

**HOPEWELL TOWNSHIP  
LICKING COUNTY**

**AUDIT REPORT**

**YEARS ENDED DECEMBER 31, 2012 and 2011**

**Wolfe, Wilson, & Phillips, Inc.  
37 South Seventh Street  
Zanesville, Ohio 43701**





# Dave Yost • Auditor of State

Board of Trustees  
Hopewell Township  
9427 Poplar Forks Road  
Newark, Ohio 43056

We have reviewed the *Independent Auditors' Report* of Hopewell Township, Licking County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period January 1, 2011 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Hopewell Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

October 7, 2013

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**HOPEWELL TOWNSHIP  
LICKING COUNTY**

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**WOLFE, WILSON, & PHILLIPS, INC.  
37 SOUTH SEVENTH STREET  
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT**

Hopewell Township  
Licking County  
9427 Poplar Forks Road  
Newark, Ohio 43056

To the Board of Trustees:

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hopewell Township, Licking County as of and for the year ended December 31, 2012 and 2011, and the related notes to the financial statements,, which collectively comprised the Township's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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 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.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund and the aggregate remaining fund information of Hopewell Township, Licking County, as of December 31, 2012 and 2011, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund, Gasoline Tax Fund, Road & Bridge Fund, and Fire Special Levy Fund, thereof for the years then ended in accordance with the accounting basis described in Note 2

### **Accounting Basis**

We draw attention to Note 2 of the financial statements, which describes the accounting basis, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

### **Emphasis of a Matter**

As discussed in Note 3 to the financial statements, during 2011, the Township adopted new accounting guidance in Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We did not modify our opinion regarding this matter.

As discussed in Note 3 to the financial statements, during 2012, the Township adopted new accounting guidance in Government Accounting Standards Board Statement No. 63, *Financing Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. We did not modify our opinion regarding this matter.

### **Other Matters**

#### *Supplemental and Other Information*

We audited to opine on the Township's financial statements that collectively comprise its basic financial statements. Management's Discussion and Analysis includes tables of net assets, changes in net assets and governmental activities. These tables provide additional analysis and are not a required part of the basic financial statements.

These tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves., and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion and Analysis, and we express no opinion or any other assurances on it.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated July 17, 2013, on our consideration of the Hopewell 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.

***Wolfe, Wilson, & Phillips, Inc.***  
Zanesville, Ohio  
July 17, 2013

**HOPEWELL TOWNSHIP, LICKING COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011  
UNAUDITED**

This discussion and analysis of the Hopewell Township's financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2012 and 2011, within the limitations of the Township's cash basis accounting. The intent of this discussion and analysis is to look at the Township's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the Township's financial performance.

**Highlights**

Key highlights for 2012 and 2011 are as follows:

The Township's general receipts are primarily Real Estate and property taxes for governmental activities for the year. Tax receipts for 2012 and 2011 changed very little compared to 2010 as development within the Township has stayed about the same.

In 2012, The Township refinanced their outstanding loan by acquiring \$25,000 more in debt proceeds to help the Township purchase a new backhoe.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

**Report Components**

The statement of net position and statement of activities provide information about the cash activities of the Township as a whole. The statement of cash basis assets and fund balances, and the statement of cash receipts, disbursements and changes in fund cash balances, present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**HOPEWELL TOWNSHIP, LICKING COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011  
UNAUDITED**

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the Government as a Whole**

The statements of net position and statements of activities for 2012 and 2011 reflect how the Township did financially within the limitations of the cash basis of accounting. The statement of net assets present the cash balances of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the programs services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General cash receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's tax base, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and real estate taxes.

In the statement of net position and the statement of activities, we divide the government into governmental activities. All of the Township's basic services are reported here, including road maintenance. Real estate and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**Reporting the Government's Most Significant Funds**

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose.

**HOPEWELL TOWNSHIP, LICKING COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011  
UNAUDITED**

**Governmental Funds** - All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds for 2012 and 2011 are the General Fund, Gasoline Tax Fund, Road and Bridge Fund and Fire Special Levy Fund. The programs reported in governmental funds are related to those reported in the governmental activities section of the entity-wide statements. There are no reconciliations between the two reports as the township reports on the cash basis.

**The Government as a Whole**

Table 1 provides a summary of the Township's net position for 2012 compared to 2011 and 2010 on the cash basis:

Table 1  
NET POSITION/ASSETS

	<u>Governmental Activities</u>		
	<u>2012</u>	<u>2011</u>	<u>2010</u>
Assets			
Cash	\$ 426,950	\$ 365,163	\$ 380,286
Total Assets	<u>426,950</u>	<u>365,163</u>	<u>380,286</u>
Net Position			
Restricted for:			
Capital Projects	22,883	22,883	-
Debt Service	7,555	7,555	167
Other Purposes	367,785	319,253	350,727
Unrestricted	<u>28,727</u>	<u>15,472</u>	<u>29,392</u>
Total Net Position	<u>\$ 426,950</u>	<u>\$ 365,163</u>	<u>\$ 380,286</u>

**HOPEWELL TOWNSHIP, LICKING COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011  
UNAUDITED**

Table 2 reflects the changes in net assets in 2012 and 2011 and 2010

Table 2  
CHANGES IN NET ASSETS

	Governmental Activities		
	2012	2011	2010
Receipts:			
Program Receipts:			
Charges for Services	\$ -	\$ 3,000	\$ 7,200
Operating Grants	94,952	95,530	102,464
Capital Grants	-	-	-
Total Program Receipts	94,952	98,530	109,664
General Receipts;			
Property and Other Tax	164,909	158,714	164,383
Grants and Entitlements not Restricted	98,974	54,503	56,873
Other Debt Proceeds	25,000	-	-
Interest	1,789	6,669	6,480
Miscellaneous	1,703	13,780	4,321
Total General Receipts	292,375	233,666	232,057
Total Receipts	387,327	332,196	341,721
Disbursements:			
General Government	73,889	78,188	73,624
Public Safety	28,384	28,348	28,000
Public Works	196,567	208,077	163,753
Health	8,564	8,971	7,162
Other	-	23	-
Capital Outlay	-	7,432	62,599
DS - Principal	11,499	10,977	10,503
DS - Interest	6,637	5,303	5,577
Total Disbursements	325,540	347,319	351,218
Increase/(Decrease) In Net Assets	61,787	(15,123)	(9,497)
Net Assets, January 1	365,163	380,286	389,783
Net Assets, December 31	\$ 426,950	\$ 365,163	\$ 380,286

