



OHIO AUDITOR OF STATE  
**KEITH FABER**





NEWTON TOWNSHIP  
PIKE COUNTY

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**INDEPENDENT AUDITOR'S REPORT**

Newton Township  
Pike County  
2027 Williams Road  
Piketon, Ohio 45661

To the Board of Trustees:

***Report on the Audit of the Financial Statements***

***Unmodified and Adverse Opinions***

We have audited the financial statements of the Newton Township, Pike County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements.

***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2021 and 2020, thereof for the years then ended.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Emphasis of Matter***

As discussed in Note 12 for year ended December 31, 2020 and Note 11 for year ended December 31, 2021 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

As discussed in Note 13 for year ended December 31, 2020 to the financial statements, the financial statements were restated as of January 1, 2020 for the repayment of prior audit finding for adjustments. We did not modify our opinion regarding this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2022, 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 grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's 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.



Keith Faber  
Auditor of State  
Columbus, Ohio  
December 21, 2022

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**Newton Township**  
*Pike County, Ohio*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2021*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$27,551	\$46,881	\$74,432
Intergovernmental	25,281	277,550	302,831
Earnings on Investments	293	137	430
Miscellaneous	341	13,132	13,473
<i>Total Cash Receipts</i>	<u>53,466</u>	<u>337,700</u>	<u>391,166</u>
<b>Cash Disbursements</b>			
Current:			
General Government	42,876	45,446	88,322
Public Safety	0	45,305	45,305
Public Works	0	132,236	132,236
<i>Total Cash Disbursements</i>	<u>42,876</u>	<u>222,987</u>	<u>265,863</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>10,590</u>	<u>114,713</u>	<u>125,303</u>
<i>Fund Cash Balances, January 1</i>	<u>(1,379)</u>	<u>308,358</u>	<u>306,979</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$9,211</u></u>	<u><u>\$423,071</u></u>	<u><u>\$432,282</u></u>

*See accompanying notes to the basic financial statements*

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**Newton Township**  
*Pike County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Newton Township, Pike County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance and fire protection services. The Township contracts with the Elm Grove Volunteer Fire Department to provide fire services.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which is organized on a fund type basis.

***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 presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported 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.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

***Gas Tax Fund*** The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

***Motor Vehicle License Tax Fund*** The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

***Road and Bridge Fund*** The road and bridge fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

***Cemetery Fund*** The cemetery fund accounts for and reports that portion of the cemetery levy for maintenance and repair of cemeteries within the Township.

***Fire District Fund*** The fire district fund accounts for and reports that portion of continuous fire levy restricted for fire protection services within the Township.

**Newton Township**  
*Pike County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

***Budgetary Process***

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

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

***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 2021 budgetary activity appears in Note 3.

***Deposits and Investments***

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Township has no investments.

***Capital Assets***

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***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:

**Newton Township**  
*Pike County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

***Nonspendable*** The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

***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*** Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not included 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, and 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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 54,698	\$ 53,466	\$ (1,232)
Special Revenue	\$ 312,051	\$ 337,700	\$ 25,649
Total	\$ 366,749	\$ 391,166	\$ 24,417

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 52,927	\$ 43,825	\$ 9,102
Special Revenue	\$ 340,947	\$ 229,449	\$ 111,498
Total	\$ 393,874	\$ 273,274	\$ 120,600

**Newton Township**  
*Pike County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 4 – Deposits**

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township’s deposit accounts are as follows:

	<u>2021</u>
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$ 432,282
Total deposits	<u>\$ 432,282</u>

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2021, the Township is holding \$2,092 in unremitted employee payroll withholdings.

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation and collateralized by securities specifically pledged by the financial institution to the Township.

**Note 5 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Township.

**Note 6 – Risk Management**

***Risk Pool Membership***

The Township is a member of the Ohio Township Association Risk Management Authority (the Pool). The Pool assumes the risk of loss up to the limits of the Township policy. The Pool covers the following risks:

- General liability and casualty;
- Public official’s liability; and
- Vehicle.

