



**LICKING TOWNSHIP  
LICKING COUNTY**

**REGULAR AUDIT**

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



**JIM PETRO  
AUDITOR OF STATE**

STATE OF OHIO



LICKING TOWNSHIP  
LICKING COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Board of Trustees  
Licking Township  
Licking County  
Box 222  
Jacksontown, OH 43030

We have audited the accompanying financial statements of Licking 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 Licking 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2000 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

June 14, 2000



**LICKING 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>	
<b>Cash Receipts:</b>				
Local Taxes	\$67,141	\$240,149	\$4,650	\$311,940
Intergovernmental	120,962	104,261	0	225,223
Licenses, Permits, and Fees	12,295	3,000	0	15,295
Earnings on Investments	7,035	859	0	7,894
Other Receipts	7,997	21,313	0	29,310
<b>Total Cash Receipts</b>	<u>215,430</u>	<u>369,582</u>	<u>4,650</u>	<u>589,662</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	131,605	176	0	131,781
Public Safety	0	54,359	0	54,359
Public Works	0	170,362	0	170,362
Health	11,279	2,725	0	14,004
Capital Outlay	8,500	55,701	0	64,201
Bond Principle Payment	0	0	7,290	7,290
Note Principle Payment	0	20,308	0	20,308
Interest and Fiscal Charges	0	2,618	2,010	4,628
<b>Total Cash Disbursements</b>	<u>151,384</u>	<u>306,249</u>	<u>9,300</u>	<u>466,933</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>64,046</u>	<u>63,333</u>	<u>(4,650)</u>	<u>122,729</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In	0	0	4,650	4,650
Transfers-Out	(4,650)	0	0	(4,650)
Other Sources	0	45	0	45
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(4,650)</u>	<u>45</u>	<u>4,650</u>	<u>45</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>59,396</u>	<u>63,378</u>	<u>0</u>	<u>122,774</u>
<b>Fund Cash Balances, January 1, 1999</b>	<u>116,665</u>	<u>173,951</u>	<u>0</u>	<u>290,616</u>
<b>Fund Cash Balances, December 31, 1999</b>	<u><u>\$176,061</u></u>	<u><u>\$237,329</u></u>	<u><u>\$0</u></u>	<u><u>\$413,390</u></u>

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

LICKING TOWNSHIP  
LICKING COUNTY

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

	<u>Non Expendable Trust Fund</u>
<b>Operating Receipts:</b>	
Earnings on Investments	<u>534</u>
Operating Income	534
Fund Cash Balance, January 1, 1999	<u>10,154</u>
<b>Fund Cash Balance, December 31, 1999</b>	<b><u><u>\$10,688</u></u></b>

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



**LICKING 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>	
<b>Cash Receipts:</b>				
Local Taxes	\$60,213	\$197,083	\$9,803	\$267,099
Intergovernmental	74,612	93,802	0	168,414
Licenses, Permits, and Fees	2,521	3,800	0	6,321
Earnings on Investments	5,711	637	0	6,348
Other Receipts	8,351	16,633	0	24,984
	<u>151,408</u>	<u>311,955</u>	<u>9,803</u>	<u>473,166</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
General Government	126,848	1,902	0	128,750
Public Safety	0	60,101	0	60,101
Public Works	0	157,036	0	157,036
Health	12,642	1,934	0	14,576
Capital Outlay	7,082	10,244	0	17,326
Bond Principle Payment	0	0	7,290	7,290
Note Principle Payment	0	19,114	0	19,114
Interest and Fiscal Charges	0	3,812	2,513	6,325
	<u>146,572</u>	<u>254,143</u>	<u>9,803</u>	<u>410,518</u>
<b>Total Cash Disbursements</b>				
Total Receipts Over/(Under) Disbursements	<u>4,836</u>	<u>57,812</u>	<u>0</u>	<u>62,648</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Other Sources	<u>117</u>	<u>0</u>	<u>0</u>	<u>117</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	4,953	57,812	0	62,765
Fund Cash Balances, January 1, 1998	<u>111,712</u>	<u>116,139</u>	<u>0</u>	<u>227,851</u>
<b>Fund Cash Balances, December 31, 1998</b>	<b><u>\$116,665</u></b>	<b><u>\$173,951</u></b>	<b><u>\$0</u></b>	<b><u>\$290,616</u></b>

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

LICKING TOWNSHIP  
LICKING COUNTY

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

	<u>Non Expendable Trust Fund</u>
<b>Operating Receipts:</b>	
Earnings on Investments	<u>\$1,095</u>
<b>Operating Disbursements:</b>	
Purchased Services	<u>999</u>
Operating Income	96
Fund Cash Balance, January 1, 1998	<u>10,058</u>
<b>Fund Cash Balance, December 31, 1998</b>	<b><u><u>\$10,154</u></u></b>

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

**LICKING TOWNSHIP  
LICKING COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Licking 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 and repair, cemetery services, and fire 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. Cash and Investments**

The Cemetery Trust Fund Certificates of Deposit are valued at cost.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

**D. 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:

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.

