



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

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**STATE OF OHIO**



**NEWPORT TOWNSHIP  
WASHINGTON COUNTY**

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STATE OF OHIO  
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## 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, 2001 and 2000. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Newport Township, Washington County, as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2002 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

**Jim Petro**  
Auditor of State

July 19, 2002

**NEWPORT TOWNSHIP  
WASHINGTON COUNTY**

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

|  | <u>Governmental Fund Types</u> |                            | <u>Fiduciary<br/>Fund Type</u> | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|--|--------------------------------|----------------------------|--------------------------------|---|
|  | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Nonexpendable<br/>Trust</u> |   |
| <b>Cash Receipts:</b>  |                                |                            |                                |   |
| Local Taxes  | \$30,186                       | \$40,754                   | \$                             | \$70,940                                |
| Intergovernmental  | 42,320                         | 153,308                    |                                | 195,628                                 |
| Special Assessments  |                                | 7,229                      |                                | 7,229                                   |
| Licenses, Permits, and Fees  | 2,908                          | 2,830                      |                                | 5,738                                   |
| Earnings on Investments  | 951                            | 840                        | 6                              | 1,797                                   |
| Other Revenue  | 4,808                          | 1,073                      |                                | 5,881                                   |
|  | <u>81,173</u>                  | <u>206,034</u>             | <u>6</u>                       | <u>287,213</u>                          |
| <b>Cash Disbursements:</b>   |                                |                            |                                |   |
| Current:   |                                |                            |                                |   |
| General Government   | 60,387                         |                            |                                | 60,387                                  |
| Public Safety  | 350                            | 34,482                     |                                | 34,832                                  |
| Public Works   |                                | 193,890                    |                                | 193,890                                 |
| Health   | 19,673                         |                            |                                | 19,673                                  |
| Debt Service:  |                                |                            |                                |   |
| Redemption of Principal  | 603                            | 7,151                      |                                | 7,754                                   |
| Interest and Fiscal Charges  | 2,897                          |                            |                                | 2,897                                   |
| Capital Outlay   |                                | 5,432                      |                                | 5,432                                   |
|  | <u>83,910</u>                  | <u>240,955</u>             | <u>0</u>                       | <u>324,865</u>                          |
| Total Cash Receipts Over/(Under) Cash Disbursements  | <u>(2,737)</u>                 | <u>(34,921)</u>            | <u>6</u>                       | <u>(37,652)</u>                         |
| <b>Other Financing Receipts/(Disbursements):</b>   |                                |                            |                                |   |
| Transfers-In   |                                | 7,816                      |                                | 7,816                                   |
| Transfers-Out  |                                | (7,816)                    |                                | (7,816)                                 |
|  | <u>0</u>                       | <u>0</u>                   | <u>0</u>                       | <u>0</u>                                |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | (2,737)                        | (34,921)                   | 6                              | (37,652)                                |
| Fund Cash Balances, January 1  | 34,299                         | 70,350                     | 1,638                          | 106,287                                 |
| <b>Fund Cash Balances, December 31</b>   | <u><b>\$31,562</b></u>         | <u><b>\$35,429</b></u>     | <u><b>\$1,644</b></u>          | <u><b>\$68,635</b></u>                  |

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

**NEWPORT TOWNSHIP  
WASHINGTON COUNTY**

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

|   | <u>Governmental Fund Types</u> |                            | <u>Fiduciary<br/>Fund Type</u> | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|---|--------------------------------|----------------------------|--------------------------------|---|
|   | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Nonexpendable<br/>Trust</u> |   |
| <b>Cash Receipts:</b>                               |                                |                            |                                |   |
| Local Taxes   | \$30,022                       | \$40,765                   | \$                             | \$70,787                                |
| Intergovernmental                                   | 56,832                         | 110,773                    |                                | 167,605                                 |
| Special Assessments                                 |                                | 7,115                      |                                | 7,115                                   |
| Licenses, Permits, and Fees                         | 3,023                          | 925                        |                                | 3,948                                   |
| Earnings on Investments                             | 580                            | 818                        | 12                             | 1,410                                   |
| Other Revenue                                       | 4,699                          | 10,676                     |                                | 15,375                                  |
|   | <u>95,156</u>                  | <u>171,072</u>             | <u>12</u>                      | <u>266,240</u>                          |
| <b>Total Cash Receipts</b>                          |                                |                            |                                |   |
| <b>Cash Disbursements:</b>                          |                                |                            |                                |   |
| Current:  |                                |                            |                                |   |
| General Government                                  | 63,114                         |                            | 120                            | 63,234                                  |
| Public Safety                                       | 52                             | 84,902                     |                                | 84,954                                  |
| Public Works  |                                | 90,360                     |                                | 90,360                                  |
| Health  | 18,473                         | 1,583                      |                                | 20,056                                  |
| Debt Service:                                       |                                |                            |                                | 0                                       |
| Redemption of Principal                             |                                | 10,651                     |                                | 10,651                                  |
| Capital Outlay                                      | 4,071                          | 15,508                     |                                | 19,579                                  |
|   | <u>85,710</u>                  | <u>203,004</u>             | <u>120</u>                     | <u>288,834</u>                          |
| <b>Total Cash Disbursements</b>                     |                                |                            |                                |   |
| Total Cash Receipts Over/(Under) Cash Disbursements | 9,446                          | (31,932)                   | (108)                          | (22,594)                                |
| Fund Cash Balances, January 1                       | 24,853                         | 102,282                    | 1,746                          | 128,881                                 |
| <b>Fund Cash Balances, December 31</b>              | <u><b>\$24,853</b></u>         | <u><b>\$102,282</b></u>    | <u><b>\$1,746</b></u>          | <u><b>\$128,881</b></u>                 |

