NEWTON TOWNSHIP

TRUMBULL COUNTY, OHIO

FISCAL RECOVERY PLAN

November 26, 2012

Board of Trustees
Peter J. Augusta
Robert L. Page
Gregory M. Dubos

Susan D. Montgomery, Fiscal Officer

Newton Township
Fiscal Recovery Plan

In accordance with Section 118.025(A) of the Ohio Revised Code, having received a declaration of fiscal caution on October 9, 2012 from the Auditor of the State of Ohio, the Board of Trustees of Newton Township, Trumbull County, have developed a fiscal recovery plan to address deficiencies, budgetary concerns, and fiscal procedures.

FISCAL MANAGEMENT PLAN:

Newton Township contracted with Local Government Services to reconstruct Township books from the prior audit period and verify fund balances for an accurate starting point for the new Fiscal Officer in April, 2012. The data submitted for reconstruction was in QuickBooks and not fully complete by fund. Deficit fund balances became evident as a result of the reconstruction and transitioning to a fund accounting system. The amount of deficit balances discovered in the accounting books was a result of incomplete data provided by the former Fiscal Officer, reductions in local government funding which had previously allowed the Township's General Fund to cover deficit balances, and lack of budgetary filings.

The Township's books are now reconciled with verified fund balances, and reconciliations will be presented at the following month's Board meeting. The Township also addressed an audit non-compliance issue by switching to OTAS, a government fund accounting system.

The Board of Trustees and the current Fiscal Officer are committed to bringing the Township into compliance with Ohio Budgetary Law. An Alternative Tax Budget and Certificate of Estimated Resources have been submitted to the County Auditor, and tax rates have been certified. Appropriations are being finalized and will be current before the new fiscal year. Although submissions were not timely, the County Auditor's office realizes that we are making every effort to come into full compliance in 2013 and have been supportive in helping us to achieve that goal. All information for 2013 is according to best estimates, and will be amended as necessary by a vote of the Board. With the assistance of Local Government Services, the necessary annual state financial reports have been filed for 2010 and 2011, and are projected to be filed timely for 2012. Therefore, we have taken steps to come into compliance with budgetary requirements and will strive to follow a plan which keeps expenditures within appropriated resources.

A combined blanket certificate and purchase order system will be fully implemented in 2013 as a measure of budgetary control, thus requiring Trustee approval of expenditures

and the certification of the Fiscal Officer verifying the availability of unencumbered funds pursuant to 5705.41 (D)(1) of the Ohio Revised Code.

DEFICIT REDUCTION PLAN: INCREASING REVENUES

The Board of Trustees has worked throughout 2012 to develop a plan for generating additional revenue to offset continual cuts in local government funding. The first proposed revenue increase has been implemented successfully. Passage of a half mill replacement plus an additional half mill levy in the 2012 General Election had an immediate impact on the Fire District Fund's deficit, as collection of the continuous tax increase commences in 2012. The anticipated current year end deficit in the fund is $107,418. The increase in revenue from $14,000 to an estimated $65,000 per year will gradually reduce the deficit balance while meeting contractual services for fire. It is anticipated that, by the year 2016, the General Fund will be able to supplement the balance and clear the deficit.

Newton Township has seven cemeteries to maintain, and recognizes the challenge of offsetting the cost of maintenance with revenue dedicated to the Cemetery Fund. The Board of Trustees has increased the cost of grave openings by $100 for residents (now $450) and former lot owning residents (now $550). The increase is expected to generate $2500 annually. Additionally, the Board has proposed a 2013 levy for cemetery maintenance and care, with projected revenue of $65,000 annually for the Cemetery Fund. According to calculations, successful implementation of the levy combined with the grave opening increase would allow the Township to maintain its current level of service and would eliminate the fund deficit by 2015.

The Board of Trustees is in the process of pursuing the option to lease the gas and mineral rights of Township owned property. Land identification has been submitted to the vendor, and further action is pending. The proposed land lease is anticipated to generate a minimum of $30,000 in 2013 for the General Fund. An additional $10,000 for the General Fund in 2013 is being sought by the Board in a claim against the former Fiscal Officer to reclaim the cost of reconstruction of the Township accounting books. Together, these revenues will offset additional anticipated local government funding cuts to the General Fund.