Program receipts represent 25%, 30% and 32% of total receipts for 2012, 2011 and 2010, respectively. They are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 75%, 70% and 68% of the Township's total receipts for 2012, 2011 and 2010, respectively. Local taxes represent 56%, 68% and 71% of the general receipts. Grants and entitlements make up the balance of general receipts. Other receipts are insignificant and somewhat unpredictable receipt sources.

**HOPEWELL TOWNSHIP, LICKING COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011  
UNAUDITED**

Disbursements for general government represent the overhead costs of running the Township and the support services provided for the other Township activities.

**Governmental Activities**

If you look at the Statement of Activities, you will see that the first column lists the major services provided by Hopewell Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are Public Works, General Government and Public Safety, which account for 60%, 23% and 9% in 2012 and 60%, 22% and 8% in 2009 of all governmental disbursements. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. This "net cost" amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the Statement. A comparison between the total cost of service and the net cost for 2012 and 2011 is presented in Table 3.

TABLE 3

	Total Cost of Services 2012	Net Cost of Services 2012	Total Cost of Services 2011	Net Cost of Services 2011
General Government	\$ 73,889	\$ 73,889	\$ 78,188	\$ 78,188
Public Safety	28,384	28,384	28,348	28,348
Public Works	196,567	101,615	208,077	112,547
Health	8,564	8,564	8,971	5,971
			23	23
Capital Outlay	-	-	7,432	7,432
DS – Principal	11,499	11,499	10,977	10,977
DS - Interest	6,637	6,637	5,303	5,303
Total Expenses	<u>\$ 325,540</u>	<u>\$ 230,588</u>	<u>\$ 347,319</u>	<u>\$ 204,883</u>

The dependence upon property tax is apparent as over 72% and 84% for 2012 and 2011 of governmental activities are supported through these general receipts.

**The Government's Funds**

Total governmental funds had receipts of \$435,758 and \$332,196 for 2012 and 2011 and disbursements of \$373,971 and \$347,319 for 2012 and 2011, respectively.

**HOPEWELL TOWNSHIP, LICKING COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011  
UNAUDITED**

**Fund Budgeting Highlights**

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund.

During 2012 and 2011, the Township made amendments to its appropriation budget and receipts budget to reflect changing circumstances. For 2012 and 2011 actual receipts were less than budgeted receipts.

Final budgeted disbursements for 2012 and 2011 were \$105,757 and \$83,329, respectively. Actual disbursements for 2012 and 2011 were \$97,438 and \$82,410, respectively. The Township kept spending close to budgeted amounts.

**Capital Assets and Debt Administration**

**Capital Assets**

The Township does not currently keep track of its capital assets and infrastructure in the accompanying financial statements, but records payments for capital assets as disbursements.

**Debt**

As of December 31, 2012, the Township had debt outstanding in the amount of \$107,016, with \$16,174 due within one year.

**Contacting the Government's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Jennifer Crothers, Fiscal Officer, 9427 Poplar Forks Road, Newark, Ohio, 43056.

**HOPEWELL TOWNSHIP  
LICKING COUNTY**

**STATEMENT OF NET POSITION-CASH BASIS  
DECEMBER 31, 2012**

	<u>Governmental Activities</u>
<b>ASSETS:</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 426,950</u>
<b>Total Assets</b>	<u>\$ 426,950</u>
<b>NET POSITION:</b>	
Restricted for:	
Capital Projects	\$ 22,883
Debt Service	7,555
Other Purposes	367,785
Unrestricted	<u>28,727</u>
<b>Total Net Position</b>	<u><u>\$ 426,950</u></u>

See notes to basic financial statements.

**HOPEWELL TOWNSHIP  
LICKING COUNTY**

**STATEMENT OF ACTIVITIES-CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<b>Cash Disbursements</b>	<b>Charges for Services and Sales</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Net (Disbursements) Receipts and Changes in Net Position</b>
<b>Governmental Activities:</b>					
General Government	\$ 73,889	\$ -	\$ -	\$ -	\$ (73,889)
Public Safety	28,384	-	-	-	(28,384)
Public Works	196,567	-	94,952	-	(101,615)
Health	8,564	-	-	-	(8,564)
Debt Service:					
Principal	11,499	-	-	-	(11,499)
Interest and Fiscal Charges	6,637	-	-	-	(6,637)
<b>Total Governmental Activities</b>	<b>\$ 325,540</b>	<b>\$ -</b>	<b>\$ 94,952</b>	<b>\$ -</b>	<b>\$ (230,588)</b>

**General Receipts:**

Property Taxes Levied for:	
General Purposes	\$ 164,909
Grants and Entitlements not	
Restricted to Specific Programs	98,974
Debt Proceeds	25,000
Interest	1,789
Miscellaneous	1,703
	292,375
Total General Receipts	292,375
Change in Net Position	61,787
<b>Net Position Beginning of Year</b>	<b>365,163</b>
<b>Net Position End of Year</b>	<b>\$ 426,950</b>

See notes to the basic financial statements.