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



**NEWPORT TOWNSHIP  
WASHINGTON COUNTY**

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

**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 and a publicly-elected Clerk. The Township provides general governmental services, including road and bridge maintenance (public works), cemetery maintenance (health), and fire protection (public safety). The Township contracts with the Village of Newport to provide fire and emergency services.

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

**B. Basis of Accounting**

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

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

**C. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

*Gasoline Tax Fund* - This fund receives gasoline tax money to construct, maintain and repair Township roads and bridges.

*Permissive Sales Tax Fund* - This fund receives funds from Washington County through the one-half percent sales tax to construct, repair and maintain Township roads and bridges.

**NEWPORT TOWNSHIP  
WASHINGTON COUNTY**

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

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

**C. Fund Accounting (Continued)**

**3. Fiduciary Funds (Trust Funds)**

These funds are 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.

The Township had one cemetery bequest fund classified as a Nonexpendable Trust Fund. This fund received interest earned on the principal invested in a savings account.

**D. 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 individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

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

**E. 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.

**NEWPORT TOWNSHIP  
WASHINGTON COUNTY**

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

**2. EQUITY IN POOLED CASH**

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

|                 |                 |                  |
|-----------------|-----------------|------------------|
|                 | <u>2001</u>     | <u>2000</u>      |
| Demand deposits | <u>\$68,635</u> | <u>\$106,287</u> |

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

**3. BUDGETARY ACTIVITY**

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

2001 Budgeted vs. Actual Receipts

| Fund Type           | Budgeted<br>Receipts | Actual<br>Receipts | Variance |
|---------------------|----------------------|--------------------|----------|
| General             | \$77,052             | \$81,173           | \$4,121  |
| Special Revenue     | 185,496              | 213,850            | 28,354   |
| Nonexpendable Trust |                      | 6                  | 6        |
| Total               | \$262,548            | \$295,029          | \$32,481 |

2001 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type           | Appropriation<br>Authority | Actual<br>Disbursements | Variance |
|---------------------|----------------------------|-------------------------|----------|
| General             | \$112,113                  | \$83,910                | \$28,203 |
| Special Revenue     | 278,280                    | 248,771                 | 29,509   |
| Nonexpendable Trust | 1,153                      | 0                       | 1,153    |
| Total               | \$391,546                  | \$332,681               | \$58,865 |

2000 Budgeted vs. Actual Receipts

| Fund Type           | Budgeted<br>Receipts | Actual<br>Receipts | Variance |
|---------------------|----------------------|--------------------|----------|
| General             | \$72,497             | \$95,156           | \$22,659 |
| Special Revenue     | 186,096              | 171,072            | (15,024) |
| Nonexpendable Trust | 0                    | 12                 | 12       |
| Total               | \$258,593            | \$266,240          | \$7,647  |

**NEWPORT TOWNSHIP  
WASHINGTON COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

2000 Budgeted vs. Actual Budgetary Basis Expenditures

2001 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type           | Appropriation    | Actual           | Variance        |
|---------------------|------------------|------------------|-----------------|
|                     | Authority        | Disbursements    |                 |
| General             | \$97,365         | \$85,710         | \$11,655        |
| Special Revenue     | 276,643          | 203,004          | 73,639          |
| Nonexpendable Trust | 484              | 120              | 364             |
| Total               | <u>\$374,492</u> | <u>\$288,834</u> | <u>\$85,658</u> |

Contrary to Ohio law, expenditures exceeded appropriations in the FEMA Fund by \$22,560 and in the Fire District Fund by \$1,900 for the year ended December 31, 2001 and in the Fire District Fund by \$20,414 for the year ended December 31, 2000.

**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.

**5. DEBT**

Debt outstanding at December 31, 2001 was as follows:

|                | <u>Principal</u> | <u>Interest Rate</u> |
|----------------|------------------|----------------------|
| Equipment Loan | \$36,808         | 6.25%                |

The equipment loan was issued to finance the purchase of a tractor to be used for Township road maintenance. The equipment was pledged as collateral.

**NEWPORT TOWNSHIP  
WASHINGTON COUNTY**

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

**5. DEBT (Continued)**

Amortization of the above debt, including interest of \$5,796, is scheduled as follows:

| Year ending December 31: | <u>Equipment<br/>Loan</u> |
|--------------------------|---------------------------|
| 2002                     | \$10,651                  |
| 2003                     | 10,651                    |
| 2004                     | 10,651                    |
| 2005                     | 10,651                    |
| Total                    | <u><u>\$42,604</u></u>    |

**6. RETIREMENT SYSTEMS**

The Township's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for January 1, 2000 through June 30, 2000 and for 2001. For the period July 1, 2000 through December 31, 2000 PERS temporarily reduced the employer's contribution rate to 8.13% of participants' gross salaries. The Township has paid all contributions required through December 31, 2001.

