



OHIO AUDITOR OF STATE  
**KEITH FABER**





**NEWTON TOWNSHIP  
TRUMBULL COUNTY  
DECEMBER 31, 2023 AND 2022**

**TABLE OF CONTENTS**

<b><u>TITLE</u></b>	<b><u>PAGE</u></b>
Independent Auditor's Report .....	1
Prepared by Management:	
Basic Financial Statements:	
Combined Statements of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – All Governmental Fund Types For the Year Ended December, 31, 2023 .....	5
Combined Statements of Additions, Deductions, and Changes in Fund Balances (Cash Basis) – All Fiduciary Fund Types For the Year Ended December, 31, 2023 .....	6
Notes to the Basic Financial Statements .....	7
Combined Statements of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – All Governmental Fund Types For the Year Ended December, 31, 2022 .....	17
Combined Statements of Additions, Deductions, and Changes in Fund Balances (Cash Basis) – All Fiduciary Fund Types For the Year Ended December, 31, 2022 .....	18
Notes to the Basic Financial Statements .....	19
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	27

**This page intentionally left blank.**



65 East State Street  
Columbus, Ohio 43215  
[ContactUs@ohioauditor.gov](mailto:ContactUs@ohioauditor.gov)  
800-282-0370

## INDEPENDENT AUDITOR'S REPORT

Newton Township  
Trumbull County  
P.O. Box 298  
Newton Falls, OH 44444

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, Trumbull County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2023 and 2022, 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 and the fiduciary fund type combined total as of and for the years ended December 31, 2023 and 2022, 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, 2023 and 2022, or the changes in financial position thereof for the year 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.

***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 23, 2024, 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 23, 2024

**This page intentionally left blank.**

NEWTON TOWNSHIP, TRUMBULL COUNTY  
**Combined Statement of Receipts, Disbursements and Changes in Fund**  
For the Year Ended December 31, 2023

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>(Memorandum)</u>
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$73,613	\$325,395	\$0	\$399,008
Licenses, Permits and Fees	25,708	35,871		61,579
Intergovernmental	87,988	197,797	115,450	401,235
Earnings on Investments	27,150	6,040		33,190
Miscellaneous	12,284	40,798		53,082
<i>Total Cash Receipts</i>	<u>226,743</u>	<u>605,901</u>	<u>115,450</u>	<u>948,094</u>
<b>Cash Disbursements</b>				
Current:				
General Government	159,038	21,875		180,913
Public Safety	1,218	101,872		103,090
Public Works		222,817		222,817
Health	20,854	108,636		129,490
Capital Outlay	9,863	350,794	115,450	476,107
<i>Total Cash Disbursements</i>	<u>190,973</u>	<u>805,994</u>	<u>115,450</u>	<u>1,112,417</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>35,770</u>	<u>(200,093)</u>		<u>(164,323)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Capital Assets		18,000		18,000
<i>Total Other Financing Receipts (Disbursements)</i>		<u>18,000</u>		<u>18,000</u>
<i>Net Change in Fund Cash Balances</i>	<u>35,770</u>	<u>(182,093)</u>		<u>(146,323)</u>
<i>Fund Cash Balances, January 1</i>	<u>\$445,553</u>	<u>\$721,267</u>	-	<u>\$1,166,820</u>
<i>Fund Cash Balances, December 31</i>	<u><b>\$481,323</b></u>	<u><b>\$539,174</b></u>	<u><b>\$0</b></u>	<u><b>\$1,020,497</b></u>

*See accompanying notes to the financial statements*

NEWTON TOWNSHIP, TRUMBULL COUNTY  
**Combined Statement of Additions, Deductions and Changes in Fund Balances (Cash Basis)**  
**All Fiduciary Fund Types**  
For the Year Ended December 31, 2023

	<u>Other Custodial</u>	<u>(Memorandum Only)</u>
<b>Deductions</b>		
Distributions of Deposits	7,380	7,380
<i>Total Deductions</i>	<u>7,380</u>	<u>7,380</u>
<i>Net Change in Fund Balances</i>	(7,380)	(7,380)
<i>Fund Cash Balances, January 1</i>	<u>\$9,380</u>	<u>\$9,380</u>
<i>Fund Cash Balances, December 31</i>	<u>2,000</u>	<u>2,000</u>

*See accompanying notes to the financial statements*

**Newton Township**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

---

**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Newton Township, Trumbull 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, police protection, fire protection, and emergency medical services. The Township contracts with the Trumbull County Sheriff's Office (Police District Fund) to provide police protection, the Trumbull County Engineer's Office (Motor Vehicle, Gasoline Tax, Road and Bridge, and Motor Vehicle Permissive Funds) to provide a portion of the Township's road repairs, and participates with the NF Joint Fire District (Fire District Fund) to provide fire protection and emergency medical services.