**HOPEWELL TOWNSHIP  
LICKING COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2012**

	<u>General</u>	<u>Gasoline Tax Fund</u>	<u>Road and Bridge Fund</u>	<u>Fire Special Levy Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>						
Equity in Pooled Cash and cash Equivalents	\$ 28,727	\$ 51,244	\$ 161,719	\$ 107,271	\$ 77,989	\$ 426,950
<b>Total Assets</b>	<u>\$ 28,727</u>	<u>\$ 51,244</u>	<u>\$ 161,719</u>	<u>\$ 107,271</u>	<u>\$ 77,989</u>	<u>\$ 426,950</u>
<b>Fund Balances:</b>						
Restricted	\$ -	\$ 51,244	\$ 161,719	\$ 107,271	\$ 77,989	\$ 398,223
Unassigned (Deficit)	<u>28,727</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,727</u>
<b>Total Fund Balances</b>	<u>\$ 28,727</u>	<u>\$ 51,244</u>	<u>\$ 161,719</u>	<u>\$ 107,271</u>	<u>\$ 77,989</u>	<u>\$ 426,950</u>

See notes to basic financial statements.

**HOPEWELL TOWNSHIP  
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2012**

	<u>General</u>	<u>Gasoline Tax Fund</u>	<u>Road and Bridge Fund</u>	<u>Fire Special Levy Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>CASH RECEIPTS</b>						
Property and Other Local Taxes	\$ 32,565	\$ -	\$ 90,390	\$ 41,953	\$ -	\$ 164,908
Licenses, Permits, and Fees	6,150	-	-	-	-	6,150
Intergovernmental	71,536	85,085	14,543	6,746	9,867	187,777
Interest	442	920	-	-	427	1,789
Other	-	-	1,703	-	-	1,703
<b>Total Receipts</b>	<u>110,693</u>	<u>86,005</u>	<u>106,636</u>	<u>48,699</u>	<u>10,294</u>	<u>362,327</u>
<b>CASH DISBURSEMENTS:</b>						
Current:						
General Government	43,618	-	-	30,271	-	73,889
Public Safety	-	-	-	28,384	-	28,384
Public Works	1,010	90,316	101,241	-	4,000	196,567
Health	4,379	-	-	-	4,185	8,564
Debt Service:						
Principal	-	11,499	-	-	-	11,499
Interest and Fiscal Charges	-	6,637	-	-	-	6,637
<b>Total Disbursements</b>	<u>49,007</u>	<u>108,452</u>	<u>101,241</u>	<u>58,655</u>	<u>8,185</u>	<u>325,540</u>
<b>Excess of Receipts Over (Under) Disbursements</b>	61,686	(22,447)	5,395	(9,956)	2,109	36,787
<b>Other Financing Sources (Uses)</b>						
Other Debt Proceeds	-	-	25,000	-	-	25,000
Transfers In	-	-	48,431	-	-	48,431
Transfers Out	(48,431)	-	-	-	-	(48,431)
<b>Total ther Financing Sources (Uses)</b>	<u>(48,431)</u>	<u>-</u>	<u>73,431</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
<b>Net Change in Cash Fund Balance</b>	13,255	(22,447)	78,826	(9,956)	2,109	61,787
<b>Cash Fund Balances Beginning of Year</b>	<u>15,472</u>	<u>73,691</u>	<u>82,893</u>	<u>117,227</u>	<u>75,880</u>	<u>365,163</u>
<b>Cash Fund Balances End of Year</b>	<u>\$ 28,727</u>	<u>\$ 51,244</u>	<u>\$ 161,719</u>	<u>\$ 107,271</u>	<u>\$ 77,989</u>	<u>\$ 426,950</u>

See notes to basic financial statements.

**HOPEWELL TOWNSHIP  
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES  
BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>CASH RECEIPTS</b>				
Property and Other Local Taxes	\$ 37,890	\$ 37,890	\$ 32,565	\$ (5,325)
Licenses, Permits and Fines	5,000	5,000	6,150	1,150
Intergovernmental	70,267	70,267	71,536	1,269
Interest	1,200	1,200	442	(758)
Other	500	500	-	(500)
<b>Total Receipts</b>	<u>114,857</u>	<u>114,857</u>	<u>110,693</u>	<u>(4,164)</u>
<b>CASH DISBURSEMENTS:</b>				
Current:				
General Government	47,809	48,079	43,618	4,461
Public Works	3,953	3,953	1,010	2,943
Health	5,289	5,289	4,379	910
Capital Outlay	3	3	-	3
<b>Total Disbursements</b>	<u>57,054</u>	<u>57,324</u>	<u>49,007</u>	<u>8,317</u>
<b>Excess of Receipts Over (Under) Disbursements</b>	57,803	57,533	61,686	4,153
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(48,431)	(48,431)	(48,431)	-
Advances Out	(1)	(1)	-	1
Other Financing Uses	(2)	(2)	-	2
<b>Total ther Financing Sources (Uses)</b>	<u>(48,434)</u>	<u>(48,434)</u>	<u>(48,431)</u>	<u>3</u>
<b>Net Change in Cash Fund Balance</b>	9,369	9,099	13,255	4,156
<b>Cash Fund Balances Beginning of Year</b>	<u>15,472</u>	<u>15,472</u>	<u>15,472</u>	<u>-</u>
<b>Cash Fund Balances End of Year</b>	<u>\$ 24,841</u>	<u>\$ 24,571</u>	<u>\$ 28,727</u>	<u>\$ 4,156</u>

See notes to basic financial statements.