**Newton Township**  
*Pike County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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The Pool reported the following summary of actuarially-measured liabilities and the assets available to pay those liabilities as of December 31:

	<u>2020</u>
Cash and investments	36,348,066
Actuarial liabilities	10,894,146

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2021.

***Social Security***

One Township employee contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2021.

**Note 8 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2021.

**Note 9 – Contingent Liabilities**

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Newton Township**  
*Pike County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2021*

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**Note 10 – Fund Balances**

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$949	\$6,461	\$7,410
Total	\$949	\$6,461	\$7,410

The fund balance of special revenue funds is either restricted or committed. These restricted and committed amounts in the special revenue funds would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 11 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the Township received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The impact on the Township’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.



**Newton Township**  
*Pike County, Ohio*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2020*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$25,620	\$44,922	\$70,542
Intergovernmental	26,807	274,212	301,019
Earnings on Investments	251	156	407
Miscellaneous	6,759	19,205	25,964
<i>Total Cash Receipts</i>	<u>59,437</u>	<u>338,495</u>	<u>397,932</u>
<b>Cash Disbursements</b>			
Current:			
General Government	50,689	129,271	179,960
Public Safety	0	30,959	30,959
Public Works	0	83,429	83,429
Debt Service:			
Principal Retirement	0	33,601	33,601
Interest and Fiscal Charges	0	1,720	1,720
<i>Total Cash Disbursements</i>	<u>50,689</u>	<u>278,980</u>	<u>329,669</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>8,748</u>	<u>59,515</u>	<u>68,263</u>
<i>Fund Cash Balances, January 1 (Restated, Note 13)</i>	<u>(10,127)</u>	<u>248,843</u>	<u>238,716</u>
<i>Fund Cash Balances, December 31</i>	<u><u>(\$1,379)</u></u>	<u><u>\$308,358</u></u>	<u><u>\$306,979</u></u>

*See accompanying notes to the basic financial statements*

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**Newton Township**  
*Pike County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Newton Township, Pike County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance and fire protection services. The Township contracts with the Elm Grove Volunteer Fire Department to provide fire services.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which is organized on a fund type basis.

***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 presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported 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.

***Special Revenue Funds*** These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

***Gas Tax Fund*** The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

***Motor Vehicle License Tax Fund*** The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

***Road and Bridge Fund*** The road and bridge fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

***Cemetery Fund*** The cemetery fund accounts for and reports that portion of the cemetery levy for maintenance and repair of cemeteries within the Township.

***Fire District Fund*** The fire district fund accounts for and reports that portion of continuous fire levy restricted for fire protection services within the Township.

**Newton Township**  
*Pike County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

***Budgetary Process***

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

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

***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 2020 budgetary activity appears in Note 3.

***Deposits***

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Township has no investments.

***Capital Assets***

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***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:

**Newton Township**  
*Pike County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

***Nonspendable*** The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

***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*** Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not included 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, and 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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 52,431	\$ 59,437	\$ 7,006
Special Revenue	\$ 364,438	\$ 338,495	\$ (25,943)
Total	\$ 416,869	\$ 397,932	\$ (18,937)

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 55,571	\$ 51,554	\$ 4,017
Special Revenue	\$ 355,805	\$ 280,451	\$ 75,354
Total	\$ 411,376	\$ 332,005	\$ 79,371

**Newton Township**  
*Pike County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 4 – Deposits**

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township’s deposit and investment accounts are as follows:

	<u>2020</u>
<b><i>Cash Management Pool:</i></b>	
Demand deposits	<u>\$306,979</u>
Total deposits	<u><u>\$306,979</u></u>

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Township is holding \$2,150 in unremitted employee payroll withholdings.

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation and collateralized by securities specifically pledged by the financial institution to the Township.

At December 31, 2020, \$115,618 of deposits were not insured or collateralized, contrary to Ohio law.

**Note 5 – Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Township.

**Note 6 – Risk Management**

***Risk Pool Membership***

The Township is a member of the Ohio Township Association Risk Management Authority (the Pool). The Pool assumes the risk of loss up to the limits of the Township’s policy. The Pool covers the following risks:

- General liability and casualty;
- Public official’s liability; and
- Vehicle.

