



**NEWARK TOWNSHIP
LICKING COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

NEWARK TOWNSHIP
LICKING COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Trustees
Newark Township
Licking County
1360 Oxford Downs NE
Newark, Ohio 43055

We have audited the accompanying financial statements of Newark Township, Licking County, Ohio, (the Township) as of and for the years ended December 31, 2000 and December 31, 1999. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Newark Township as of December 31, 2000 and December 31, 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2001 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

JIM PETRO
Auditor of State

April 10, 2001

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**NEWARK TOWNSHIP
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

| | <u>Governmental Fund Types</u> | | | Totals (Memorandum Only) |
|---|--------------------------------|----------------------------|-----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Capital Projects</u> | |
| Cash Receipts: | | | | |
| Local Taxes | \$58,942 | \$124,367 | \$165,619 | \$348,928 |
| Intergovernmental | 99,919 | 68,862 | 0 | 168,781 |
| Licenses, Permits, and Fees | 1,600 | 0 | 0 | 1,600 |
| Earnings on Investments | 6,600 | 7,088 | 0 | 13,688 |
| Other Receipts | 9,030 | 26,730 | 0 | 35,760 |
| | <u>176,091</u> | <u>227,047</u> | <u>165,619</u> | <u>568,757</u> |
| Total Cash Receipts | | | | |
| Cash Disbursements: | | | | |
| Current: | | | | |
| General Government | 71,588 | 0 | 0 | 71,588 |
| Public Safety | 0 | 17,002 | 0 | 17,002 |
| Public Works | 0 | 81,055 | 165,619 | 246,674 |
| Health | 6,220 | 0 | 0 | 6,220 |
| Debt Service: | | | | |
| Redemption of Principal | 18,456 | 0 | 0 | 18,456 |
| Interest Charges | 4,832 | 0 | 0 | 4,832 |
| Capital Outlay | 60,000 | 115,904 | 0 | 175,904 |
| | <u>161,096</u> | <u>213,961</u> | <u>165,619</u> | <u>540,676</u> |
| Total Cash Disbursements | | | | |
| Total Cash Receipts Over Cash Disbursements | 14,995 | 13,086 | 0 | 28,081 |
| Fund Cash Balances, January 1 | 309,140 | 294,659 | 0 | 603,799 |
| Fund Cash Balances, December 31 | <u>\$324,135</u> | <u>\$307,745</u> | <u>\$0</u> | <u>\$631,880</u> |

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

**NEWARK TOWNSHIP
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

| | <u>Governmental Fund Types</u> | | Totals (Memorandum Only) |
|---|--------------------------------|----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | |
| Cash Receipts: | | | |
| Local Taxes | \$55,456 | \$125,429 | \$180,885 |
| Intergovernmental | 88,333 | 71,214 | 159,547 |
| Fines, Forfeitures, and Penalties | 1,251 | 0 | 1,251 |
| Earnings on Investments | 6,000 | 8,452 | 14,452 |
| Other Receipts | 5,723 | 17,942 | 23,665 |
| | <hr/> | <hr/> | <hr/> |
| Total Cash Receipts | 156,763 | 223,037 | 379,800 |
| Cash Disbursements: | | | |
| Current: | | | |
| General Government | 71,048 | 0 | 71,048 |
| Public Safety | 0 | 18,163 | 18,163 |
| Public Works | 0 | 80,237 | 80,237 |
| Health | 5,976 | 0 | 5,976 |
| Debt Service: | | | |
| Redemption of Principal | 17,413 | 0 | 17,413 |
| Interest Charges | 5,874 | 0 | 5,874 |
| Capital Outlay | 0 | 57,925 | 57,925 |
| | <hr/> | <hr/> | <hr/> |
| Total Cash Disbursements | 100,311 | 156,325 | 256,636 |
| Total Cash Receipts Over Cash Disbursements | 56,452 | 66,712 | 123,164 |
| Fund Cash Balances, January 1 | 252,688 | 227,947 | 480,635 |
| | <hr/> | <hr/> | <hr/> |
| Fund Cash Balances, December 31 | <u>\$309,140</u> | <u>\$294,659</u> | <u>\$603,799</u> |

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

**NEWARK TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Newark Township, Licking County, Ohio, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, fire protection and emergency medical services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Fund Accounting

The Township uses fund accounting to segregate cash that is restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

Fire District Fund - This fund receives property tax money to pay for providing fire protection and emergency medical services.

3. Capital Projects Fund

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

Issue II Fund - The Township received a grant from the State of Ohio for paving on Cedar Run Road.