***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity as well as the Ohio Association of Public Treasurers risk pools. The Township is also a participant in the NF Joint Fire District which provides fire protection and emergency medical services within the District and mutual aid to areas outside of the District. The Township is a member of the Trumbull County Council of Governments.

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

Notes 6,10, 11, and 12 to the financial statements, respectively, provide additional information for these entities.

**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, and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all 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:

**Newton Township**  
**Trumbull County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

---

**Gasoline 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.

**Road and Bridge Fund** - The Road and Bridge Fund accounts for and reports property tax and intergovernmental revenue restricted for use for road improvements, repairs, street signs, equipment, etc.

**Cemetery Fund** The Cemetery Fund accounts for and reports revenue from a 0.5 mill five-year levy (year of commencement, 2019) in addition to revenue from burial and foundation fees and sales of cemetery plots. The use of funds is restricted to the maintenance and operation of cemeteries throughout incorporated and unincorporated areas of the Township. At the 2023 General Election, the levy was renewed for an additional five years.

**ARP-Fiscal Recovery**- The ARP-Fiscal Recovery Fund accounts for and reports federal funds requested and received through the 2021 American Rescue Plan Act legislation. These funds provide relief to address health and safety concerns and limited financial hardships that have risen because of the COVID-19 pandemic.

Note 14 to the financial statements contains additional details regarding this fund.

**Capital Project Funds** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project fund:

Issue II Fund -The Township received a grant from the state through the State Capital Improvement Program (SCIP)/Small Government Program (for Project CT19AA). The proceeds are restricted for capital improvement.

**Fiduciary Funds** Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Township's custodial funds account for Escrowed Road Cuts/Bores, Unclaimed Monies (inactive in 2023), and Escrowed Fire Loss (ORC 3929.86).

#### ***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 Township 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 (except certain custodial funds) be budgeted annually.

**Newton Township**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

---

**Appropriations** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations categorized as salaries, benefits, or ‘other’ 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. Two exceptions were made regarding carryovers in 2023. Allocation for the last four months of 2023 for unbilled sheriff services from the Police District Fund will be applied under a Then and Now Purchase Order in 2024 once billing is resolved, and the OPWC Capital Improvements Project is under review for additional work to be finalized in 2024, when final appropriations will be encumbered.

**A summary of 2023 budgetary activity appears in Note 3 to the financial statements.**

***Deposits and Investments***

The Township’s accounting basis includes cash deposits as assets. In addition to checking account balances, funds are deposited in an MMAX savings account which distributes the deposited funds across a network of participating banking institutions. Interest earned on the MMAX account is reinvested monthly and distributed proportionally to funds that are authorized by law to receive interest. The MMAX account yields a flexible rate of interest.

***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.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***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:

***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.

**Newton Township**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

---

**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 13.

### **Note 3 – Budgetary Activity**

Fiduciary-custodial funds are generally not budgeted.

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$219,107	\$226,742	\$7,635
Special Revenue	583,411	623,900	40,489
Capital Projects	149,999	115,450	(34,549)
<b>Total</b>	<b>\$952,517</b>	<b>\$966,092</b>	<b>\$13,575</b>

**Newton Township**  
**Trumbull County**  
*Notes to the Financial Statements*  
For the Year Ended December 31, 2023

---

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$234,186	\$191,782	\$42,404
Special Revenue	993,753	817,579	176,174
Capital Projects	149,999	115,450	34,549
<b>Total</b>	<b>\$1,377,938</b>	<b>\$1,124,811</b>	<b>\$253,127</b>

The open capital project (CT19AA) which was budgeted to be completed in 2023 will carry forward to 2024 with a remaining grant fund balance. Final work necessary to close the Project will be determined in 2024 when final funding will be encumbered. The revenue variance represents the unused balance of the OPWC grant award. The following factors most significantly contribute to the substantial special revenue appropriation variance at year-end; three months' police protection unbilled, road work budgeted but not completed and unused salary and supply appropriations in the road funds, and ARP Fund appropriations for additional demolition work that was not completed.