**Newton Township**  
*Pike County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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The Pool reported the following summary of actuarially-measured liabilities and the assets available to pay those liabilities as of December 31:

	<u>2019</u>
Cash and investments	\$35,207,320
Actuarial liabilities	\$10,519,942

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2020.

***Social Security***

One Township employee contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2020.

**Note 8 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020.

**Note 9 – Debt**

Newton Township had no outstanding on December 31, 2020.

The Township entered into a municipal loan agreement with First National Bank in 2016. The loan was paid in full as of December 31, 2020.

On June 8, 2016 the Township entered into a USDA loan agreement to finance the purchase of a Ford dump truck. The loan was paid in full as of December 31, 2020.

**Newton Township**  
*Pike County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 10 – Contingent Liabilities**

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 11 – Fund Balances**

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilities effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	865	1,471	2,336
Total	\$865	\$1,471	\$2,336

The fund balance of special revenue funds is either restricted or committed. These restricted and committed amounts in the special revenue funds would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

**Note 12 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. In addition, the impact on the Township’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**Note 13- Restatement of Fund Balances**

The Township’s fund cash balances at January 1, 2020 have been restated for repayment from the General Fund to the Gasoline Tax, Road and Bridge, Cemetery and Fire District Funds for a Finding for Adjustment from prior audit periods. This adjustment resulted in the following changes in fund balances at January 1, 2020:

Fund Balance at December 31, 2019 as previously reported	\$ 3,140	\$235,576
Repayment of Prior Finding For Adjusment	(13,267)	13,267
Fund Balance January 1, 2020, as Restated	\$(10,127)	\$248,843





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

Newton Township  
Pike County  
2027 Williams Road  
Piketon, Ohio 45661

To the Board of Trustees:

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type combined total as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements of the Newton Township, Pike County, (the Township) and have issued our report thereon dated December 21, 2022, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Township. The financial statements were restated as of January 1, 2020 for the repayment of prior audit finding for adjustments.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2021-001 and 2021-003 that we consider to be material weaknesses.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2021-002 and 2021-003.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio  
December 21, 2022

NEWTON TOWNSHIP  
PIKE COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2021 AND 2020

1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2021-001

**Material Weakness**

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Due to deficiencies in the Township's financial statement monitoring and review process, the following conditions were noted in relation to the 2021 Reporting:

General Fund:

- Property Taxes receipts were overstated and Intergovernmental receipts were understated in the amount of \$4,515.
- General Government disbursements and fund balance were overstated in the amount of \$2,312.
- Beginning Fund Balance and General Government disbursements were overstated in the amount of \$690.
- Fund Balance and Beginning Fund Balance were understated in the amount of \$171.
- Budgeted Receipts were understated in the amount of \$54,698, Actual Receipts were understated in the amount of \$53,466, Appropriations were understated in the amount of \$52,927 and Budgetary Expenditures were understated in the amount of \$46,827 in the Budgetary Activity footnote.

Special Revenue Fund:

- Property Taxes receipts were overstated and Intergovernmental receipts were understated in the amount of \$6,704.
- Miscellaneous Revenue was overstated and Intergovernmental receipts were understated in the amount of \$24,567.
- General Government disbursements and fund balance were understated in the amount of \$2,312.
- Beginning Fund Balance and General Government disbursements were overstated in the amount of \$303.
- Public Works disbursements were overstated and Public Safety disbursements were understated in the amount of \$86.
- Budgeted Receipts were understated in the amount of \$312,051, Actual Receipts were understated in the amount of \$337,700, Appropriations were understated in the amount of \$340,947 and Budgetary Expenditures were understated in the amount of \$227,440 in the Budgetary Activity footnote.

