



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**NEWTON TOWNSHIP  
MIAMI COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Newton Township  
Miami County  
P.O. Box 407  
210 Walnut Street  
Pleasant Hill, Ohio 45359

To the Board of Trustees:

We have audited the accompanying financial statements of Newton Township, Miami County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. 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 Newton Township, Miami County, as of December 31 1999 and 1998, 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 June 9, 2000 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.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

**Jim Petro**  
Auditor of State

June 9, 2000



**NEWTON TOWNSHIP  
MIAMI 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>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Taxes	\$22,385	\$40,660	\$63,045
Intergovernmental	118,180	68,994	187,174
Licenses, Permits, and Fees	4,946		4,946
Interest	27,836	12,027	39,863
Other Revenue	75		75
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	173,422	121,681	295,103
<b>Cash Disbursements:</b>			
Current:			
General Government	54,215		54,215
Public Works	3,000	126,076	129,076
Health	16,324		16,324
Conservation - Recreation	1,863		1,863
Capital Outlay	354	5,636	5,990
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	75,756	131,712	207,468
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	97,666	(10,031)	87,635
<b>Other Financing Receipts:</b>			
Other Sources	215	0	215
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	97,881	(10,031)	87,850
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	322,109	340,589	662,698
<b>Fund Cash Balances, December 31</b>	<hr/>	<hr/>	<hr/>
	\$419,990	\$330,558	\$750,548

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

**NEWTON TOWNSHIP  
MIAMI COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$19,574	\$35,090	\$54,664
Intergovernmental	93,548	66,083	159,631
Licenses, Permits, and Fees	6,820		6,820
Interest	23,970	12,110	36,080
Other Revenue	111	1,387	1,498
	<u>144,023</u>	<u>114,670</u>	<u>258,693</u>
<b>Total Cash Receipts</b>			
	<u>144,023</u>	<u>114,670</u>	<u>258,693</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	50,505		50,505
Public Works		141,348	141,348
Health	15,066		15,066
Conservation - Recreation	1,182		1,182
Capital Outlay	9,427	909	10,336
	<u>76,180</u>	<u>142,257</u>	<u>218,437</u>
<b>Total Cash Disbursements</b>			
	<u>76,180</u>	<u>142,257</u>	<u>218,437</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>67,843</u>	<u>(27,587)</u>	<u>40,256</u>
<b>Other Financing Receipts:</b>			
Other Sources	2,738	0	2,738
	<u>2,738</u>	<u>0</u>	<u>2,738</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements</b>	70,581	(27,587)	42,994
<b>Fund Cash Balances, January 1</b>	<u>251,528</u>	<u>368,176</u>	<u>619,704</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$322,109</u></u>	<u><u>\$340,589</u></u>	<u><u>\$662,698</u></u>

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



**NEWTON TOWNSHIP  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Newton Township, Miami County, (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, and cemetery maintenance.

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**

Certificates of deposit are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer. Investments are recorded as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

**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:

Motor Vehicle License Tax Fund - This fund receives motor vehicle license tax money for constructing, maintaining and repairing Township streets.

**NEWTON TOWNSHIP  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

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

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

**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. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash balance as of January. 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 carried over, and need not be reappropriated.

A summary of 1999 and 1998 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.

**NEWTON TOWNSHIP  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Township maintains a cash and investments 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>1999</u>	<u>1998</u>
Demand deposits	\$13,791	\$7,252
Certificates of deposit	<u>424,539</u>	<u>399,541</u>
Total deposits	<u>438,330</u>	<u>406,793</u>
 STAR Ohio	 <u>312,218</u>	 <u>255,905</u>
Total investments	<u>312,218</u>	<u>255,905</u>
Total deposits and investments	<u><u>\$750,548</u></u>	<u><u>\$662,698</u></u>

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

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$123,132	\$173,637	\$50,505
Special Revenue	<u>119,109</u>	<u>121,681</u>	<u>2,572</u>
Total	<u><u>\$242,241</u></u>	<u><u>\$295,318</u></u>	<u><u>\$53,077</u></u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$445,400	\$75,756	\$369,644
Special Revenue	<u>447,000</u>	<u>131,712</u>	<u>315,288</u>
Total	<u><u>\$892,400</u></u>	<u><u>\$207,468</u></u>	<u><u>\$684,932</u></u>

**NEWTON TOWNSHIP  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$107,561	\$146,761	\$39,200
Special Revenue	114,445	114,670	225
Total	\$222,006	\$261,431	\$39,425

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$353,700	\$76,180	\$277,520
Special Revenue	462,500	142,257	320,243
Total	\$816,200	\$218,437	\$597,763

**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.

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 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. RETIREMENT SYSTEMS**

The Township's elected officials and 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 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

**NEWTON TOWNSHIP  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**6. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Public Officials' Liability

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

Newton Township  
Miami County  
P.O. Box 407  
210 Walnut Street  
Pleasant Hill, Ohio 45359

To the Board of Trustees:

We have audited the accompanying financial statements of Newton Township, Miami County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 9, 2000. 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 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 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 June 9, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered 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 certain 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 June 9, 2000.

Newton Township  
Miami 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 of the Township's management and 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 fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

June 9, 2000





STATE OF OHIO  
OFFICE OF THE AUDITOR

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**NEWTON TOWNSHIP**

**MIAMI 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  
JULY 13, 2000**