**HOPEWELL TOWNSHIP  
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES  
BUDGET AND ACTUAL - BUDGET BASIS  
GASOLINE TAX FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>CASH RECEIPTS</b>				
Intergovernmental	\$ 80,000	\$ 80,000	\$ 85,085	\$ 5,085
Interest	3,800	3,800	920	(2,880)
Miscellaneous	-	-	-	-
<b>Total Receipts</b>	<u>83,800</u>	<u>83,800</u>	<u>86,005</u>	<u>2,205</u>
<b>CASH DISBURSEMENTS:</b>				
Current:				
Public Works	93,585	93,585	90,316	3,269
Debt Service:				
Principal	11,499	11,499	11,499	-
Interest	6,637	6,637	6,637	-
Capital Outlay	-	-	-	-
<b>Total Disbursements</b>	<u>111,721</u>	<u>111,721</u>	<u>108,452</u>	<u>3,269</u>
<b>Net Change in Cash Fund Balance</b>	(27,921)	(27,921)	(22,447)	5,474
<b>Cash Fund Balances Beginning of Year</b>	<u>73,691</u>	<u>73,691</u>	<u>73,691</u>	<u>-</u>
<b>Cash Fund Balances End of Year</b>	<u>\$ 45,770</u>	<u>\$ 45,770</u>	<u>\$ 51,244</u>	<u>\$ 5,474</u>

See notes to basic financial statements.

**HOPEWELL TOWNSHIP  
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES  
BUDGET AND ACTUAL - BUDGET BASIS  
ROAD AND BRIDGE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>CASH RECEIPTS</b>				
Property and Other Local Taxes	\$ 105,399	\$ 105,399	\$ 90,390	\$ (15,009)
Intergovernmental	10,000	10,000	14,543	4,543
Miscellaneous	49,931	49,931	1,703	(48,228)
<b>Total Receipts</b>	<u>165,330</u>	<u>165,330</u>	<u>106,636</u>	<u>(58,694)</u>
<b>CASH DISBURSEMENTS:</b>				
Current:				
Public Works	137,000	137,000	101,241	35,759
Capital Outlay	50,681	50,681	-	50,681
<b>Total Disbursements</b>	<u>187,681</u>	<u>187,681</u>	<u>101,241</u>	<u>86,440</u>
<b>Excess of Receipts Over (Under) Disbursements</b>	(22,351)	(22,351)	5,395	(145,134)
<b>Other Financing Sources (Uses)</b>				
Other Debt Proceeds	-	-	25,000	25,000
Transfers In	-	-	48,431	48,431
Other Financing Uses	(25,000)	(25,000)	-	25,000
<b>Total ther Financing Sources (Uses)</b>	<u>(25,000)</u>	<u>(25,000)</u>	<u>73,431</u>	<u>98,431</u>
<b>Net Change in Cash Fund Balance</b>	(47,351)	(47,351)	78,826	126,177
<b>Cash Fund Balances Beginning of Year</b>	<u>82,893</u>	<u>82,893</u>	<u>82,893</u>	<u>-</u>
<b>Cash Fund Balances End of Year</b>	<u>\$ 35,542</u>	<u>\$ 35,542</u>	<u>\$ 161,719</u>	<u>\$ 126,177</u>

See notes to basic financial statements.

**HOPEWELL TOWNSHIP  
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES  
BUDGET AND ACTUAL - BUDGET BASIS  
FIRE SPECIAL LEVY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
<b>CASH RECEIPTS</b>				
Property and Other Local Taxes	\$ 48,782	\$ 48,782	\$ 41,953	\$ (6,829)
Intergovernmental	5,000	5,000	6,746	1,746
<b>Total Receipts</b>	<u>53,782</u>	<u>53,782</u>	<u>48,699</u>	<u>(5,083)</u>
<b>CASH DISBURSEMENTS:</b>				
Current:				
General Government	30,700	30,700	30,271	429
Public Safety	28,000	28,500	28,384	116
<b>Total Disbursements</b>	<u>58,700</u>	<u>59,200</u>	<u>58,655</u>	<u>545</u>
<b>Net Change in Cash Fund Balance</b>	(4,918)	(5,418)	(9,956)	(4,538)
<b>Cash Fund Balances Beginning of Year</b>	<u>117,227</u>	<u>117,227</u>	<u>117,227</u>	<u>-</u>
<b>Cash Fund Balances End of Year</b>	<u>\$ 112,309</u>	<u>\$ 111,809</u>	<u>\$ 107,271</u>	<u>\$ (4,538)</u>

See notes to basic financial statements.

**HOPEWELL TOWNSHIP  
LICKING COUNTY**

**STATEMENT OF NET ASSETS-CASH BASIS  
DECEMBER 31, 2011**

	<u>Governmental Activities</u>
<b>ASSETS:</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 365,163</u>
<b>Total Assets</b>	<u>\$ 365,163</u>
<b>NET ASSETS:</b>	
Restricted for:	
Capital Projects	\$ 22,883
Debt Service	7,555
Other Purposes	319,253
Unrestricted	<u>15,472</u>
<b>Total Net Assets</b>	<u><u>\$ 365,163</u></u>

See notes to basic financial statements.

**HOPEWELL TOWNSHIP  
LICKING COUNTY**

**STATEMENT OF ACTIVITIES-CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<b>Cash Disbursements</b>	<b>Charges for Services and Sales</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Net (Disbursements) Receipts and Changes in Net Assets</b>
<b>Governmental Activities:</b>					
General Government	\$ 78,188	\$ -	\$ -	\$ -	\$ (78,188)
Public Safety	28,348	-	-	-	(28,348)
Public Works	208,077	-	95,530	-	(112,547)
Health	8,971	3,000	-	-	(5,971)
Other	23	-	-	-	(23)
Capital Outlay	7,432	-	-	-	(7,432)
Debt Service:					
Principal	10,977	-	-	-	(10,977)
Interest and Fiscal Charges	5,303	-	-	-	(5,303)
<b>Total Governmental Activities</b>	<b>\$ 347,319</b>	<b>\$ 3,000</b>	<b>\$ 95,530</b>	<b>\$ -</b>	<b>\$ (248,789)</b>

**General Receipts:**

Property Taxes Levied for:	
General Purposes	\$ 158,714
Grants and Entitlements not	
Restricted to Specific Programs	54,503
Interest	6,669
Miscellaneous	13,780
	233,666
Total General Receipts	233,666
Change in Net Assets	(15,123)
<b>Net Assets Beginning of Year</b>	<b>380,286</b>
<b>Net Assets End of Year</b>	<b>\$ 365,163</b>

See notes to the basic financial statements.