Expenditures exceeded annual revenues in the road funds in part due to sizable OPWC Project matching funds, and partial funding of a new backhoe. The Cemetery Fund expenditures exceeded annual revenues due in part to sealing of pavement in three cemeteries, purchase of a new mower, and partial funding of a new backhoe. These were primarily larger projects planned for and not typical of an annual expenditures item.

#### **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 for the year ending December 31, 2023 are as follows:

	2023
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$23,872
Other time deposits (MMAX savings accounts)	998,625
Total deposits	<u>1,022,497</u>
<i>Total carrying amount of deposits held in the Pool (ties to FS)</i>	<u><u>\$1,022,497</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, 2023, the Township is holding \$ 3,694.31 in unremitted employee payroll withholdings.

#### ***Deposits***

Deposits are collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Newton Township**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

---

**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**

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 (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

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

<u>2022</u>	
Cash and investments	\$32,288,098
Actuarial liabilities	\$9,146,434

The above data was the most current available at the time of disclosure.

***Workers' Compensation***

The Township participates in a Group Rating Program through The Ohio Association of Public Treasurers to reduce costs. Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 12 to the financial statements provides additional information regarding Workers'

**Newton Township**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

---

Compensation.

***Self-Insurance***

The Township provides commercial health insurance to elected officials and full-time employees who opt-in. Employees are required to contribute 10% of the annual premium for health insurance. The Township supplements the high deductible commercial plan (\$10,000 deductible per family) by reimbursing a maximum of 90% of the deductible to insured singles or families through a Health Reimbursement Account (HRA). This self-insured component covers 90% of the annual deductible for all insured families. Health Reimbursement Account Funds are fully encumbered in the annual budget to guarantee funds are available should claims arise. The HRA is a risk management tool to save on annual health premium costs. HRA expenses are paid from the General and Road and Bridge Funds. Documented expenditures incurred in 2023 submitted at year-end were encumbered and carried forward for payment in 2024.

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Eight Township employees belonged to the Ohio Public Employees Retirement System (OPERS) in 2023. 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, 2023. December withholding has been carried forward to 2024.

OPERS-Local	Year	Member Rate	Employer Rate
OPERS – Local	2012-2023	10.00%	14.00%

***Social Security***

Eleven Township employees contributed to Social Security in 2023. This plan provides retirement benefits, including survivor and disability benefits to participants. The employees contributed 6.2 percent of their gross salary. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2023. December withholding has been carried forward to 2024.

**Note 8 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions

**Newton Township**  
**Trumbull County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

---

OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

**Note 9 – Contingent Liabilities**

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. 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 10 – Joint Ventures**

The Township participates in the NF Joint Fire District, a political subdivision created jointly between the Township and the Village of Newton Falls, whose Board is comprised of five members; one representative each from the Township Board of Trustees and the Newton Falls City Council as well as alternating appointed citizen representatives from each entity. The District in part is funded by voter approved property tax receipts. A one mil fire/general levy (five year expiring 2024) generates approximately \$108,000 and a two-and-one-half mil EMS and Ambulance levy (five year expiring 2023, renewed commencing 2024) generates approximately \$421,000. An additional four mil five-year levy for EMS and Ambulance was passed by voters in November 2021; the levy was certified to generate an estimated \$550,000, per year for five years commencing in 2021. Both the Township and Village are obligated to pay an annual fee to the District which will accrue by 3% per annum until a new Joint Resolution is adopted. For the year ended December 31, 2023, the Township paid \$58,737 to the District for fire protection and emergency medical services. The revenue source for that payment is a one-mil Township levy that generated \$69,060 gross in 2023. Additional District revenue is received from EMS billing and grant funds. Liability for deficits incurred by the District should it be unable to cover its obligations revert to the Township and Village and resources would be divided in the case of a dissolution. There is no indication that the Fire District is in fiscal distress.

**Note 11– Jointly Governed Organizations**

The Township is a member of the Trumbull County Council of Governments, a Council of Governments organized under Section 167 of the Ohio Revised Code, with right of representation on the Board, with the county and many local municipalities. A minimal membership fee is paid. No additional financial obligation is a condition of membership.

