

Newbury Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Newbury Township, Geauga 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, fire protection and emergency medical services. The Township contracts with the Newbury Volunteer Fire Department to provide fire, emergency medical and ambulance services. The Township appropriates general fund money, in addition to the 1.6 mill voted levy for payment of the annual contract. The Township is covered by the Geauga County Sheriff's office for police protection..

The Township participates in jointly governed organization, joint ventures and a Public Entity Risk Pool and is associated with a related organization.

Public Entity Risk Pool:

OTRMA - provides property and casualty coverage for its members.

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

Note 2 – Summary of Significant Accounting Policies

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 receipts, disbursements and changes in fund balances (regulatory cash basis) 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

Gas 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 & Bridge Fund This funds receives revenue from property tax receipts from inside millage for constructing, reconstructing, maintaining or repairing Township roads and bridges.

Newbury Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Road District Fund This fund receives revenue from property tax receipts from two voted levies for constructing, reconstructing, maintaining or repairing Township roads and bridges.

Fire Fund This fund receives revenue from property tax receipts from a 1.6 mill voted levy

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 has a small capital project fund Veterans' Park capital improvements.

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 (D). 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 (D) permit.

Budgetary Process

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

Appropriations-Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, 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 re-appropriated.

A summary of 2021 budgetary activity appears in Note 4.

Newbury Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value

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.

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*.

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.

Newbury Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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.

Note 3 – Compliance There were no material non-compliance issues for fiscal year 2021.

Note 4 – Budgetary Activity

Budgetary activity for the year ending 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$507,695	\$527,744	\$20,049
Special Revenue	1,810,228	1,851,479	41,251
Debt Service			0
Capital Projects	10	2,645	2,635
Internal Service			0
Permanent			0
Fiduciary			0
Total	\$2,317,933	\$2,381,868	\$63,935

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$577,357	\$395,325	\$182,032
Special Revenue	1,778,278	1,434,330	343,948
Debt Service			0
Capital Projects	6,511	3,400	3,111
Internal Service			0
Permanent			0
Fiduciary			0
Total	\$2,362,146	\$1,833,055	\$529,091

Newbury Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 5 – Deposits and Investments

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 and investment accounts are as follows:

	2021
<i>Cash Management Pool:</i>	
Demand deposits	\$260,820
Total deposits	260,820
U.S. Treasury Notes	
STAR Ohio	1,916,571
Total investments	1,916,571
<i>Total carrying amount of deposits and investments held in the Pool (ties to FS)</i>	\$2,177,391

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, 2021, the Township is holding \$/5,261.04 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation, or 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

Investments

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

Note 6 – 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 the first Wednesday in February. If the property owner elects to pay semiannually, the first half is due the first Wednesday in February. The second half payment is due the first Wednesday in July.

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

Newbury Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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

Note 7 – Risk Management

Risk Pool Membership

The Township is a member of the Ohio Township Risk Pool Management Authority (OTARMA) a risk sharing pool (the Pool). The Pool assumes the risk of loss up to the limits of the Newbury Township’s policy. The Pool may make supplemental assessments if the experience of the overall pool is unfavorable. The Pool covers the following risks:

- General liability and casualty;
- Public official’s liability;
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicle
- Property
- Equipment breakdown

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

	2020
Cash and investments	\$36,348,066
Actuarial liabilities	\$10,894,146

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Fourteen Township employees belong to the Ohio Public Employees Retirement System (OPERS). 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, 2021.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2012-2021</i>	<i>10.00%</i>	<i>14.00%</i>

Newbury Township
Geauga County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 9 – 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 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 2021.

Note 10 – Related Party Transactions

There were no related party transaction in fiscal year 2021.

Note 11 – 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. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. The Township's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

The 2021 activity includes, \$142,754 which was sub-granted to the Newbury Volunteer Fire Department, \$31,387 which was returned to the granting agency

During 2021, the Township received \$290,422.31 as an on-behalf of grant from another government. These amounts are recorded in the American Rescue Plan Act Revenue Fund 2273.