Plant and Equipment**

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

**NEWTON TOWNSHIP  
LICKING COUNTY**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<u>1999</u>	<u>1998</u>
Demand deposits	<u>\$484,697</u>	<u>\$401,043</u>

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by the financial institution's public entity deposit pool.

**3. BUDGETARY ACTIVITY**

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

**1999 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$108,490	\$138,311	\$29,821
Special Revenue	319,130	350,821	31,691
Debt Service	60,000	61,504	1,504
Total	<u>\$487,620</u>	<u>\$550,636</u>	<u>\$63,016</u>

**1999 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$178,741	\$109,230	\$69,511
Special Revenue	578,632	304,175	274,457
Debt Service	68,708	68,708	0
Total	<u>\$826,081</u>	<u>\$482,113</u>	<u>\$343,968</u>

**1998 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$89,650	\$106,004	\$16,354
Special Revenue	517,380	526,780	9,400
Debt Service	9,630	8,291	(1,339)
Total	<u>\$616,660</u>	<u>\$641,075</u>	<u>\$24,415</u>

**NEWTON TOWNSHIP  
LICKING COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

<b>1998 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$159,359	\$104,282	\$55,077
Special Revenue	712,592	462,491	250,101
Debt Service	18,622	8,575	10,047
Total	\$890,573	\$575,348	\$315,225

**4. PROPERTY TAX**

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

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. DEBT OBLIGATIONS**

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Fire Engine Notes	\$103,333	6%
Case Loader Backhoe Lease	\$32,225	6%
Total	\$135,558	

**NEWTON TOWNSHIP  
LICKING COUNTY**

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

**5. DEBT OBLIGATIONS (Continued)**

On August 19, 1998 the Township issued notes of \$155,000 for the purchase of a fire engine. On April 6, 1999, the Township entered into a lease agreement for a case loader backhoe. Amortization of the above debt, including interest, is scheduled as follows:

<u>Year ending December 31:</u>	<u>Fire Engine Notes</u>	<u>Backhoe Capital Lease</u>
2000	\$57,521	\$12,000
2001	54,586	12,000
2002	<u>0</u>	<u>12,000</u>
Total	<u>\$112,107</u>	<u>\$36,000</u>

**6. RETIREMENT SYSTEMS**

Full-time employees and elected officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS are cost-sharing, multiple-employer plans. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

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

**7. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions
- Inland Marine
- Fire Vehicle

The Township also provides health insurance coverage to all elected officials and full-time employees through a private carrier.

**NEWTON TOWNSHIP  
LICKING COUNTY**

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

**8. CORRECTION OF ERROR AND FUND RECLASSIFICATION**

During 1997, the Cemetery Prepayment Fund (Agency fund) was reclassified to the Special Revenue Fund Type in error. As a result, December 31, 1997 fund balances were adjusted as follows:

Special Revenue Fund:	
Fund Balance December 31, 1997 as reported	\$237,295
Adjustment	<u>(42,083)</u>
Adjusted December 31, 1997 Fund Balance	<u>\$195,212</u>
 Agency Fund:	
Fund Balance December 31, 1997 as reported	\$ 0
Adjustment	<u>42,083</u>
Adjusted December 31, 1997 Fund Balance	<u>\$42,083</u>





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

Board of Trustees  
Newton Township  
Licking County  
3579 Chestnut Hills Road  
Newark, Ohio 43055

We have audited the financial statements of Newton Township, Licking County, Ohio (the Township) as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated April 19, 2000, in which the Township changed its method of reporting the Cemetery Prepayment Fund. We conducted our audits 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 audits 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 April 19, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audits, 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 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 April 19, 2000.

This report is intended for the information and use of management and 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", written in a cursive style.

**JIM PETRO**  
Auditor of State

April 19, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**NEWTON TOWNSHIP**

**LICKING 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  
JUNE 1, 2000**