**Note 12 – Public Entity Risk Pool**

The Township participates in the Ohio Township Association Risk Management Authority (The Pool). The Pool's business and affairs are conducted by a seven-member Board consisting of the executive director of the Ohio Township Association (OTA) and six members of the OTA Board of Directors. OTARMA solely represents Ohio townships. It is a risk management program endorsed by the Ohio Township Association. OTARMA provides the broadest property and liability coverage, outstanding service, and stable pricing for Ohio Townships of all sizes. OTARMA's Mission is to provide members with responsive risk management solutions. It has been consistently awarded a AAA ranking by Demotech, Inc. for financial stability, loss reserve opinion, administration, and overall performance. Premiums are based upon Township assets and the level of services and risk liability selected. OTARMA does not require its membership to be jointly liable for other members. After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies

**Newton Township**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

---

OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also, upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

The Township participates in the Ohio Association of Public Treasurers (OAPT) Group Rating Plan (GRP) for Workers' Compensation. The Pool's business and affairs are conducted by no less than three members serving on the Board of Directors, each elected to three-year terms. Membership is available to cities, villages, townships, counties, schools, libraries and other public special districts as represented by the treasurer or deputy or assistant treasurer of a political subdivision of Ohio. OAPT obtains a group rating through Sedgwick for its member entities. OAPT annual dues are waived for GRP participants. Participants pay an enrollment fee annually to Sedgwick based upon payroll.

#### **Note 13 – Fund Balances**

Included in fund balance are amounts the Township cannot spend. 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 facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Total
Nonspendable:				
Outstanding Encumbrances	810	11,586	0	12,396
Total	\$810	\$11,586	\$0	\$12,396

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

#### **Note 14 – 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 ended in April 2023. The Township received its last tranche of funding in 2022, and will continue to spend available COVID-19 funding consistent with the applicable program guidelines. The impact on the Township's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated. Expenses from the ARP-Fiscal Recovery Fund are classified as revenue loss under the standard allowance authorized by Resolution with authority granted under the American Rescue Plan Act of 2021. Funds were used in 2023 toward legal fees, asbestos abatement, demolitions, and the partial funding of a new backhoe.

**This page intentionally left blank.**

NEWTON TOWNSHIP, TRUMBULL COUNTY  
**Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)**  
**All Governmental Fund Types**  
For the Year Ended December 31, 2022

	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum)</u>
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$70,281	\$310,724	\$381,005
Licenses, Permits and Fees	23,532	34,329	57,861
Intergovernmental	97,647	398,110	495,757
Earnings on Investments	6,285	1,082	7,367
Miscellaneous	29,166	14,959	44,125
<i>Total Cash Receipts</i>	<u>226,911</u>	<u>759,204</u>	<u>986,115</u>
<b>Cash Disbursements</b>			
Current:			
General Government	153,336	3,216	156,552
Public Safety	853	96,996	97,849
Public Works	0	262,054	262,054
Health	20,099	94,231	114,330
Intergovernmental	0	46,850	46,850
Capital Outlay	37,983	149,937	187,920
<i>Total Cash Disbursements</i>	<u>212,271</u>	<u>653,284</u>	<u>865,555</u>
<i>Excess of Receipts Over Disbursements</i>	<u>14,640</u>	<u>105,920</u>	<u>120,560</u>
<b>Other Financing Receipts (Disbursements)</b>			
Sale of Capital Assets	0	977	977
	<u>0</u>	<u>977</u>	<u>977</u>
<i>Net Change in Fund Cash Balances</i>	<u>14,640</u>	<u>106,897</u>	<u>121,537</u>
<i>Fund Cash Balances, January 1</i>	<u>\$430,913</u>	<u>\$614,370</u>	<u>\$1,045,283</u>
<i>Fund Cash Balances, December 31</i>	<u>\$445,553</u>	<u>\$721,267</u>	<u>\$1,166,820</u>

*See accompanying notes to the financial statements*

NEWTON TOWNSHIP, TRUMBULL COUNTY  
**Combined Statement of Additions, Deductions and Changes in Fund Balances (Cash Basis)**  
**All Fiduciary Fund Types**  
For the Year Ended December 31, 2022

	<u>Other Custodial</u>	<u>(Memorandum Only)</u>
<b>Additions</b>		
Other Amounts Collected for Distribution	\$ 7,380	\$ 7,380
<i>Total Additions</i>	<u>7,380</u>	<u>7,380</u>
<i>Net Change in Fund Balances</i>	7,380	7,380
<i>Fund Cash Balances, January 1</i>	<u>2,000</u>	<u>2,000</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 9,380</u>	<u>\$ 9,380</u>

*See accompanying notes to the financial statements*

**Newton Township**  
**Trumbull County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

---

**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Newton Township, Trumbull 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, police protection, fire protection, and emergency medical services. The Township contracts with the Trumbull County Sheriff's Office (Police District Fund) to provide police protection, the Trumbull County Engineer's Office (Motor Vehicle, Gasoline Tax, Road and Bridge, and Motor Vehicle Permissive Funds) to provide a portion of the Township's road repairs, and participates with the NF Joint Fire District (Fire District Fund) to provide fire protection and emergency medical services.

***Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations***

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity as well as the Ohio Association of Public Treasurers risk pools. The Township is also a participant in the NF Joint Fire District which provides fire protection and emergency medical services within the District and mutual aid to areas outside of the District. The Township is a member of the Trumbull County Council of Governments.

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

Notes 6,10, 11, and 12 to the financial statements, respectively, provide additional information for these entities.

**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, and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all 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:

**Newton Township**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

---

**Gasoline 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.

**Road and Bridge Fund** - The Road and Bridge Fund accounts for and reports property tax and intergovernmental revenue restricted for use for road improvements, repairs, street signs, equipment, etc.

**ARP-Fiscal Recovery**- The ARP-Fiscal Recovery Fund accounts for and reports federal funds requested and received through the 2021 American Rescue Plan Act legislation. These funds provide relief to address health and safety concerns and limited financial hardships that have risen because of the COVID-19 pandemic.

Note 14 contains additional details regarding this fund.

**Fiduciary Funds** Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Township's custodial funds account for Escrowed Road Cuts/Bores, Unclaimed Monies (inactive in 2022), and Escrowed Fire Loss (ORC 3929.86).

#### ***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 (except certain custodial funds) be budgeted annually.

**Appropriations** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations categorized as salaries, benefits, or 'other' 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 2022 budgetary activity appears in Note 3.

**Newton Township**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

---

***Deposits***

The Township's accounting basis includes cash deposits as assets. In addition to checking account balances, funds are deposited in an MMAX savings account which distributes the deposited funds across a network of participating banking institutions. Interest earned on the MMAX account is reinvested monthly and distributed proportionally to funds that are authorized by law to receive interest. The MMAX account yields a flexible rate of interest.

***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.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***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:

***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,

**Newton Township**  
**Trumbull County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

---

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 13.

**Note 3 – Budgetary Activity**

Fiduciary-custodial funds are generally not budgeted.

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$205,842	\$226,910	\$21,068
Special Revenue	742,781	760,182	17,401
<b>Total</b>	<b>\$948,623</b>	<b>\$987,092</b>	<b>\$38,469</b>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$252,343	\$214,786	\$37,557
Special Revenue	840,871	657,990	182,881
<b>Total</b>	<b>\$1,093,214</b>	<b>\$872,776</b>	<b>\$220,438</b>

**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 for the year ending December 31, 2022 are as follows:

	2022
<b>Cash Management Pool:</b>	
Demand deposits	\$210,765
Other time deposits (MMAX savings accounts)	965,435
Total deposits	<u>1,176,200</u>
<i>Total carrying amount of deposits held in the Pool (ties to FS)</i>	<u><u>\$1,176,200</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, 2022, the Township is holding \$ 3,890.19 in unremitted employee payroll withholdings.

**Newton Township**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

---

***Deposits***

Deposits are collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**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**

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 (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

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

2021

Cash and investments	\$34,880,599
Actuarial liabilities	\$10,601,444

The above data was the most current available at the time of disclosure.

***Workers' Compensation***

**Newton Township**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

---

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 12 to the financial statements provides additional information regarding Workers' Compensation.

***Self-Insurance***

The Township provides commercial health insurance to elected officials and full-time employees who opt-in. Employees are required to contribute 10% of the annual premium for health insurance. The Township supplements the high deductible commercial plan (\$10,000 deductible per family) by reimbursing a maximum of 90% of the deductible to insured singles or families through a Health Reimbursement Account (HRA). This self-insured component covers 90% of the annual deductible for all insured families. Health Reimbursement Account Funds are fully encumbered in the annual budget to guarantee funds are available should claims arise. The HRA is a risk management tool to save on annual health premium costs. HRA expenses are paid from the General and Road and Bridge Funds.

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Nine Township employees belonged to the Ohio Public Employees Retirement System (OPERS) in 2022. 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, 2022.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2012-2022</i>	<i>10.00%</i>	<i>14.00%</i>

***Social Security***

One Township employee contributed to Social Security in 2022. This plan provides retirement benefits, including survivor and disability benefits to participants. The employee contributed 6.2 percent of their gross salary. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2022 as of the issuance of this disclosure.