DEFICIT REDUCTION PLAN: REDUCTION OF EXPENDITURES

The Board proposes to reduce expenditures to the General Fund by voluntarily reducing their own benefit package. Each elected official has chosen either to opt-out or self-pay dental and vision benefits which will create a savings of $3,437.28 per year for the General Fund beginning in 2013. Secondly, the Board has resolved to move 25% of the expenditure

for elected officials' pay and benefits to the Road and Bridge Fund, reducing the expenditure in the General Fund by $18,344.14 annually. The Zoning Fund has been incorporated into the General Fund; a proposed change of limiting the Zoning Board to quarterly meetings in lieu of monthly meetings adds an additional $1,100.00 in savings to the General Fund.

A resolution was passed by the Board to no longer offer the service of ditch tie-ins as a courtesy. The savings for cost of labor is estimated to be $2,000 annually to the Road and Bridge Fund. The Trustees will also propose an option for one employee to opt out of health care for a monthly option of $250 creating a $7944.00 savings to the Road and Bridge Fund.

A $1,000 contractual savings will be negotiated for employee uniforms. This reduction will be applied to the Motor Vehicle Permissive Tax Fund.

The Board of Trustees will continue to seek reductions of expenditures beyond the scope of this plan as well as additional revenue sources. Newton Township will comply with Ohio Budgetary Law, and continue to make every effort to provide the services that are in the best interest of the residents of Newton Township.

Attached to this narrative is Resolution # 11-12-06, the Newton Township Fiscal Recovery Plan, as passed by the Newton Township Board of Trustees on November 26, 2012 as well as a five-year forecast for the Fire District Fund, Cemetery Fund, and General Fund, demonstrating the proposed impact of said resolution. All-inclusive, be it resolved that the measures contained in this proposal may, in good faith, satisfy the conditions set forth for recovery from fiscal caution.

Respectfully Submitted,

Newton Township Board of Trustees

Peter J. Augusta

Robert L. Page

Gregory M. Dubos

Susan D. Montgomery, Fiscal Officer

Whereas, Newton Township has been placed in Fiscal Caution by the office of the Auditor of the State of Ohio and, as a condition of such, has been directed to develop a proposed plan for Fiscal Recovery and budgetary corrections,

Whereas, Newton Township has developed a proposal in good faith to comply with the recommendations of the Auditor of the State of Ohio,

Therefore, be it resolved that the aforementioned resolution was adopted in accordance with O.R.C. 121-22 by the following action:

Motion by Trustee Dubos, Second by Trustee Page

Trustee Augusta-YES

Trustee Page-YES

Trustee Dubos-YES

We do hereby certify the adoption of RESOLUTION 11-12-06 on November 26, 2012.

Peter J. Augusta, Trustee Chairman

Robert L. Page, Trustee Vice-Chairman

Gregory M. Dubos, Trustee

ATTEST:

Susan D. Montgomery, Fiscal Officer

01 - General

	Actual		Estimated				
	2010	2011	2012	2013	2014	2015	2016
Revenues							
Property and Other Local Taxes	$63,939	$49,004	$55,265	$55,000	$55,000	$55,000	$55,000
Licenses, Permits and Fees	32,834	6,041	5,000	5,000	5,000	5,000	5,000
Intergovernmental	155,430	105,206	83,454	66,000	66,000	66,000	66,000
Inheritance Tax	44,000	0	33,066	0	0	0	0
Franchise Fees	0	20,579	23,260	18,000	18,000	18,000	18,000
Earnings on Investments	99	74	3,960	50	50	50	50
Miscellaneous	2,006	41,466	7,000	7,000	7,000	7,000	7,000
Total Revenues	298,308	222,370	211,005	151,050	151,050	151,050	151,050
Other Financing Sources							
Transfers In	0	0	0	0	0	0	0
Total Revenues and Other Financing Sources	298,308	222,370	211,005	151,050	151,050	151,050	151,050
Expenditures							
Salaries	47,568	47,568	47,568	48,000	48,000	48,000	48,000
Benefits *(5% increase 13-16)*	32,000	32,000	31,742	33,500	35,175	36,934	38,780
Other	161,761	149,721	119,000	97,200	97,200	97,200	97,200
Total Expenditures	241,329	229,289	198,310	178,700	180,375	182,134	183,980
Other Financing Uses							
Transfers Out	0	0	0	0	0	0	0
Total Revenues and Other Financing Uses	241,329	229,289	198,310	178,700	180,375	182,134	183,980
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	56,979	(6,919)	12,695	(27,650)	(29,325)	(31,084)	(32,930)
Cash Balance, January 1	42,408	99,387	92,468	105,163	77,513	48,188	17,104
Cash Balance, December 31	$99,387	$92,468	$105,163	$77,513	$48,188	$17,104	($15,826)
Recovery Plan Items							
Items Affecting Revenues:							
Mineral Rights Lease	0	0	0	30,000	0	0	0
Insurance Reimbursement (Bond)	0	0	10,000	0	0	0	0
Total Items Affecting Revenues	0	0	10,000	30,000	0	0	0
Items Affecting Expenditures:							
25 Percent of Trustees & Fiscal Officer's Salary/Benefits to Road and Bridge:							
Salary	0	0	0	10,287	10,287	10,287	10,287
Benefits	0	0	0	8,057	8,057	8,057	8,057
Elected Officials Opt-out of Dental Benefits	0	0	0	3,437	3,437	3,437	3,437
Reduction to Zoning Meetings Other	0	0	0	1,100	1,100	1,100	1,100
Total Items Affecting Expenditures	0	0	0	22,881	22,881	22,881	22,881
Total Change as a result of Recovery Plan Items being Instituted	0	0	10,000	52,881	22,881	22,881	22,881
Excess of Revenues, Other Financing Sources and Recovery Plan Items Over (Under) Expenditures and Other Financing Uses	56,979	(6,919)	22,695	25,231	(6,444)	(8,203)	(10,049)
Cash Balance, January 1	42,408	99,387	92,468	115,163	140,394	133,950	125,747
Cash Balance, December 31	$99,387	$92,468	$115,163	$140,394	$133,950	$125,747	$115,698

