



**NEWPORT TOWNSHIP
WASHINGTON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**NEWPORT TOWNSHIP
TABLE OF CONTENTS**

TITLE	PAGE
Report of Independent Accountants	1
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Funds – For the Year Ended December 31, 1999	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Funds – For the Year Ended December 31, 1998	4
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11
Schedule of Findings	13

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Newport Township
Washington County
P.O. Box 617
Newport, Ohio 45768

To the Board of Trustees:

We have audited the accompanying financial statements of Newport Township, Washington 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 fund cash balances of Newport Township, Washington County, as of December 31, 1999 and 1998, and its 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 September 20, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Newport Township
Washington County
Report of Independent Accountants
Page 2

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

September 20, 2000

**NEWPORT TOWNSHIP
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL FUNDS -
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Balance 01/01/99</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance 12/31/99</u>
Funds:				
General Fund	\$2,813	\$85,792	\$63,752	\$24,853
Special Revenue Funds:				
Motor Vehicle License Tax	4,031	16,131	11,394	8,768
Gasoline Tax	23,221	52,432	57,756	17,897
Road and Bridge	4,674	39,912	35,545	9,041
Cemetery	9,653	3,040	1,122	11,571
Fire District	23,791	22,858	20,685	25,964
Lights	1,133	7,331	7,191	1,273
Permissive Sales Tax		49,547	49,547	
Federal Emergency Management Agency	<u>76,306</u>	<u>7,159</u>	<u>55,698</u>	<u>27,767</u>
Total Special Revenue Funds	142,809	198,410	238,938	102,281
Nonexpendable Trust Fund:				
Cemetery Bequest	<u>1,853</u>	<u>13</u>	<u>120</u>	<u>1,746</u>
Total Nonexpendable Trust Fund	<u>1,853</u>	<u>13</u>	<u>120</u>	<u>1,746</u>
Total All Funds	<u><u>\$147,475</u></u>	<u><u>\$284,215</u></u>	<u><u>\$302,810</u></u>	<u><u>\$128,880</u></u>

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

**NEWPORT TOWNSHIP
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL FUNDS -
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Balance 01/01/98</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance 12/31/98</u>
Funds:				
General Fund	\$10,432	\$81,393	\$89,012	\$2,813
Special Revenue Funds:				
Motor Vehicle License Tax	2,721	15,848	14,538	4,031
Gasoline Tax	13,130	54,297	44,206	23,221
Road and Bridge	5,092	18,120	18,538	4,674
Cemetery	7,288	3,440	1,075	9,653
Fire District	25,370	25,953	27,532	23,791
Lights	765	7,481	7,113	1,133
Permissive Sales Tax		65,427	65,427	
Federal Emergency Management Agency		100,151	23,845	76,306
Total Special Revenue Funds	54,366	290,717	202,274	142,809
Nonexpendable Trust Fund:				
Cemetery Bequest	1,940	15	102	1,853
Total Nonexpendable Trust Fund	1,940	15	102	1,853
Total All Funds	<u>\$66,738</u>	<u>\$372,125</u>	<u>\$291,388</u>	<u>\$147,475</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Newport Township, Washington 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 fire protection.

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.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State. However, the accompanying statements do not present the receipts and disbursement classifications prescribed by the Auditor of State in the Ohio Administrative Code.

C. Cash and Investments

The Township has no investments.

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 Fund

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:

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

**NEWPORT TOWNSHIP
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 Fund (Continued)

Federal Emergency Management Agency (FEMA) Fund - This fund receives money from the Federal Emergency Management Agency to provide flood damage relief to the Township.

Permissive Sales Tax Fund - This fund receives sales tax money for general operation expenses of the Township.

3. Fiduciary Fund (Trust Fund)

This fund is used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a Nonexpendable Trust Fund. Other trust funds are classified as Expendable. The Township had the following Fiduciary Fund:

Cemetery Bequest Fund - This fund receives interest from resources that had been given to the Township for the upkeep of the Township cemeteries. Only the interest revenue from these resources is used for the upkeep of Township cemeteries.

Although the Township has classified this fund as a Nonexpendable Trust Fund, the Township has been unable to obtain a legally binding trust agreement.