**FINDING NUMBER 2021-001  
(Continued)**

Due to deficiencies in the Township's financial statement monitoring and review process, the following conditions were noted in relation to the 2020 Reporting:

General Fund:

- Property Taxes receipts were overstated in the amount of \$522, General Government disbursements were overstated in the amount of \$67 and Fund Balance was overstated in the amount of \$455.
- Property Taxes receipts were overstated in the amount of \$3,717, Fund Balance was understated in the amount of \$668, General Government disbursements were overstated in the amount of \$16 and Intergovernmental receipts were understated in the amount of \$4,369.
- General Government disbursements and fund balance were overstated in the amount of \$698.
- Budgeted Receipts were understated in the amount of \$52,431, Actual Receipts were understated in the amount of \$59,307, Appropriations were understated in the amount of \$55,571 and Budgetary Expenditures were understated in the amount of \$50,938 in the Budgetary Activity footnote.
- Prior audit adjustments reported in the 2019-2018 audit report as findings for adjustments were not made until November 2022, resulting in the beginning fund balance being overstated by \$13,267.

Special Revenue Fund:

- Property taxes receipts were overstated in the amount of \$7,444, Fund Balance was understated in the amount of \$668, General Government disbursements were understated in the amount of \$22 and Intergovernmental receipts were understated in the amount of \$6,754.
- Public Works disbursements were overstated in the amount of 35,321, Principal was understated in the amount of \$33,601 and Interest was understated in the amount of \$1,720.
- General Government disbursements and fund balance were understated in the amount of \$698
- Property Taxes receipts were overstated in the amount of \$808, General Government disbursements were overstated in the amount of \$103, and Fund Balance was overstated in the amount of \$705.
- Public Works disbursements were overstated and Public Safety disbursements were understated in the amount of \$8,838.
- Budgeted Receipts were understated in the amount of \$364,438, Actual Receipts were understated in the amount of \$339,993, Appropriations were understated in the amount of \$355,805 and Budgetary Expenditures were understated in the amount of \$281,276 in the Budgetary Activity footnote.
- Prior audit adjustments reported in the 2019-2018 audit report as findings for adjustment were not made until November 2022, resulting in the beginning fund balance being understated in the Gasoline Tax fund by \$9,651, in the Road and Bridge fund by \$466, in the Cemetery fund by \$818 and in the Fire District fund by \$2,332.

**FINDING NUMBER 2021-001  
(Continued)**

The Township corrected the financial statements and their accounting system, where applicable, for all identified errors.

Failure to accurately post and report transactions could result in material errors in the Township's financial statements and reduces the Township's ability to monitor financial activity and to make sound decisions which affect the overall available cash position of the Township.

The Township should implement controls to ensure all accounts are accurately recorded in the financial statements.

**Officials' Response:**

We did not receive a response from the Township.

**FINDING NUMBER 2021-002**

**Noncompliance**

**Ohio Rev. Code § 135.18**, states, in part, a political subdivision shall require the institution designated as a public depository to pledge to a deposit with, as security for the repayment of all public moneys to be deposited in the public depository during the period of designation pursuant to the award, eligible securities of aggregate market value equal to the excess of the amount of public moneys to be at the time so deposited, over and above the portion or amount of such moneys as is at that time insured by the federal deposit insurance corporation or by any other agency or instrumentality of the federal government. Such security may consist of federal deposit insurance, surety company bonds, or pledged securities.

Contrary to Ohio law, the Township had \$115,618 in uncollateralized monies at December 31, 2020.

Failure to properly collateralize public funds results in their accounts being not secured if their balances exceed the FDIC coverage.

The Township should maintain proof of pooled or pledged collateral on all deposits above the FDIC insurance limit at their designated depositories.

**Officials' Response:**

We did not receive a response from the Township.

**FINDING NUMBER 2021-003**

**Noncompliance/Material Weakness**

42 U.S.C. 801(d) states that payments from the Coronavirus Relief Fund (CRF) may be used to cover costs that: (1) are necessary expenditures incurred due to the public health emergency with respect to Coronavirus Disease 2019 (COVID-19); (2) were not accounted for in the governments most recently approved budget as of March 27, 2020; and (3) were incurred during the period that begins on March 1, 2020, and ends on December 31, 2021.

The Township traded in the township's tractor for a new tractor for \$22,220 using Coronavirus Relief Funds. The Township could not provide an explanation of how this expenditure was necessary due to the public health emergency, therefore, the trade-in and purchase of a new tractor violated the use of funds restrictions. The Township officials found \$8,924 of allowable expenditures to allocate to the Township's CRF. Therefore, \$13,296 of the expenditure remains as misspent in the Township's CRF.

