



**BURLINGTON TOWNSHIP
LICKING COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

**BURLINGTON TOWNSHIP
LICKING COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Second Floor
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Board of Trustees
Burlington Township
Licking County
12160 Smoketown Road NE
Utica, Ohio 43080-9554

We have audited the accompanying financial statements of Burlington Township, Licking County, Ohio, (the Township) as of and for the years ended December 31, 2000 and December 31, 1999. 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 auditing standards generally accepted in the United States of America 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 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 and reserve for encumbrances of the Burlington Township, Licking County, Ohio as of December 31, 2000 and December 31, 1999, 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 our report dated June 20, 2001 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Board 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.

JIM PETRO
Auditor of State

June 20, 2001

**BURLINGTON TOWNSHIP
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$43,973	\$72,184	\$116,157
Intergovernmental	46,805	69,603	116,408
Licenses, Permits, and Fees	957	2,700	3,657
Earnings on Investments	1,781	1,163	2,944
Other Receipts	386	2,204	2,590
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	93,902	147,854	241,756
Cash Disbursements:			
Current:			
General Government	64,980	0	64,980
Public Safety	0	53,767	53,767
Public Works	30,422	74,807	105,229
Health	2,879	10,149	13,028
Conservation - Recreation	201		201
Debt Service:			
Redemption of Principal	0	7,600	7,600
Interest and Fiscal Charges	0	1,848	1,848
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	98,482	148,171	246,653
Total Cash Receipts (Under) Cash Disbursements	(4,580)	(317)	(4,897)
Fund Cash Balances, January 1, 2000	90,723	117,730	208,453
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31, 2000	\$86,143	\$117,413	\$203,556
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Reserve for Encumbrances, December 31, 2000	\$0	\$350	\$350
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The notes to the financial statements are an integral part of this statement.

**BURLINGTON TOWNSHIP
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
NON-EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Non Expendable Trust</u>
Non-Operating cash receipts:	
Interest	<u>\$11</u>
Fund cash balances, January 1, 2000	<u>721</u>
Fund cash balances, December 31, 2000	<u><u>\$732</u></u>

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

**BURLINGTON 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**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Local Taxes	\$40,481	\$72,102	\$112,583
Intergovernmental	57,428	70,148	127,576
Licenses, Permits, and Fees	976	2,575	3,551
Earnings on Investments	1,814	1,189	3,003
Other Receipts	2,455	1,603	4,058
 Total Cash Receipts	 103,154	 147,617	 250,771
Cash Disbursements:			
Current:			
General Government	66,039	0	66,039
Public Safety	0	52,022	52,022
Public Works	23,196	51,007	74,203
Health	3,064	8,494	11,558
Conservation - Recreation	5,500	0	5,500
Debt Service:			
Redemption of Principal	1,292	6,308	7,600
Interest and Fiscal Charges	64	311	375
Capital Outlay	64,325	0	64,325
 Total Cash Disbursements	 163,480	 118,142	 281,622
 Total Cash Receipts Over/(Under) Cash Disbursements	 (60,326)	 29,475	 (30,851)
Other Financing Receipts:			
 Proceeds of Notes	 38,000	 0	 38,000
 Total Other Financing Receipts	 38,000	 0	 38,000
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	 (22,326)	 29,475	 7,149
 Fund Cash Balances, January 1, 2000	 113,049	 88,255	 201,304
 Fund Cash Balances, December 31, 2000	 \$90,723	 \$117,730	 \$208,453

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

**BURLINGTON TOWNSHIP
LICKING COUNTY**

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

	<u>Non Expendable Trust</u>
Non-Operating cash receipts:	
Interest	<u>\$11</u>
Fund cash balances, January 1, 2000	<u>710</u>
Fund cash balances, December 31, 2000	<u><u>\$721</u></u>

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

**BURLINGTON TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Burlington Township, Licking 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. 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:

1. 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.

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:

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

Fire District Fund - This fund receives property tax money to pay for providing fire protection and emergency medical services.

3. Fiduciary Fund (Non-Expendable Trust)

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 Bequest Fund- This non-expendable trust fund is for the maintenance of the Cemetery.

**BURLINGTON TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and 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. Unencumbered appropriations lapse at year end.

2. 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.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated. The Township did not encumber all commitments required by Ohio law.

A summary of 2000 and 1999 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.