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 as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. The Township did not use the encumbrance method of accounting.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

The Township has granted vacation and sick leave to their one full time employee. The Township has not determined if the employee is entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

2. EQUITY IN POOLED CASH

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ 128,880	\$ 147,475

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

At December 31, 1999, \$28,880 and at December 31, 1998, \$47,475, of deposits were not insured or collateralized, contrary to Chapter 135, Ohio Revised Code.

3. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 71,159	\$ 85,792	\$ 14,633
Special Revenue	166,135	198,410	32,275
Fiduciary	0	13	13
Total	\$ 237,294	\$ 284,215	\$ 46,921

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

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 73,989	\$ 63,752	\$ 10,237
Special Revenue	324,680	238,938	85,742
Fiduciary	0	120	(120)
Total	<u>\$ 398,669</u>	<u>\$ 302,810</u>	<u>\$ 95,859</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 67,696	\$ 81,393	\$ 13,697
Special Revenue	296,981	290,717	(6,264)
Fiduciary	0	15	15
Total	<u>\$ 364,677</u>	<u>\$ 372,125</u>	<u>\$ 7,448</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 77,655	\$ 89,012	\$ (11,357)
Special Revenue	251,048	202,274	48,774
Fiduciary	484	102	382
Total	<u>\$ 329,187</u>	<u>\$ 291,388</u>	<u>\$ 37,799</u>

In 1999, expenditures exceeded appropriations in the Cemetery Bequest Fund by \$120 and in 1998, expenditures exceeded appropriations in the General Fund by \$11,357 and FEMA Fund by \$11,854 contrary to Ohio Rev. Code §5705.41 (B).

4. PROPERTY TAX

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

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

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

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

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. The 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.

6. RISK MANAGEMENT

The Township is a member of the Ohio Township Association Risk Management Authority (OTARMA). The OTARMA assumes the risk of loss up to the limits of the Township's policy. The OTARMA may assess supplemental premiums. The following risks are covered by the OTARMA:

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

The Township has secured public official's bonds through a private carrier.

7. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

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

Newport Township
Washington County
P.O. Box 617
Newport, Ohio 45768

To the Board of Trustees:

We have audited the accompanying financial statements of Newport Township, Washington County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated September 20, 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 the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 1999-41084-001 through 1999-41084-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated September 20, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 1999-41084-001 and 1999-41084-004 through 1999-41084-007.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe reportable condition 1999-41084-007 described above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the Township in a separate letter dated September 20, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

September 20, 2000

**NEWPORT TOWNSHIP
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
--

FINDING NUMBER 1999-41084-001

Noncompliance Citation

Ohio Rev. Code §5705.41(D) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by statute:

1. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, City Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
2. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of Board.

The Township did not reserve (encumber) appropriations when individual commitments were made.

We recommend the Township Clerk certify that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances before the Township incurs an obligation for the order or contract. Also, we recommend the Township utilize a purchase order system and the Township Clerk utilize the purchase orders to reserve (encumber) appropriations when individual commitments are made.

FINDING NUMBER 1999-41084-002

Noncompliance Citation

Ohio Rev. Code §5705.41 (B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

In 1999, expenditures exceeded appropriations in the Cemetery Bequest Fund by \$120. In 1998, expenditures exceeded appropriations in the General Fund by \$11,357 and FEMA Fund by \$11,854. This could allow expenditures to exceed available resources resulting in negative fund balances.

We recommend the Township monitor appropriations on a regular basis and amend the appropriations, in the same manner as the original appropriations resolution was processed, when it is determined that expenditures will be more or less than originally budgeted. We also recommend the Township reserve appropriations as obligations are made to prevent expenditures from exceeding appropriations.

**NEWPORT TOWNSHIP
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
--

FINDING NUMBER 1999-41084-003

Noncompliance Citation

Ohio Rev. Code §149.351(A) states that all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided for under sections 149.38 to 149.42 of the Revised Code. In addition, Ohio Rev. Code Sec. 149.43 (B) states that all public records shall be promptly prepared and made available for inspection to any person at all reasonable times during regular business hours.

The Township was unable to provide the following records:

- < Invoices for twenty percent of the expenditures tested for 1999 and for five percent of the expenditures tested for 1998,
- < Canceled checks for twelve percent of the transactions tested in 1999 and twenty percent of the transactions tested in 1998.