**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

**Newton Township**  
*Trumbull County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

---

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 2022. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2022.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

**Note 9 – Contingent Liabilities**

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. 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 10 – Joint Ventures**

The Township participates in the NF Joint Fire District, a political subdivision created jointly between the Township and the Village of Newton Falls, whose Board is comprised of five members; one representative each from the township Board of Trustees and the Newton Falls City Council as well as alternating appointed citizen representatives from each entity. The District in part is funded by voter approved property tax receipts. A one mil fire/general levy (five year expiring 2024) generates approximately \$108,000 and a two-and-one-half mil EMS and Ambulance levy (five year expiring 2023) generates approximately \$421,000. An additional four mil levy for EMS and Ambulance was passed by voters in November 2021; the levy was certified to generate an estimated \$550,000, per year for five years commencing in 2021. Both the township and village are obligated to pay an annual fee to the District which will accrue by 3% per annum until a new Joint Resolution is adopted. For the year ended December 31, 2022, the township paid \$57,025 to the District for fire protection and emergency medical services. The revenue source for that payment is a one mil Township levy that generated \$66,982 gross in 2022. The Village of Newton Falls contributed \$72,962 generated through income tax revenue. Additional District revenue is received from EMS billing and grant funds. Liability for deficits incurred by the District should it be unable to cover its obligations revert to the township and village and resources would be divided in the case of a dissolution. There is no indication that the Fire District is in fiscal distress.

**Note 11– Jointly Governed Organizations**

The Township is a member of the Trumbull County Council of Governments, a Council of Governments organized under Section 167 of the Ohio Revised Code, with right of representation on the Board, with the county and many local municipalities. A minimal membership fee is paid. No additional financial obligation is a condition of membership.

**Note 12 – Public Entity Risk Pool**

The Township participates in the Ohio Township Association Risk Management Authority (The Pool). The Pool's business and affairs are conducted by a seven-member Board consisting of the executive

**Newton Township**  
**Trumbull County**  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

---

director of the Ohio Township Association (OTA) and six members of the OTA Board of Directors. OTARMA solely represents Ohio townships. It is a risk management program endorsed by the Ohio Township Association. OTARMA provides the broadest property and liability coverage, outstanding service, and stable pricing for Ohio Townships of all sizes. OTARMA's Mission is to provide members with responsive risk management solutions. It has been consistently awarded a AAA ranking by Demotech, Inc. for financial stability, loss reserve opinion, administration, and overall performance. Premiums are based upon Township assets and the level of services and risk liability selected. OTARMA does not require its membership to be jointly liable for other members. After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also, upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

The Township participates in the Ohio Association of Public Treasurers (OAPT) Group Rating Plan (GRP) for Workers' Compensation. The Pool's business and affairs are conducted by no less than three members serving on the Board of Directors, each elected to three-year terms. Membership is available to cities, villages, townships, counties, schools, libraries and other public special districts as represented by the treasurer or deputy or assistant treasurer of a political subdivision of Ohio. OAPT obtains a group rating through Sedgwick for its member entities. OAPT annual dues are waived for GRP participants. Participants pay an enrollment fee annually to Sedgwick based upon payroll.

#### **Note 13 – Fund Balances**

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 facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Total
<b>Nonspendable:</b>				
Unclaimed Monies	\$0	\$0	\$0	\$0
Outstanding Encumbrances	2,515	4,706	0	7,221

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

#### **Note 14 – 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 2022, 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 funding, either federal or state, cannot be estimated. Expenses from ARP-Fiscal Recovery Fund are classified as revenue loss under the standard allowance authorized by Resolution with authority granted under the American Rescue Plan Act of 2021.

# OHIO AUDITOR OF STATE KEITH FABER



65 East State Street  
Columbus, Ohio 43215  
[ContactUs@ohioauditor.gov](mailto:ContactUs@ohioauditor.gov)  
800-282-0370

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

Newton Township  
Trumbull County  
P.O. Box 298  
Newton Falls, OH 44444

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 and the fiduciary fund type combined total as of and for the years ended December 31, 2023 and 2022 and the related notes to the financial statements of Newton Township, Trumbull County, Ohio (the Township) and have issued our report thereon dated December 23, 2024, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

### *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 purpose of expressing our opinion 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified

Newton Township  
Trumbull County  
Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by Government Auditing Standards  
Page 2

***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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

***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 23, 2024

# OHIO AUDITOR OF STATE KEITH FABER



NEWTON TOWNSHIP

TRUMBULL 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 2/6/2025

65 East State 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)