**HOPEWELL TOWNSHIP  
LICKING COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2011**

	<u>General</u>	<u>Gasoline Tax Fund</u>	<u>Road and Bridge Fund</u>	<u>Fire Special Levy Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>						
Equity in Pooled Cash and cash Equivalents	\$ 15,472	\$ 73,691	\$ 82,893	\$ 117,227	\$ 75,880	\$ 365,163
<b>Total Assets</b>	<u>\$ 15,472</u>	<u>\$ 73,691</u>	<u>\$ 82,893</u>	<u>\$ 117,227</u>	<u>\$ 75,880</u>	<u>\$ 365,163</u>
<b>Fund Balances:</b>						
Restricted	\$ -	\$ 73,691	\$ 82,893	\$ 117,227	\$ 75,880	\$ 349,691
Unassigned (Deficit)	<u>15,472</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,472</u>
<b>Total Fund Balances</b>	<u>\$ 15,472</u>	<u>\$ 73,691</u>	<u>\$ 82,893</u>	<u>\$ 117,227</u>	<u>\$ 75,880</u>	<u>\$ 365,163</u>

See notes to basic financial statements.

**HOPEWELL TOWNSHIP  
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2011**

	<u>General</u>	<u>Gasoline Tax Fund</u>	<u>Road and Bridge Fund</u>	<u>Fire Special Levy Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>CASH RECEIPTS</b>						
Property and Other Local Taxes	\$ 30,820	\$ -	\$ 87,038	\$ 40,856	\$ -	\$ 158,714
Licenses, Permits, and Fees	5,800	-	-	-	-	5,800
Intergovernmental	30,165	85,813	14,651	6,879	9,725	147,233
Interest	1,457	4,120	-	-	1,092	6,669
Other	248	118	2,474	297	10,643	13,780
<b>Total Receipts</b>	<u>68,490</u>	<u>90,051</u>	<u>104,163</u>	<u>48,032</u>	<u>21,460</u>	<u>332,196</u>
<b>CASH DISBURSEMENTS:</b>						
Current:						
General Government	77,916	-	-	272	-	78,188
Public Safety	-	-	-	28,348	-	28,348
Public Works	-	91,878	116,199	-	-	208,077
Health	4,471	-	-	-	4,500	8,971
Capital Outlay	-	-	-	-	7,432	7,432
Debt Service:						
Principal	-	10,977	-	-	-	10,977
Interest and Fiscal Charges	-	5,303	-	-	-	5,303
<b>Total Disbursements</b>	<u>82,387</u>	<u>108,158</u>	<u>116,199</u>	<u>28,620</u>	<u>11,932</u>	<u>347,296</u>
<b>Excess of Receipts Over (Under) Disbursements</b>	(13,897)	(18,107)	(12,036)	19,412	9,528	(15,100)
<b>Other Financing Sources (Uses)</b>						
Other Financing Uses	(23)	-	-	-	-	(23)
<b>Total ther Financing Sources (Uses)</b>	<u>(23)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23)</u>
<b>Net Change in Cash Fund Balance</b>	(13,920)	(18,107)	(12,036)	19,412	9,528	(15,123)
<b>Cash Fund Balances Beginning of Year</b>	<u>29,392</u>	<u>91,798</u>	<u>94,929</u>	<u>97,815</u>	<u>66,352</u>	<u>380,286</u>
<b>Cash Fund Balances End of Year</b>	<u>\$ 15,472</u>	<u>\$ 73,691</u>	<u>\$ 82,893</u>	<u>\$ 117,227</u>	<u>\$ 75,880</u>	<u>\$ 365,163</u>

See notes to basic financial statements.

**HOPEWELL TOWNSHIP  
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES  
BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>CASH RECEIPTS</b>				
Property and Other Local Taxes	\$ 32,150	\$ 32,150	\$ 30,820	\$ (1,330)
Licenses, Permits and Fines	5,000	5,000	5,800	800
Intergovernmental	29,822	29,822	30,165	343
Interest	1,500	1,500	1,457	(43)
Other	1,500	1,500	248	(1,252)
<b>Total Receipts</b>	<u>69,972</u>	<u>69,972</u>	<u>68,490</u>	<u>(1,482)</u>
<b>CASH DISBURSEMENTS:</b>				
Current:				
General Government	78,785	78,785	77,916	869
Public Works	4	4	-	4
Health	4,510	4,510	4,471	39
Capital Outlay	3	3	-	3
<b>Total Disbursements</b>	<u>83,302</u>	<u>83,302</u>	<u>82,387</u>	<u>915</u>
<b>Excess of Receipts Over (Under) Disbursements</b>	(13,330)	(13,330)	(13,897)	(567)
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(1)	(1)	-	1
Other Financing Uses	(26)	(26)	(23)	3
<b>Total ther Financing Sources (Uses)</b>	<u>(27)</u>	<u>(27)</u>	<u>(23)</u>	<u>4</u>
<b>Net Change in Cash Fund Balance</b>	(13,357)	(13,357)	(13,920)	(563)
<b>Cash Fund Balances Beginning of Year</b>	<u>29,392</u>	<u>29,392</u>	<u>29,392</u>	<u>-</u>
<b>Cash Fund Balances End of Year</b>	<u>\$ 16,035</u>	<u>\$ 16,035</u>	<u>\$ 15,472</u>	<u>\$ (563)</u>

See notes to basic financial statements.