We recommend the Township establish a Records Commission. The Records Commission should establish a records retention policy for the Township in accordance with Ohio Revised Code.

FINDING NUMBER 1999-41084-004

Noncompliance Citation

Ohio Rev. Code §135.18 states that the treasurer of a political subdivision must require the depository to provide as security an amount equal to the funds on deposit at all times. Such security may consist of federal deposit insurance, surety company bonds, or pledged securities.

The Township had depository balances in excess of the Federal Deposit Insurance (FDIC) coverage in the amount of \$28,879, as of December 31, 1999, and \$47,475, as of December 31, 1998. For the period January 1, 1998 through December 31, 1999, funds in excess of the FDIC coverage were uncollateralized.

We recommend the Township obtain a depository agreement with their Banking Institution to debt pledged or pooled securities for balances in excess of \$100,000.

**NEWPORT TOWNSHIP
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
--

FINDING NUMBER 1999-41084-005

Reportable Condition

Monitoring Financial Activity

Trustees should monitor financial information. Trustees did not closely monitor financial information. This could cause errors or irregularities to go undetected.

There was no documentation of the extent to which the Board used financial information to monitor financial activity. The Board should review entries in the various journals and ledgers. This will aid in possible errors not going undetected for long periods of time. The Board should also review monthly budgetary reports. This will prevent large fluctuations in the budget to actual receipts or expenditures and will help the Board determine when and in what amount to amend budgeted figures. The Board's review of financial and budgetary information should be documented in the minutes.

The Board should carefully review this information and make appropriate inquiries to help determine the continued integrity of financial and budgetary information. This information also provides important data necessary to manage the Township. This information can help answer questions such as the following:

Inquiries Relevant to Overall Township Operations

- < Are current receipts sufficient to cover expenditures?
- < Are expenditures in line with prior year costs?
- < If unusual fluctuations in receipts or expenditures occur, is the reason understood, and has it been appropriately budgeted?
- < Is the Township maximizing its return on invested cash balances?

The information obtained as a result of such reviews and inquiries will provide important data necessary to properly manage the Township.

FINDING NUMBER 1999-41084-006

Reportable Condition

Vacation and Sick Leave Records

The Township has granted vacation and sick leave to their one full time employee; however, the Township has not stated if the employee is entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment, or if all leave granted has to be used in the year that it was granted. The Township has not maintained an accumulative total of unused leave balances and had limited records on the actual usage of leave for 1999 and 1998. This could allow errors and/or irregularities to occur.

We recommend the Township approve a written leave policy that would address the allowable usage of leave, whether the leave is accumulative or not and specify the type of leave records that are to be maintained. We also recommend the Township consult their legal counsel when creating such a policy to assure all issues of legality are addressed.

**NEWPORT TOWNSHIP
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
--

FINDING NUMBER 1999-41084-007

Material Weakness

Financial Statements

The financial statements did not foot and did not agree to the cash book or the appropriation ledger. The cash book balances reconciled to the bank, but did not agree to the appropriation ledger. As a result the Township was declared unauditible and the records were returned to the Township to be corrected. The Township Clerk made corrections to the records and returned them for audit. The above mentioned errors still existed, therefore, the Township contracted with the Auditor of State's Office to prepare the accompanying Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Funds - For the Years Ending December 31, 1999 and December 31, 1998 in an unclassified format to reduce the anticipated expenses in preparing the needed financial statements. At this time, the Auditor of State's Office was also contracted to prepare budgetary information for the Township's notes to the financial statements, based on approved estimated certificate of resources, approved appropriations, and approved amendments. During these procedures, adjustments were required and made to fund balances. The Township has made the necessary adjustments to their cashbook.

We recommend the Township reconcile their receipt and appropriation ledger to their cash book to assure the accuracy of the financial records of the Township. The Township should also record all information in their ledgers on a timely basis. We also recommend the Township post approved budgeted amounts to their ledgers. The Board of Trustees should review all ledgers and the reconciliation to assure the Township records are in balance and that all transactions have been recorded as approved by the Board.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

NEWPORT TOWNSHIP

WASHINGTON 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
NOVEMBER 14, 2000**