



**NEWBURY TOWNSHIP
GEAUGA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001 & 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

NEWBURY TOWNSHIP
GEAUGA COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Newbury Township
Geauga County
14899 Auburn Road
Newbury, Ohio 44065

To the Board of Trustees:

We have audited the accompanying financial statements of Newbury Township, Geauga County, Ohio, (the Township) as of and for the years ended December 31, 2001 and December 31, 2000. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 audits provide 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 and reserve for encumbrances of Newbury Township, Geauga County, Ohio, as of December 31, 2001 and December 31, 2000, 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 19, 2002 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 audits.

This report is intended solely for the information and use of 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.

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Jim Petro
Auditor of State

April 19, 2002

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**NEWBURY TOWNSHIP
GEAUGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$55,563	\$660,205	\$83,215	\$798,983
Intergovernmental	219,653	139,438		359,091
Licenses, Permits, and Fees	15,696	0		15,696
Fines, Forfeitures, and Penalties	634	0		634
Earnings on Investments	28,666	4,115		32,781
Other Revenue	32,906	125		33,031
	<u>353,118</u>	<u>803,883</u>	<u>83,215</u>	<u>1,240,216</u>
Cash Disbursements:				
Current:				
General Government	246,308	0		246,308
Public Safety	85,245	224,710		309,955
Public Works	19,226	449,545		468,771
Health	18,462	0		18,462
Conservation - Recreation	5,000	0		5,000
Debt Service:				
Redemption of Principal	0	0	85,000	85,000
Interest and Fiscal Charges	0	0	8,132	8,132
Capital Outlay	13,639	54,313		67,952
	<u>387,880</u>	<u>728,568</u>	<u>93,132</u>	<u>1,209,580</u>
Total Receipts Over/(Under) Disbursements	<u>(34,762)</u>	<u>75,315</u>	<u>(9,917)</u>	<u>30,636</u>
Other Financing Receipts/(Disbursements):				
Proceeds from Sale of Public Debt:				
Other Sources	8,040			8,040
	<u>8,040</u>			<u>8,040</u>
Total Other Financing Receipts/(Disbursements)	<u>8,040</u>	<u>0</u>	<u>0</u>	<u>8,040</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(26,722)	75,315	(9,917)	38,676
Fund Cash Balances, January 1, 2001	<u>327,291</u>	<u>356,512</u>	<u>10,510</u>	<u>694,313</u>
Fund Cash Balances, December 31, 2001	<u>\$300,569</u>	<u>\$431,827</u>	<u>\$593</u>	<u>\$732,989</u>
Reserve for Encumbrances, December 31, 2001	<u>\$4,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$4,000</u>

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

**NEWBURY TOWNSHIP
GEAUGA COUNTY**

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

	<u>Governmental Fund Types</u>			Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$79,307	\$651,544	\$62,938	\$793,789
Intergovernmental	333,082	155,124		488,206
Licenses, Permits, and Fees	20,473	0		20,473
Fines, Forfeitures, and Penalties	946	0		946
Earnings on Investments	48,400	6,661		55,061
Other Revenue	24,069	32		24,101
	<u>506,277</u>	<u>813,361</u>	<u>62,938</u>	<u>1,382,576</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	198,312	0		198,312
Public Safety	85,122	198,746		283,868
Public Works	17,545	476,569		494,114
Health	49,134	0		49,134
Conservation - Recreation	5,000	0		5,000
Debt Service:				
Redemption of Principal	0	0	75,000	75,000
Interest and Fiscal Charges	0	0	11,925	11,925
Capital Outlay	42,247	214,506		256,753
	<u>397,360</u>	<u>889,821</u>	<u>86,925</u>	<u>1,374,106</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>108,917</u>	<u>(76,460)</u>	<u>(23,987)</u>	<u>8,470</u>
Other Financing Receipts/(Disbursements):				
Proceeds from Sale of Public Debt:				
Transfers-In		31,745	34,000	65,745
Transfers-Out	(34,000)		(31,745)	(65,745)
Other Sources	972			972
	<u>(33,028)</u>	<u>31,745</u>	<u>2,255</u>	<u>972</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	75,889	(44,715)	(21,732)	9,442
Fund Cash Balances, January 1, 2000	<u>251,402</u>	<u>401,227</u>	<u>32,242</u>	<u>684,871</u>
Fund Cash Balances, December 31, 2000	<u>\$327,291</u>	<u>\$356,512</u>	<u>\$10,510</u>	<u>\$694,313</u>
Reserve for Encumbrances, December 31, 2000	<u>\$0</u>	<u>\$14,957</u>	<u>\$0</u>	<u>\$14,957</u>