**HOPEWELL TOWNSHIP  
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES  
BUDGET AND ACTUAL - BUDGET BASIS  
GASOLINE TAX FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>CASH RECEIPTS</b>				
Intergovernmental	\$ 87,000	\$ 87,000	\$ 85,813	\$ (1,187)
Interest	3,500	3,500	4,120	620
Miscellaneous	5,000	5,000	118	(4,882)
<b>Total Receipts</b>	<u>95,500</u>	<u>95,500</u>	<u>90,051</u>	<u>(5,449)</u>
<b>CASH DISBURSEMENTS:</b>				
Current:				
Public Works	92,458	92,458	91,878	580
Debt Service:				
Principal	10,977	10,977	10,977	-
Interest	5,303	5,303	5,303	-
Capital Outlay	16,283	16,283	-	16,283
<b>Total Disbursements</b>	<u>125,021</u>	<u>125,021</u>	<u>108,158</u>	<u>16,863</u>
<b>Excess of Receipts Over (Under) Disbursements</b>	(29,521)	(29,521)	(18,107)	11,414
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(933)	(933)	-	933
<b>Total ther Financing Sources (Uses)</b>	<u>(933)</u>	<u>(933)</u>	<u>-</u>	<u>933</u>
<b>Net Change in Cash Fund Balance</b>	(30,454)	(30,454)	(18,107)	12,347
<b>Cash Fund Balances Beginning of Year</b>	<u>91,798</u>	<u>91,798</u>	<u>91,798</u>	<u>-</u>
<b>Cash Fund Balances End of Year</b>	<u>\$ 61,344</u>	<u>\$ 61,344</u>	<u>\$ 73,691</u>	<u>\$ 12,347</u>

See notes to basic financial statements.

**HOPEWELL TOWNSHIP  
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES  
BUDGET AND ACTUAL - BUDGET BASIS  
ROAD AND BRIDGE FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>CASH RECEIPTS</b>				
Property and Other Local Taxes	\$ 103,836	\$ 103,836	\$ 87,038	\$ (16,798)
Intergovernmental	10,000	10,000	14,651	4,651
Miscellaneous	2,500	2,500	2,474	(26)
<b>Total Receipts</b>	<u>116,336</u>	<u>116,336</u>	<u>104,163</u>	<u>(12,173)</u>
<b>CASH DISBURSEMENTS:</b>				
Current:				
Public Works	122,960	122,960	116,199	6,761
Capital Outlay	7,500	7,500	-	7,500
<b>Total Disbursements</b>	<u>130,460</u>	<u>130,460</u>	<u>116,199</u>	<u>14,261</u>
<b>Excess of Receipts Over (Under) Disbursements</b>	(14,124)	(14,124)	(12,036)	(26,434)
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(1,000)	(1,000)	-	1,000
<b>Total ther Financing Sources (Uses)</b>	<u>(1,000)</u>	<u>(1,000)</u>	<u>-</u>	<u>1,000</u>
<b>Net Change in Cash Fund Balance</b>	(15,124)	(15,124)	(12,036)	3,088
<b>Cash Fund Balances Beginning of Year</b>	<u>94,929</u>	<u>94,929</u>	<u>94,929</u>	<u>-</u>
<b>Cash Fund Balances End of Year</b>	<u>\$ 79,805</u>	<u>\$ 79,805</u>	<u>\$ 82,893</u>	<u>\$ 3,088</u>

See notes to basic financial statements.

**HOPEWELL TOWNSHIP  
LICKING COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES  
BUDGET AND ACTUAL - BUDGET BASIS  
FIRE SPECIAL LEVY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
<b>CASH RECEIPTS</b>				
Property and Other Local Taxes	\$ 48,679	\$ 48,679	\$ 40,856	\$ (7,823)
Intergovernmental	8,000	8,000	6,879	(1,121)
Miscellaneous	100	100	297	197
<b>Total Receipts</b>	<u>56,779</u>	<u>56,779</u>	<u>48,032</u>	<u>(8,747)</u>
<b>CASH DISBURSEMENTS:</b>				
Current:				
General Government	5,700	5,700	272	5,428
Public Safety	28,500	28,500	28,348	152
<b>Total Disbursements</b>	<u>34,200</u>	<u>34,200</u>	<u>28,620</u>	<u>5,580</u>
<b>Net Change in Cash Fund Balance</b>	22,579	22,579	19,412	(3,167)
<b>Cash Fund Balances Beginning of Year</b>	<u>97,815</u>	<u>97,815</u>	<u>97,815</u>	<u>-</u>
<b>Cash Fund Balances End of Year</b>	<u>\$ 120,394</u>	<u>\$ 120,394</u>	<u>\$ 117,227</u>	<u>\$ (3,167)</u>

See notes to basic financial statements.

**HOPEWELL TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. REPORTING ENTITY**

Hopewell Township, Licking County, Ohio (the Township), is a body politic and corporate 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 also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements of the Township are not misleading.

**Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, cemetery maintenance and fire services. The Township contracts with National Trails Fire Department for fire protection. Police protection is provided by the Licking County Sheriff's Department.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in the "Basis of Accounting" section of this Note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements. Following are the more significant of the Township's accounting policies.

**Basis of Presentation**

The Township's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information

**Government-Wide Financial Statements**

The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Township that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

**HOPEWELL TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

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

The statement of net position present the cash balance of the governmental activities of the Township at year-end. The statement of activities compares disbursements with program receipts for each program or function of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the programs goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the general receipts of the Township.

**Fund Financial Statements**

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include cost of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating. The Township has no proprietary funds.

**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 divided into one category, governmental.

**Governmental Funds**

Governmental funds are those through which most governmental functions of the Township are financed. The following are the Township's major governmental funds.