05 - Cemetery

	Actual		Estimated				
	2010	2011	2012	2013	2014	2015	2016
Revenues							
Property and Other Local Taxes	$0	$0	$0	$0	$0	$0	$0
Licenses, Permits and Fees	32,280	39,269	32,371	32,000	32,000	32,000	32,000
Total Revenues	32,280	39,269	32,371	32,000	32,000	32,000	32,000
Other Financing Sources							
Transfers In	0	0	0	0	0	0	0
Total Revenues and Other Financing Sources	32,280	39,269	32,371	32,000	32,000	32,000	32,000
Expenditures							
Salaries	$12,600	$12,600	$12,600	$30,000	$30,000	$30,000	$30,000
Benefits *(5% increase 13-16)*	2,196	2,196	2,196	1,700	1,785	1,874	1,968
Other	66,713	51,836	31,000	15,000	15,000	15,000	15,000
Total Expenditures	81,509	66,632	45,796	46,700	46,785	46,874	46,968
Other Financing Uses							
Transfers Out	0	0	0	0	0	0	0
Total Revenues and Other Financing Uses	81,509	66,632	45,796	46,700	46,785	46,874	46,968
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(49,229)	(27,363)	(13,425)	(14,700)	(14,785)	(14,874)	(14,968)
Cash Balance, January 1	5,247	(43,982)	(71,345)	(84,770)	(99,470)	(114,255)	(129,129)
Cash Balance, December 31	($43,982)	($71,345)	($84,770)	($99,470)	($114,255)	($129,129)	($144,097)
Recovery Plan Items							
Items Affecting Revenues:							
Half-mill Cemetery Levy on 2013	0	0	0	0	65,000	65,000	65,000
Increases Cemetery Fees	0	0	0	2,500	2,500	2,500	2,500
Total Items Affecting Revenues	0	0	0	2,500	67,500	67,500	67,500
Items Affecting Expenditures:							
_____	0	0	0	0	0	0	0
Total Change as a result of Recovery Plan Items being Instituted	0	0	0	2,500	67,500	67,500	67,500
Excess of Revenues, Other Financing Sources and Recovery Plan Items Over (Under) Expenditures and Other Financing Uses	(49,229)	(27,363)	(13,425)	(12,200)	52,715	52,626	52,532
Cash Balance, January 1	5,247	(43,982)	(71,345)	(84,770)	(96,970)	(44,255)	8,371
Cash Balance, December 31	($43,982)	($71,345)	($84,770)	($96,970)	($44,255)	$8,371	$60,903