**LICKING TOWNSHIP  
LICKING COUNTY**

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

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

**D. Fund Accounting** (Continued)

**2. Special Revenue Funds** (Continued)

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

**3. Debt Service Fund**

The debt service fund is used to accumulate resources for the payment of a construction note.

**4. Fiduciary Funds (Trust Fund)**

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

Cemetery Trust - This fund receives interest money for maintaining cemetery plots specified by the trust benefactor.

**E. 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. Appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made.

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

**LICKING TOWNSHIP  
LICKING COUNTY**

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

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

**F. Property, Plant and Equipment**

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

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

The Township maintains a cash and investment pool used by all funds, except the non expendable trust fund which is invested in certificates of deposit. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$414,578	\$291,270
Certificates of deposit	9,500	9,500
Total deposits	<u>\$424,078</u>	<u>\$300,770</u>

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

**3. BUDGETARY ACTIVITY**

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

<b>1999 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$200,589	\$215,430	\$14,841
Special Revenue	352,573	369,627	17,054
Debt Service	10,625	9,300	(1,325)
Non Expendable Trust	567	534	(33)
Total	<u>\$564,354</u>	<u>\$594,891</u>	<u>\$30,537</u>

**LICKING TOWNSHIP  
LICKING COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

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

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$307,950	\$156,034	\$151,916
Special Revenue	534,524	306,249	228,275
Debt Service	9,305	9,300	5
Non Expendable Trust	1,220	0	1,220
Total	<u>\$852,999</u>	<u>\$471,583</u>	<u>\$381,416</u>

**1998 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$176,784	\$151,525	(\$25,259)
Special Revenue	283,834	311,955	28,121
Debt Service	10,450	9,803	(647)
Non Expendable Trust	550	1,095	545
Total	<u>\$471,618</u>	<u>\$474,378</u>	<u>\$2,760</u>

**1998 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$289,083	\$146,572	\$142,511
Special Revenue	399,974	254,143	145,831
Debt Service	9,805	9,803	2
Non Expendable Trust	1,108	999	109
Total	<u>\$699,970</u>	<u>\$411,517</u>	<u>\$288,453</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.

**LICKING TOWNSHIP  
LICKING COUNTY**

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

**4. PROPERTY TAX (Continued)**

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**

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Equipment Storage Note	\$21,870	6.80%
Ambulance Loan	21,578	6.25%
New Holland Backhoe Lease	35,735	0.00%
Emergency One Pumper Lease/Purchase	116,480	4.94%
Total	\$195,663	

The Equipment Storage Notes were issued to pay for the construction of the Township Equipment Storage Building, used to house Township property and equipment. The Ambulance Loan was used to purchase a new Ambulance for medical needs.

In 1999 the Township entered into a lease/purchase agreement with Emergency One Inc., for a emergency pumper fire truck. Per the terms of the lease, ownership of the truck will transfer to the Township after five years. However, the Township has the option to cancel the lease.

A lease was also entered into to obtain a backhoe for Township needs.

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

Year ending December 31:	Equipment Note Storage	Ambulance Loan	Backhoe Lease	Emergency One Pumper Lease
2000	\$8,802	\$22,926	\$16,164	\$26,859
2001	8,295	0	23,482	26,859
2002	7,793	0	0	26,859
2003	0	0	0	26,859
2004	0	0	0	26,859
Total	\$24,890	\$22,926	\$39,646	\$134,295

**LICKING TOWNSHIP  
LICKING COUNTY**

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

**6. RETIREMENT SYSTEMS**

Full-time employees and elected officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement 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
- Automobiles
- Wrongful Acts
- Inland Marine
- Fire Vehicle

The Township also provided health insurance to full-time employees through private carriers.





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

Board of Trustees  
Licking Township  
Licking County  
Box 222  
Jacksontown, OH 43030

We have audited the accompanying financial statements of Licking 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 June 14, 2000. 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 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 a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated June 14, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered 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 certain matters involving the internal controls over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 14, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized loop at the end.

**JIM PETRO**  
Auditor of State

June 14, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Facsimile 614-466-4490

**LICKING 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  
AUGUST 1, 2000**