**FINDING NUMBER 2021-003  
(Continued)**

The Township should review available guidance and use of fund restrictions to ensure that all expenditures from such funding is used for eligible purposes.

**Officials' Response:**

We did not receive a response from the Township.

**2. OTHER – FINDINGS FOR RECOVERY**

In addition, we identified the following other issues related to Findings for Recovery. These issues did not impact our GAGAS report.

**FINDING NUMBER 2021-004**

**Finding for Recovery Repaid Under Audit**

**Ohio Rev. Code §505.24(A)(3)** provides that, in Townships having a budget of more than \$500,000 but not more than \$750,000, the compensation of the Township Trustees shall be \$49.63 per day for not more than 200 days per year. Further, Ohio Rev. Code § 505.24(B) provides that in calendar year 2019 and in each calendar year thereafter through calendar year 2028, the amounts paid as specified in division (A) of this section shall be increased by one and three-quarters per cent.

Ohio Attorney General Opinion No. 99-015 provides, in part, that “for the purposes of calculating the authorized compensation of the Township Trustees pursuant to Ohio Rev. Code § 505.24, the term ‘budget’ refers to the total amount of resources available to the Township pursuant to the official certificate of estimated resources or amendments to the certificate.”

Ohio Constitution, Article II, §20 provides the general assembly, in cases not provided for in the constitution, shall fix the term of office and the compensation of all officers; but no change therein shall affect the salary of any officer during his existing term, unless the office be abolished.

Newton Township's budget in 2020 and 2021 was between \$500,000 and \$750,000 and Trustees Marty Moore and Michael Wickline should have been paid at the daily rate of \$49.63 which is the salary for officials who were in office prior to December 27, 2018; however, the Fiscal Officer mistakenly paid them at a daily rate of \$51.38 in 2020 and \$51.38 in 2021.

Trustees Marty Moore and Michael Wickline each should have received a total salary of \$9,926 in 2020 and 2021; however, they were each paid \$10,276 in 2020 and 2021. This resulted in an overpayment of \$350 each in 2020 and in 2021.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Township Trustees Marty Moore in the total amount of \$700 in favor of Newton Township's General Fund in the amount of \$134, Motor Vehicle License Tax Fund in the amount of \$55, Gasoline Tax Fund in the amount of \$483, and the Road and Bridge Fund in the amount of \$28.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Township Trustee Michael Wickline in the total amount of \$700 in favor of Newton Township's General Fund in the amount of \$154, Motor Vehicle License Tax Fund in the amount of \$56, Gasoline Tax Fund in the amount of \$465, and the Road and Bridge Fund in the amount of \$25.

**FINDING NUMBER 2021-004**  
**(Continued)**

On October 28, 2022, Marty Moore repaid \$700 and Michael Wickline repaid \$700. Both were deposited and recorded in Newton Township's funds as noted above. This finding for recovery is considered to be paid in full.

**Officials' Response:**

We did not receive a response from the Township.

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## NEWTON TOWNSHIP, PIKE COUNTY

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2021 and 2020

Finding Number	Finding Summary	Status	Additional Information
2019-001	Financial Reporting	Not Corrected	Reissued as Finding 2021-001
2019-002	Ohio Rev. Code §135.18 – Uncollateralized monies	Not Corrected	Reissued as Finding 2021-002
2019-003	Ohio Rev. Code §5705.39 - Appropriations Exceeding Estimated Resources	Corrected	
2019-004	Budgetary Measurer Posted to the Accounting System	Corrected	
2019-005	Finding for Adjustment	Corrected	
2019-006	Finding For Recovery Repaid Under Audit Fiscal Officer Compensation	Corrected	
2019-007	Finding for Recovery Repaid Under Audit Trustee Compensation	Corrected	Overpayment also occurred in 2020 and 2021 as noted in Finding 2021- 004



# OHIO AUDITOR OF STATE KEITH FABER



**NEWTON TOWNSHIP**

**PIKE COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 1/19/2023**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)