



**Auditor of State  
Betty Montgomery**



**BURLINGTON TOWNSHIP  
LICKING COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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

To the Board of Trustees:

We have audited the accompanying financial statements of Burlington Township, Licking County, Ohio, (the Township) as of and for the years ended December 31, 2002, and December 31, 2001. 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 provides a reasonable basis for our opinion.

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

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 Township as of December 31, 2002, and December 31, 2001, 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 August 8, 2003, 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.

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This report is intended solely for the information and use of the audit committee, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

August 8, 2003

**BURLINGTON TOWNSHIP  
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Non-Expendable Trust</u>	
<b>Cash Receipts:</b>						
Local Taxes	\$48,424	\$76,472	\$7,941	\$0	\$0	\$132,837
Intergovernmental	42,636	69,921	862	0	0	113,419
Licenses, Permits, and Fees	1,821	2,750	0	0	0	4,571
Earnings on Investments	528	313	0	123	0	964
Other Revenue	2,230	2,160	125	0	0	4,515
	<u>95,639</u>	<u>151,616</u>	<u>8,928</u>	<u>123</u>	<u>0</u>	<u>256,306</u>
<b>Total Cash Receipts</b>						
	<u>95,639</u>	<u>151,616</u>	<u>8,928</u>	<u>123</u>	<u>0</u>	<u>256,306</u>
<b>Cash Disbursements:</b>						
Current:						
General Government	75,573	0	0	0	0	75,573
Public Safety	0	53,908	0	0	0	53,908
Public Works	14,902	97,791	136	0	0	112,829
Health	3,199	9,931	0	0	0	13,130
Redemption of Principal	0	0	7,600	0	0	7,600
Interest and Fiscal Charges	0	0	930	0	0	930
Capital Outlay	0	160	0	0	0	160
	<u>93,674</u>	<u>161,790</u>	<u>8,666</u>	<u>0</u>	<u>0</u>	<u>264,130</u>
<b>Total Cash Disbursements</b>						
	<u>93,674</u>	<u>161,790</u>	<u>8,666</u>	<u>0</u>	<u>0</u>	<u>264,130</u>
Total Receipts Over/(Under) Disbursements	1,965	(10,174)	262	123	0	(7,824)
Fund Cash Balances, January 1	67,133	140,482	1,101	25,105	735	234,556
	<u>67,133</u>	<u>140,482</u>	<u>1,101</u>	<u>25,105</u>	<u>735</u>	<u>234,556</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$69,098</u></u>	<u><u>\$130,308</u></u>	<u><u>\$1,363</u></u>	<u><u>\$25,228</u></u>	<u><u>\$735</u></u>	<u><u>\$226,732</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 AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Project	Non-Expendable Trust	
<b>Cash Receipts:</b>						
Local Taxes	\$48,814	\$73,671	\$8,591	\$0	\$0	\$131,076
Intergovernmental	43,051	70,833	885	0	0	114,769
Licenses, Permits, and Fees	2,119	4,934	0	0	0	7,053
Earnings on Investments	1,184	834	0	233	3	2,254
Other Revenue	425	7,831	34	0	0	8,290
<b>Total Cash Receipts</b>	<b>95,593</b>	<b>158,103</b>	<b>9,510</b>	<b>233</b>	<b>3</b>	<b>263,442</b>
<b>Cash Disbursements:</b>						
Current:						
General Government	73,877	0	0	0	0	73,877
Public Safety	0	54,010	0	0	0	54,010
Public Works	8,169	64,921	161	0	0	73,251
Health	2,939	11,095	0	0	0	14,034
Redemption of Principal	0	0	7,600	0	0	7,600
Interest and Fiscal Charges	373	0	1,021	0	0	1,394
Capital Outlay	0	9,008	0	0	0	9,008
<b>Total Cash Disbursements</b>	<b>85,358</b>	<b>139,034</b>	<b>8,782</b>	<b>0</b>	<b>0</b>	<b>233,174</b>
<b>Total Receipts Over Disbursements</b>	<b>10,235</b>	<b>19,069</b>	<b>728</b>	<b>233</b>	<b>3</b>	<b>30,268</b>
<b>Other Financing Receipts and (Disbursements):</b>						
Transfers-In	0	4,000	373	24,872	0	29,245
Transfers-Out	(29,245)	0	0	0	0	(29,245)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(29,245)</b>	<b>4,000</b>	<b>373</b>	<b>24,872</b>	<b>0</b>	<b>0</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(19,010)	23,069	1,101	25,105	3	30,268
Fund Cash Balances, January 1	86,143	117,413	0	0	732	204,288
<b>Fund Cash Balances, December 31</b>	<b>\$67,133</b>	<b>\$140,482</b>	<b>\$1,101</b>	<b>\$25,105</b>	<b>\$735</b>	<b>\$234,556</b>
Reserve for Encumbrances, December 31	\$0	\$5,000	\$0	\$0	\$0	\$5,000

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

**BURLINGTON TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**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 and cemetery maintenance. The Township contracts with the Homer Volunteer Fire Department for 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. Cash**

The Township maintains an interest bearing checking account and two savings accounts.