F. Unpaid Vacation and Sick Leave

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

2. EQUITY IN POOLED CASH

The Township maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The cash balances at December 31 were as follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$204,288	\$209,173

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

**BURLINGTON TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and December 31, 1999 follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$96,609	\$93,902	(\$2,707)
Special Revenue	145,441	147,854	2,413
Non-Expendable Trust	0	11	\$11
Total	<u>\$242,050</u>	<u>\$241,770</u>	<u>(\$280)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$187,332	\$98,482	\$88,850
Special Revenue	263,171	148,521	114,650
Non-Expendable Trust	21	0	21
Total	<u>\$450,524</u>	<u>\$247,003</u>	<u>\$203,521</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$82,261	\$141,154	\$58,893
Special Revenue	142,207	147,617	5,410
Non-Expendable Trust	0	11	\$11
Total	<u>\$224,468</u>	<u>\$288,782</u>	<u>\$64,314</u>

**BURLINGTON TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$154,712	\$163,480	(\$8,768)
Special Revenue	190,470	118,142	72,328
Non-Expendable Trust	<u>1</u>	<u>0</u>	<u>1</u>
Total	<u>\$345,183</u>	<u>\$281,622</u>	<u>\$63,561</u>

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.

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

Debt outstanding at December 31, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Road Equipment Note	<u>\$22,800</u>	6.10%

The road equipment note was issued in 1999 to finance the purchase of road equipment to maintain Township roads. The note is collateralized by the road equipment.

**BURLINGTON TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. DEBT (Continued)

Amortization of the above debt, including interest, is scheduled as follows:

Year ending <u>December 31:</u>	General Obligation <u>Notes</u>
2001	\$7,600
2002	7,600
2003	7,600
2004	<u>2,756</u>
Total	<u><u>\$25,556</u></u>

6. RETIREMENT SYSTEMS

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. For 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 10.84% for 2000 and 13.55% for 1999 of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

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

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OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Second Floor
Columbus, Ohio 43215

Telephone 614-466-3402
800-443-9275

Facsimile 614-728-7199
www.auditor.state.oh.us

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

Board of Trustees
Burlington Township
Licking County
12160 Smoketown Road NE
Utica, Ohio 43080-9554

We have audited the accompanying financial statements of Burlington Township, Licking County, Ohio (the Township), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated June 20, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-40645-001 and 2000-40645-002.

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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 20, 2001.

Burlington Township
Licking County
Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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.

JIM PETRO
Auditor of State

June 20, 2001

**BURLINGTON TOWNSHIP
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND DECEMBER 31, 1999**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2000-40645-001
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Certification of Funds

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 the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification should be considered null and void.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate - if no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the purchase order or contract and at the time of the certificate, appropriated and free of any previous encumbrance, the Board may authorize the issuance of a check in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than \$1000, the fiscal officer may authorize it to be paid without the affirmation of the Council, if such expenditure is otherwise valid.

Forty percent of the transactions tested were not certified by the Clerk. This procedure is not only required by Ohio law but is also a key control in the disbursement process to assure that purchase commitments receive prior approval, and to help reduce the possibility of Township funds being over expended or exceeding budgetary spending limitations as set by the Board.

To improve controls over disbursements it is recommended that all Township disbursements, receive prior certification of the Clerk and that the Board periodically review the expenditures made to ensure they are within appropriations adopted by the Board certified by the Clerk and recorded against appropriations.

Finding Number	2000-40645-002
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Competitive Bidding

Ohio Rev. Code Sections 5575.01 states that competitive bidding is required for contracts for the maintenance or repair of roads, where the amount involved exceeds \$15,000. In each case, the board must advertise once, not later than two weeks prior to the letting of the contract, in a newspaper published in the county and of general circulation in the township. Award must be to the lowest responsible bidder.

**BURLINGTON TOWNSHIP
LICKING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND DECEMBER 31, 1999
(Continued)**

Finding Number	2000-40645-002 (continued)
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Competitive Bidding (Continued)

By unanimous resolution that a real and present emergency exists, Section 505.08, Ohio Rev. Code permits trustees to contract, without bidding or advertising, for the purchase of equipment, supplies, materials or services needed to meet the emergency if the estimated cost of the contract is less than \$50,000.

During the audit period, the Township did not have a record of competitively bidding for the work with Ohio Asphalt Paving Inc. totaling \$89,000.56 for the repair of roads. We recommend the Township competitively bid for contracts more than \$15000 as required by the Ohio Revised Code.

**BURLINGTON TOWNSHIP
LICKING COUNTY**

**SCHEDULE OF PRIOR FINDINGS
DECEMBER 31, 2000 AND DECEMBER 31, 1999**

<i>Finding Number</i>	<i>Finding Summary</i>	<i>Fully Corrected?</i>	<i>Not Corrected/Explanation</i>
1998-40645-001	Ohio Rev. Code Section 5705.41 (D) Funds certification by the fiscal officer of the Township	No	The Township strives to maintain certification of the funds at the time of commitment. However, expenditures were not certified as required by law.
1998-40645-001	Ohio Rev. Code Section 5705.09 Establishment of special fund for each class revenues other than general property tax	Yes	
1998-40645-003	During 1997, the Township did not appropriate expenditures for the Ohio Public Works grant.	Yes	



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

BURLINGTON 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
JULY 19, 2001**