**NEWARK TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

E. Property, Plant and Equipment

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

F. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

2. EQUITY IN POOLED CASH

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

| | <u>2000</u> | <u>1999</u> |
|-----------------|-------------|-------------|
| Demand deposits | \$631,880 | \$603,799 |

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

**NEWARK TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2000 and December 31, 1999.

2000 Budgeted vs. Actual Receipts

| <u>Fund Type</u> | <u>Budgeted Receipts</u> | <u>Actual Receipts</u> | <u>Variance</u> |
|------------------|------------------------------|----------------------------|-----------------|
| General | \$118,260 | \$176,091 | \$57,831 |
| Special Revenue | 213,830 | 227,047 | 13,217 |
| Capital Projects | 188,530 | 165,619 | (22,911) |
| Total | <u>\$520,620</u> | <u>\$568,757</u> | <u>\$48,137</u> |

2000 Budgeted vs. Actual Budgetary Basis Expenditures

| <u>Fund Type</u> | <u>Appropriation Authority</u> | <u>Budgetary Expenditures</u> | <u>Variance</u> |
|------------------|------------------------------------|-----------------------------------|------------------|
| General | \$427,424 | \$161,096 | \$266,328 |
| Special Revenue | 508,487 | 213,961 | 294,526 |
| Capital Projects | 188,530 | 165,619 | 22,911 |
| Total | <u>\$1,124,441</u> | <u>\$540,676</u> | <u>\$583,765</u> |

1999 Budgeted vs. Actual Receipts

| <u>Fund Type</u> | <u>Budgeted Receipts</u> | <u>Actual Receipts</u> | <u>Variance</u> |
|------------------|------------------------------|----------------------------|-----------------|
| General | \$109,755 | \$156,763 | \$47,008 |
| Special Revenue | 196,150 | 223,037 | 26,887 |
| Total | <u>\$305,905</u> | <u>\$379,800</u> | <u>\$73,895</u> |

1999 Budgeted vs. Actual Budgetary Basis Expenditures

| <u>Fund Type</u> | <u>Appropriation Authority</u> | <u>Budgetary Expenditures</u> | <u>Variance</u> |
|------------------|------------------------------------|-----------------------------------|------------------|
| General | \$362,443 | \$100,311 | \$262,132 |
| Special Revenue | 424,095 | 156,325 | 267,770 |
| Total | <u>\$786,538</u> | <u>\$256,636</u> | <u>\$529,902</u> |

**NEWARK TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

| | Principal | Interest Rate |
|-------------------------|-----------------|------------------|
| General Obligation Note | <u>\$62,264</u> | 6% |

The general obligation note was issued to finance the purchase of a fire truck.

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

| Year ending December 31: | General Obligation Note |
|-----------------------------|-------------------------------|
| 2002 | \$23,288 |
| 2003 | 23,288 |
| 2004 | <u>23,288</u> |
| Total | <u>\$69,864</u> |

The payment due in 2001 was paid in 2000.

6. RETIREMENT SYSTEMS

Employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 10.84% for 2000 and 13.55% for 1999 of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

**NEWARK TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

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STATE OF OHIO
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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Board of Trustees
Newark Township
Licking County
1360 Oxford Downs NE
Newark, Ohio 43055

We have audited the financial statements of Newark Township, Licking County, Ohio (the Township), as of and for the years ended, December 31, 2000 and December 31, 1999, and have issued our report thereon dated April 10, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Finding as item 2000-40645-001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated April 10, 2001.

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

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

JIM PETRO
Auditor of State

April 10, 2001

**NEWARK TOWNSHIP
LICKING COUNTY**

**SCHEDULE OF FINDING
DECEMBER 31, 2000 AND 1999**

**FINDING RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

| | |
|-----------------------|-----------------------|
| Finding Number | 2000-40645-001 |
|-----------------------|-----------------------|

Certification of Funds

Ohio Rev. Code Section 5705.41(D) states in part that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of fiscal officer of the subdivision. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

In fifty-five percent of the expenditures tested, there were no indication of funds certification by the Clerk at the time of the purchase commitment.

The Clerk should certify funds before each payment is made through the issuance of a regular, blanket or super blanket purchase order. One blanket certificate can be issued for each line item appropriation for recurring and reasonably predictable operating expenses. These blanket certificates should be canceled at the end of each fiscal year. A super blanket purchase order can be issued for any amount.

Also, as an alternative, the Township can issue then and now certificates. Then and now certificates allow the Clerk to certify that both at the time the expenditure was made and at the time that the certification is completed, sufficient funds are available. These certificates can be certified by the Clerk without subsequent authorization from the Board. However, then and now certificates issued by the Clerk over \$1,000 must be authorized by the Board within thirty days after payment.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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NEWARK 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
JUNE 19, 2001**