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

**NEWBURY TOWNSHIP
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Newbury Township, Geauga 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, cemetery maintenance, fire protection and ambulance services.

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

B. Basis of Accounting

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

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

C. Cash and Investments

Investments are included in fund cash balances. Certificates of deposit are valued at cost. The investments in STAROhio (the State Treasurer's investment pool) are valued at amounts reported by the State Treasurer.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

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 provide fire protection to the Township residents.

Road District Fund - This fund receives property tax money (all other voted outside millage) for constructing, maintaining and repairing Township roads.

**NEWBURY TOWNSHIP
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. FUND ACCOUNTING (Continued)

Debt Service Fund

The debt service fund is used to accumulate resources for the payment of noted indebtedness. This fund receives transfers and property tax money for the retirement of note debt issued for the purchase of real property.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

**NEWBURY TOWNSHIP
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2001</u>	<u>2000</u>
Demand Deposits	\$10,309	(\$7,172)
Certificates of Deposit	<u>190,000</u>	<u>190,000</u>
Total deposits	<u>\$200,309</u>	<u>\$182,828</u>
Investment - STAR Ohio	<u>\$532,680</u>	<u>\$511,485</u>
Total deposits and investments	<u>\$732,989</u>	<u>\$694,313</u>

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

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$287,975	\$361,158	\$73,183
Special Revenue	843,000	803,883	(39,117)
Debt Service	<u>83,215</u>	<u>83,215</u>	<u>0</u>
Total	<u>\$1,214,190</u>	<u>\$1,248,256</u>	<u>\$34,066</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$513,500	\$391,880	\$121,620
Special Revenue	1,115,957	728,569	387,388
Debt Service	<u>93,480</u>	<u>93,132</u>	<u>348</u>
Total	<u>\$1,722,937</u>	<u>\$1,213,581</u>	<u>\$509,356</u>

**NEWBURY TOWNSHIP
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$261,129	\$507,249	\$246,120
Special Revenue	757,500	845,106	87,606
Debt Service	<u>87,190</u>	<u>96,938</u>	<u>9,748</u>
Total	<u>\$1,105,819</u>	<u>\$1,449,293</u>	<u>\$343,474</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$507,604	\$431,360	\$76,244
Special Revenue	1,110,000	904,778	205,222
Debt Service	<u>102,190</u>	<u>118,670</u>	<u>(16,480)</u>
Total	<u>\$1,719,794</u>	<u>\$1,454,808</u>	<u>\$264,986</u>

4. PROPERTY TAX

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

Public Utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property with 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.

**NEWBURY TOWNSHIP
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

5. DEBT

Debt outstanding at December 31, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Notes	\$70,000	5.30%

The Notes were issued for the purpose of purchasing real property in the Township.

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

<u>Year ending December 31:</u>	<u>Total</u>
2002	\$38,710
2003	36,855
Total	\$75,565

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. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000. The Township has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

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

The Township also provides health insurance and dental and vision to full-time employees through a private carrier.

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

Newbury Township
Geauga County
14899 Auburn Road
Newbury, Ohio 44077

To the Board of Trustees

We have audited the accompanying financial statements of Concord Township, Lake County, Ohio, (the Township) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated April 19, 2002. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated April 19, 2002.

Internal Control Over Financial Reporting

In planning and performing our audits, 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 matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated April 19, 2002.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long, sweeping underline.

Jim Petro
Auditor of State

April 19, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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NEWBURY TOWNSHIP

GEAUGA 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 20, 2002**