**7. RISK MANAGEMENT**

**Risk Pool Membership**

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per occurrence. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, which the General Reinsurance Corporation will reinsure.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

**NEWPORT TOWNSHIP  
WASHINGTON COUNTY**

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

**7. RISK POOL MEMBERSHIP (Continued)**

Property Coverage

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and report the following assets, liabilities and retained earnings at December 31, 2001 and 2000 (the latest information available):

| <u>Casualty Coverage</u> | <u>2001</u>         | <u>2000</u>         |
|--------------------------|---------------------|---------------------|
| Assets                   | \$23,703,776        | \$22,684,383        |
| Liabilities              | <u>9,379,003</u>    | <u>8,924,977</u>    |
| Retained earnings        | <u>\$14,324,773</u> | <u>\$13,759,406</u> |

| <u>Property Coverage</u> | <u>2001</u>        | <u>2000</u>        |
|--------------------------|--------------------|--------------------|
| Assets                   | \$5,011,131        | \$4,156,784        |
| Liabilities              | <u>647,667</u>     | <u>497,831</u>     |
| Retained earnings        | <u>\$4,363,464</u> | <u>\$3,658,953</u> |

The Township also provides health and life insurance coverage to its officials through a private carrier.



**STATE OF OHIO  
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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**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, 2001 and 2000 and have issued our report thereon dated July 19, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our 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 2001-41084-001 and 2001-41084-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated July 19, 2002.

**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. The reportable condition is described in the accompanying Schedule of Findings as item 2001-41084-003.

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. However, we believe the reportable condition described above is not 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 management of the Township in a separate letter dated July 19, 2002.

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

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

**Jim Petro**  
Auditor of State

July 19, 2002



**NEWPORT TOWNSHIP  
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000**

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

**FINDING NUMBER 2001-41084-001**

**Noncompliance Citation**

Ohio Rev. Code § 5705.41 (D) states that no subdivision or taxing unit shall make any contact or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides two “exceptions” to the above requirements:

- A. Then and Now Certificate - This exception provides that, if the fiscal officer can certify that both at the time the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.
- B. Amounts of less than \$1000 may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

The Township uses “Then and Now” Certificates as a rule rather than the exception. For expenditures in excess of \$1,000, the “Then and Now” certificates were not approved individually, by resolution.

We recommend the Clerk obtain prior certification by utilizing purchase orders instead of using “Then and Now” certificates for all expenditures. In cases where a “Then and Now” certificate is used, the Township should approve each certificate individually.

**NEWPORT TOWNSHIP  
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

|   |
|---|
| <p><b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b></p> |
|---|

**FINDING NUMBER 2001-41084-002**

**Noncompliance Citation**

Ohio Rev. Code § 5705.41(B) states that no subdivision or taxing unit shall make any expenditure of money unless the same has been properly appropriated.

The Township had expenditures which exceeded appropriations for 2001 in the FEMA Fund in the amount of \$22,560 and in the Fire District Fund in the amount of \$1,900 and in 2000, expenditures exceeded appropriations in the Fire District Fund in the amount of \$20,414.

We recommend the Township appropriate and review the appropriation balances each month and approve appropriation amendments as needed, prior to expending funds.

**FINDING NUMBER 2001-41084-003**

**Reportable Condition - Receipt Classification**

The Township Clerk did not consistently post revenues to proper line account.

Numerous reclassifications were required to properly reflect the actual revenues received in the taxes, intergovernmental, and other revenue account line items during the audit period.

We recommend the Clerk follow the accounting codes prescribed in the township handbook. These reclassifications have been made to the financial statements.

**NEWPORT TOWNSHIP  
WASHINGTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2001 AND 2000**

| Finding Number | Finding Summary                 | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b> |
|----------------|---------------------------------|------------------|---|
| 1999-41084-001 | Ohio Revised Code 5705.41(D)    | No               | Not corrected – Re-issued as Finding 2001-41084-001 in the GAGAS letter   |
| 1999-41084-002 | Ohio Revised Code 5705.41(B)    | No               | Not corrected – Re-issued as Finding 2001-41084-002 in the GAGAS letter   |
| 1999-41084-003 | Ohio Revised Code 149.351 (A)   | No               | Partially corrected – Re-issued in the management letter  |
| 1999-41084-004 | Ohio Revised Code 135.18        | No               | Partially corrected – Re-issued in the management letter  |
| 1999-41084-005 | Monitoring Financial Activity   | Yes              | Finding No Longer Valid   |
| 1999-41084-006 | Vacation and Sick Leave Records | No               | Partially corrected – Re-issued in the management letter  |
| 1999-41084-007 | Financial Statements            | Yes              | Finding No Longer Valid   |





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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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  
AUGUST 29, 2002**