- The General Fund is used to account for all financial resources, except those required to be accounted for 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.
- The Gasoline Tax Fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.
- The Road and Bridge Fund accounts for and reports property tax restricted for the construction, reconstruction, resurfacing and repair of Township roads.
- The Fire Special Levy Fund accounts for and reports property tax restricted for payment of fire protection provided to the citizens of the Township.

**HOPEWELL TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

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

**Basis of Accounting**

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and set limits on cash disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, function and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

**HOPEWELL TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

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

**Cash and Investments**

Township records identify the purchase of specific investments by specific funds.

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained throughout Township records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

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

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2012 and 2011 was \$937 and \$1,245 respectively..

**Restricted Assets**

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets represent monies restricted for use in regards to road maintenance, capital projects and debt service.

**Inventory and Prepaid Items**

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**Capital Assets**

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

**Interfund Receivables/Payables**

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**Accumulated Leave**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township’s cash basis of accounting.

**HOPEWELL TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

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

**Employer Contributions to Cost-Sharing Pension Plans**

The Township recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**Long-Term Obligations**

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

**Net Position**

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for debt payments, capital expenditures such as land and land improvements and street maintenance.

The Township's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**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:

**Nonspendable** – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

**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** – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless Township Trustees removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**HOPEWELL TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

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

**Fund Balance (Continued)**

**Assigned** – Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by ordinance, or by State Statute.

**Unassigned** – Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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 or 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.

**Interfund Transactions**

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as cash receipts in the seller funds and as cash disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the financial statements.

**3. CHANGE IN ACCOUNTING PRINCIPLE**

In 2011, the Township implemented Governmental Accounting Standard Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on fund balances of the major governmental funds and all other governmental funds as previously reported.

In 2012, The Township implemented Government Accounting Standards Board (GASB) Statement No. 63, “Financing Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position”. GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. This change was incorporated in the Township’s 2012 financial statements; however, there was no effect on beginning net position/fund balance.

**HOPEWELL TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

**4. BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance-Budget and Actual-Budgetary Basis presented for the General Fund, Gasoline Tax Fund, Road & Bridge Fund and Fire Special Levy Fund are prepared on the budgetary basis to provide a meaningful comparisons of actual results with the budget. The differences between the budgetary basis and the cash basis is outstanding year-end encumbrances are treated as disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis). There were no encumbrances outstanding at year-end.

**5. DEPOSITS AND INVESTMENTS**

Monies held by the Township are classified by State into three categories.

Active deposits are public deposits determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligation of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

**HOPEWELL TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

**5. DEPOSITS AND INVESTMENTS (continued)**

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payments for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the Township did not have any undeposited cash on hand.

***Deposits***

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2012, \$195,446 of the Township's bank balance of \$445,446 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2011, \$130,948 of the Township's bank balance of \$380,948 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

***Investments***

As of December 31, 2012 and 2011, the Township had no investments.

**HOPEWELL TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

**6. PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2012 for real and public utility property taxes represents collection of 2011 taxes.

2011 real property taxes are levied after October 1, 2011, on the assessed value as of January 1, 2011, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2011 real property taxes are collected in and intended to finance 2012.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 public utility property taxes which became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2012 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2012, was \$7.80 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2012 property tax receipts were based are as follows:

Real Property	\$ 25,973,390
Public Utility Personal Property	1,090,970
Total	<u>\$ 27,064,360</u>

**7. RISK MANAGEMENT**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formerly known as American Risk Pooling Consultants, Inc.) functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA, OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2012, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

**HOPEWELL TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

**7. RISK MANAGEMENT (Continued)**

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011 (the latest information available):

	2012	2011
Assets	\$ 34,771,270	\$ 35,086,165
Liabilities	(9,355,082)	(9,718,792)
Retained Earnings	\$ 25,416,188	\$ 25,367,373

At December 31, 2012 and 2011, respectively, the liabilities above include approximately \$8.7 and \$9.1 million of estimated incurred claims payable. The assets above also include approximately \$7.9 and \$8.6 million of unpaid claims to be billed to approximately 944 member governments in the future, as of December 31, 2012 and 2011, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2012, the Township's share of these unpaid claims collectible in future years is approximately \$4,702.

Based on discussion with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership. The Townships contributions to OTARMA for the past three years are as follows:

Contributions to OTARMA	
2012	\$7,019
2011	6,698
2010	5,774

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they give written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**HOPEWELL TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

**8. DEFINED BENEFIT PENSION PLANS**

**Ohio Public Employees Retirement System**

Plan Description - The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and Combined plans. Members of the Member-Directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in the State and local divisions and 12 percent for law enforcement and public safety members. For the year ended December 31, 2012, members in the state and local divisions contributed 10 percent of covered payroll while public safety and law enforcement members contributed 11.5 percent and 12.1 percent, respectively. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2012, member and employer contribution rates were consistent across all three plans. Effective January 1, 2013, the member contribution rates for public safety and law enforcement members increased to 12.00% and 12.60% respectively.

The Township's 2012 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the Township's contribution was 17.87 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.0 percent. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.23 percent. Employer contribution rates are actuarially determined.

The Township's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2012, 2011, and 2010 were \$12,934, \$12,835, and \$12,778, respectively. The full amount has been contributed for 2012, 2011 and 2010.