**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:

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

*Fire Levy Fund* - This fund receives taxes levied to provide fire protection and emergency medical services to the Township.

**BURLINGTON TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**D. Fund Accounting (Continued)**

**3. Debt Service Fund**

The debt service fund is used to accumulate resources for the payment of note indebtedness. The Township had the following significant Debt Service Fund:

*General Note Retirement Fund* - This fund receives property tax money for the payment of the Township's long term notes.

**4. Capital Projects Fund**

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Projects Fund:

*Permanent Improvement Fund* - The Township has received inheritance money that they have placed in this fund for the future building of a Township Hall.

**5. Fiduciary Fund (Non-Expendable Trust)**

This fund is 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 fund is for the maintenance of the cemetery.

**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. 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.

**BURLINGTON TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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

**E. Budgetary Process (Continued)**

**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 reappropriated.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**2. EQUITY IN POOLED CASH**

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

	2002	2001
Demand deposits	\$226,732	\$234,556

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2002 and December 31, 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$80,218	\$95,639	\$15,421
Special Revenue	129,736	151,616	21,880
Debt Service	9,065	8,928	(137)
Capital Project	0	123	123
Fiduciary Fund	3	0	(3)
Total	\$219,022	\$256,306	\$37,284

**BURLINGTON TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$141,304	\$93,674	\$47,630
Special Revenue	275,218	161,790	113,428
Debt Service	10,166	8,666	1,500
Capital Project	0	0	0
Fiduciary Fund	0	0	0
Total	\$426,688	\$264,130	\$162,558

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$82,393	\$95,593	\$13,200
Special Revenue	116,593	162,103	45,510
Debt Service	9,030	9,883	853
Capital Project	24,924	25,105	181
Fiduciary Fund	6	3	(3)
Total	\$232,946	\$292,687	\$59,741

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$168,538	\$114,603	\$53,935
Special Revenue	234,356	144,034	90,322
Debt Service	9,030	8,782	248
Capital Project	0	0	0
Fiduciary Fund	0	0	0
Total	\$411,924	\$267,419	\$144,505

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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 payments, the first half is due December 31. The second half payment is due the following June 20.

**BURLINGTON TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**4. PROPERTY TAX (Continued)**

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, 2002 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Road Equipment Note	<u>\$7,600</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.

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

	<u>Note - Equipment</u>
Year ending December 31: 2003	<u>\$8,064</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 2002 and 2001, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. The Township has paid all contributions required through December 31, 2002.

**7. RISK MANAGEMENT**

**Risk Pool Membership**

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with approximately 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

**BURLINGTON TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

**Risk Pool Membership (Continued)**

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages. Effective September 1, 2002, the Plan retains 5% of the premium and losses on the first \$500,000 casualty treaty (up to \$25,000 of a loss) and 5% of the first \$1,000,000 property treaty (up to \$50,000 of a loss). The Plan also participates in a loss corridor in its first \$500,000 casualty reinsurance. The corridor includes losses paid between 55% and 65% of premiums earned under this treaty. (Reinsurance coverage would resume after a paid loss ratio of 65% is exceeded.) The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

**8. SUBSEQUENT EVENT**

On February 7, 2003, the Board of Tax Appeals of the State of Ohio remanded to the Licking County Budget commission with orders to make an allocation of the 1997-2002 Undivided Local Government Fund (ULGF) and the 1997-2002 Undivided Local Government Revenue Assistance Fund (ULGRAF) in compliance with provisions of Ohio Revised Code Sections 5747.51 and 5747.62. In summary, the Board of Tax Appeals found that no alternative apportionment or formula allowed under Ohio Revised Code 5747.53 and 5747.63 was legally effective.

The County Budget Commission plans to appeal the ruling and the effect on future local government distributions cannot be determined at this time.



## **Auditor of State Betty Montgomery**

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

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

To the Board of Trustees:

We have audited the accompanying financial statements of Burlington Township (the Township) as of and for the years ended December 31, 2002, and December 31, 2001, and have issued our report thereon dated August 8, 2003. 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 the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

#### **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.

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

This report is intended solely for the information and use of the audit committee, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

August 8, 2003

**BURLINGTON TOWNSHIP  
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2002 AND DECEMBER 31, 2001**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2000-40645-001	Certification of Funds - ORC 5705.41 (D)	Yes	Fully Corrected
2000-40645-002	Competitive Bidding – ORC 5575.01	Yes	Fully Corrected





**Auditor of State  
Betty Montgomery**

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**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  
SEPTEMBER 11, 2003**