10 - Fire District

	Actual		Estimated				
	2010	2011	2012	2013	2014	2015	2016
Revenues							
Property and Other Local Taxes	$11,426	$11,654	$12,644	$59,000	$59,000	$59,000	$59,000
Intergovernmental	3,408	2,228	7,038	10,000	10,000	10,000	10,000
Total Revenues	14,834	13,882	19,682	69,000	69,000	69,000	69,000
Other Financing Sources							
Transfers In	0	0	0	0	0	0	0
Total Revenues and Other Financing Sources	14,834	13,882	19,682	69,000	69,000	69,000	69,000
Expenditures							
Other	$53,973	$49,012	$53,780	$55,080	$55,080	$55,080	$55,080
Other Financing Uses							
Transfers Out	0	0	0	0	0	0	0
Total Revenues and Other Financing Uses	53,973	49,012	53,780	55,080	55,080	55,080	55,080
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(39,139)	(35,130)	(34,098)	13,920	13,920	13,920	13,920
Cash Balance, January 1	949	(38,190)	(73,320)	(107,418)	(93,498)	(79,578)	(65,658)
Cash Balance, December 31	($38,190)	($73,320)	($107,418)	($93,498)	($79,578)	($65,658)	($51,738)
Recovery Plan Items							
Items Affecting Revenues:	0	0	0	0	0	0	0
Items Affecting Expenditures:	0	0	0	0	0	0	0
Total Change as a result of Recovery Plan Items being Instituted	0	0	0	0	0	0	0
Excess of Revenues, Other Financing Sources and Recovery Plan Items Over (Under) Expenditures and Other Financing Uses	(39,139)	(35,130)	(34,098)	13,920	13,920	13,920	13,920
Cash Balance, January 1	949	(38,190)	(73,320)	(107,418)	(93,498)	(79,578)	(65,658)
Cash Balance, December 31	($38,190)	($73,320)	($107,418)	($93,498)	($79,578)	($65,658)	($51,738)

NEWTON TOWNSHIP TRUSTEES
P O BOX 298 * 4410 NEWTON FALLS-BAILEY ROAD
NEWTON FALLS, OH 44444

2012 FISCAL RECOVERY PLAN

RESOLUTION # 11-12-06

2012 NEWTON TOWNSHIP RECOVERY PLAN				
Fund	**Description**	**Projected Annual Savings**	**Projected Annual Revenue**	**Date of Implementation**
Fire District	Successful passage of 1/2 mill Replacement plus an additional 1/2 mill New Fire Levy	N/A	$64,000.00	4th Quarter 2012
General	25% of Trustees' & Fiscal Officer's wages & benefits from General Fund to Road and Bridge	$18,344.14	N/A	1st Quarter 2013
General	Proposed Lease of Township property for Gas/Mineral rights	N/A	$30,000.00 For 2013	1st Quarter 2013
Road and Bridge	Proposed concession on $250/month for one employee to opt-out of health care	$7,944.00	N/A	1st Quarter 2013
Motor Vehicle Permissive	Reduction of expenditure for Uniform Service	$1,000.00	N/A	1st Quarter 2013
Cemetery	Increase Open/Closing Fees in Cemetery to $450.00 for Residents and $ 550.00 Non Residents who have previously purchased a lot as a Resident	N/A	$2,500.00	1st Quarter 2013
General	All current Elected Officials to opt-out or self-pay Dental and Vision coverage	$3,437.28	N/A	1st Quarter 2013
Road and Bridge	Township will no longer offer the service of tie-ins for ditch pipes	$2,000.00	N/A	1st Quarter 2013
General (Zoning)	Reduce frequency of Zoning Board meetings from monthly to quarterly	$1,100.00	N/A	1st Quarter 2013
General	Initiated action to recover the cost of reconstruction of Township books/legal action against former Township Fiscal Officer	N/A	$10,000.00	4th Quarter 2012
Township	Reconciled Township books to meet State Auditor's Standards /Reconciliation of books will be presented monthly at following month's Board meeting	N/A	N/A	4th Quarter 2012
Township	Comply with submission to the County Auditor of all Budgets, Appropriations, Certificates of Resources, and all Resolved Amendments to said documents per the ORC	N/A	N/A	4th Quarter 2012
Township	Complied with State Auditor's request to switch Township accounting from QuickBooks to a Government Fund Accounting System	N/A	N/A	4th Quarter 2012
Township	Establish approved purchasing system utilizing Purchase Orders and Blanket Certificates	N/A	N/A	1st Quarter 2013
Cemetery	Proposed 1/2 mill Cemetery Levy on ballot in 2013	N/A	$65,000.00	1st Quarter 2014