**HOPEWELL TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

**8. DEFINED BENEFIT PENSION PLANS (Continued)**

**Ohio Public Employees Retirement System**

In June 2012, the Government Accounting Standards Board (GASB) issued GASB Statement No. 68, "Accounting and Financial Reporting for Pensions". This accounting standard replaces GASB Statement 27, and it is effective for employer fiscal years beginning after June 15, 2014. OPERS recommends employers begin a dialog with their external auditors to determine the impact this standard will have on financial statements

**9. POSTEMPLOYMENT BENEFITS**

**Ohio Public Employees Retirement System**

Plan Description - Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan - a defined contribution plan; and the Combined Plan – a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERs financial report which may be obtained by writing to OPERS, 277 East Towns Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contributions rates are expressed as a percentage of the covered payroll of active members. In 2012, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 18.10 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

**HOPEWELL TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

**9. POSTEMPLOYMENT BENEFITS (Continued)**

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% during calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2012. Effective January 1, 2013, the portion of employer contributions allocated to health care was lowered to 1 percent for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Township's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2012, 2011, and 2010 were \$3,696, \$3,667, and \$4,640, respectively; the full amount has been contributed for 2012, 2011 and 2010.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

**10. DEBT**

The Township's long -term debt activity for the year ended December 31, 2012, was as follows:

	Balance January 1 2011	Additions	Deductions	Balance December 31 2012	Amount Due Within One Year
Note-Grader/Backhoe	\$ 104,492	\$ 25,000	\$ 22,476	\$ 107,016	\$ 16,174
Total	<u>\$ 104,492</u>	<u>\$ 25,000</u>	<u>\$ 22,476</u>	<u>\$ 107,016</u>	<u>\$ 16,174</u>

In 2008, the Township entered into a lease-purchase agreement in the amount of \$125,000 with the Park National Bank to purchase a road grader to be used for maintaining township roads and bridges. In November 2012, the Township re-financed this agreement for an additional \$25,000 to be used to purchase a backhoe to be used for maintaining township roads and bridges. This agreement is collateralized by the road grader and backhoe. Payments will be made annually in the amount of \$20,351.

**HOPEWELL TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

**10. DEBT (CONTINUED)**

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

Year	Park National Loan	
	Principal	Interest
2013	\$ 16,174	\$ 4,177
2014	16,805	3,546
2015	17,461	2,890
2016	18,137	2,214
2017	18,851	1,500
2018-2022	19,588	763
Total	\$ 107,016	\$ 15,090

**11. INTERFUND TRANSFERS**

During 2012 the following transfers were made:

Fund	Transfer In	Transfer Out
General Fund	\$ -	\$ 48,431
Road and Bridge Fund	48,431	
Totals	\$ 48,431	\$ 48,431

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**12. FUND BALANCES**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and in all other governmental funds for 2012 are presented below:

Fund Balances	General Fund	Gas Tax Fund	Road & Bridge	Fire Fund
<b>Restricted for</b>				
Road & Bridge	\$ -	\$ 51,244	\$ 161,719	\$ -
Fire Operations	-	-	-	107,271
Cemetery	-	-	-	-
Debt Service	-	-	-	-
Total Restricted	-	51,244	161,719	107,271
<b>Unassigned</b>	28,727	-	-	-
Total	\$ 28,727	\$ 51,244	\$ 161,719	\$ 107,271

**HOPEWELL TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

**12. FUND BALANCES (Continued)**

Fund Balances	Other Governmental Funds	Total
<b>Restricted for</b>		
Road & Bridge	\$ 27,536	\$ 240,499
Fire Operations	-	107,271
Cemetery	42,898	42,898
Debt Service	7,555	7,555
Total Restricted	<u>77,989</u>	<u>398,223</u>
<b>Unassigned</b>	-	<u>28,727</u>
Total	<u>\$ 77,989</u>	<u>\$ 426,950</u>

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and in all other governmental funds for 2011 are presented below:

Fund Balances	General Fund	Gas Tax Fund	Road & Bridge	Fire Fund
<b>Restricted for</b>				
Road Maintenance	\$ -	\$ 73,691	\$ 82,893	\$ -
Fire Operations	-	-	-	117,227
Cemetery	-	-	-	-
Debt Service	-	-	-	-
Total Restricted	<u>-</u>	<u>73,691</u>	<u>82,893</u>	<u>117,227</u>
<b>Unassigned</b>	<u>15,472</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 15,472</u>	<u>\$ 73,691</u>	<u>\$ 82,893</u>	<u>\$ 117,227</u>

Fund Balances	Other Governmental Funds	Total
<b>Restricted for</b>		
Road Maintenance	\$ 21,243	\$ 177,827
Fire Operations	-	117,227
Cemetery	47,082	47,082
Debt Service	7,555	7,555
Total Restricted	<u>75,880</u>	<u>349,691</u>
<b>Unassigned</b>	-	<u>15,472</u>
Total	<u>\$ 75,880</u>	<u>\$ 365,163</u>

***HOPEWELL TOWNSHIP  
LICKING COUNTY***

***NOTES TO THE FINANCIAL STATEMENTS***

**13. COMPLIANCE AND ACCOUNTABILITY**

Contrary to Ohio Revised Code 5705.39, the General Fund had appropriations greater than estimated Resources in 2012.

Contrary to Ohio Revised Code 5705.41(D), the Township had invoices dated prior to the fiscal certification.

**WOLFE, WILSON, & PHILLIPS, INC.  
37 SOUTH SEVENTH STREET  
ZANESVILLE, OHIO 43701**

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

Hopewell Township  
Licking County  
9427 Poplar Forks Road  
Newark, Ohio 43056

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 governmental activities, each major fund, and the aggregate remaining fund information of the Hopewell Township as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated July 17, 2013, wherein we noticed the Township uses a special purpose framework other than generally accepted accounting principles. As stated in Note 3, the Township has implemented GASB Statement No.54 "*Fund balance Reporting and Governmental Fund Type Definitions*" and GASB Statement No. 63, "*Financing Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*" during 2012 and 2011.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Hopewell 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 misstatements. A *material weakness* is a deficiency, or a 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether Hopewell 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard*.

We did note certain matters not requiring inclusion in this report that we reported to the management of Hopewell Township in a separate letter dated July 17, 2013.

***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 communication is not suitable for any other purpose.

***Wolfe, Wilson, & Phillips, Inc.***

Zanesville, Ohio

July 17, 2013



# Dave Yost • Auditor of State

**HOPEWELL 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  
OCTOBER 17, 2013**