

NEWTON TOWNSHIP
LICKING COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006



Mary Taylor, CPA

Auditor of State

Board of Trustees
Newton Township
3579 Chestnut Hills Road
Newark, Ohio 43055

We have reviewed the *Independent Auditors' Report* of Newton Township, Licking County, prepared by Wilson, Shannon & Snow, Inc., for the audit period January 1, 2006 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Newton Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

March 2, 2009

This Page is Intentionally Left Blank.

**NEWTON TOWNSHIP
LICKING COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditors' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types and Agency Fund - For the Year Ended December 31, 2007.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types and Agency Fund - For the Year Ended December 31, 2006.....	4
Notes to the Financial Statements.....	5
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	12
Schedule of Findings and Responses.....	14
Schedule of Prior Audit Findings.....	16

This page intentionally left blank.



INDEPENDENT AUDITORS' REPORT

Newton Township
Licking County
3579 Chestnut Hills Road
Newark, Ohio 43055

To the Board of Trustees:

We have audited the accompanying financial statements of Newton Township, Licking County, (the Township) as of and for the years ended December 31, 2007 and 2006. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP requires presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2007 and 2006, or its changes in financial position for the years then ended.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

Ten West Locust Street

Newark, Ohio 43055

(740) 345-6611

1-800-523-6611

FAX (740) 345-5635

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Newton Township, Licking County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2009, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Wilson, Shuman & Sons, Inc.

January 30, 2009

**NEWTON TOWNSHIP
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Agency Fund	
Cash Receipts:					
Local Taxes	\$ 61,278	\$ 286,611	\$ -	\$ -	\$ 347,889
Intergovernmental	42,139	131,577	-	-	173,716
Special Assessments	3,967	-	-	-	3,967
Charges for Services	-	17,325	-	-	17,325
Licenses, Permits, and Fees	3,418	88,388	-	11,255	103,061
Fines, Forfeitures, and Penalties	-	8,952	-	-	8,952
Earnings on Investments	42,517	13,492	-	-	56,009
Other Revenue	4,975	5,617	-	-	10,592
Total Cash Receipts	158,294	551,962	-	11,255	721,511
Cash Disbursements:					
Current:					
General Government	114,820	-	-	-	114,820
Public Safety	-	96,125	-	-	96,125
Public Works	14,773	183,928	-	-	198,701
Health	23,902	103,257	-	-	127,159
Debt Service:					
Redemption of Principal	-	40,949	39,051	-	80,000
Interest and Fiscal Charges	-	992	3,888	-	4,880
Capital Outlay	1,501	15,392	-	-	16,893
Total Cash Disbursements	154,996	440,643	42,939	-	638,578
Total Receipts Over/(Under) Disbursements	3,298	111,319	(42,939)	11,255	82,933
Other Financing Receipts and (Disbursements):					
Prearrangement of Interment Contract Reimbursements	-	-	-	(7,325)	(7,325)
Total Other Financing Receipts/(Disbursements)	-	-	-	(7,325)	(7,325)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	3,298	111,319	(42,939)	3,930	75,608
Fund Cash Balances, January 1	230,628	734,230	43,000	120,572	1,128,430
Fund Cash Balances, December 31	\$ 233,926	\$ 845,549	\$ 61	\$ 124,502	\$ 1,204,038

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

**NEWTON TOWNSHIP
LICKING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES AND AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Agency Fund</u>	
Cash Receipts:					
Local Taxes	\$ 59,848	\$ 203,188	\$ 43,000	\$ -	\$ 306,036
Intergovernmental	59,926	184,725	-	-	244,651
Special Assessments	3,839	-	-	-	3,839
Charges for Services	-	16,065	-	-	16,065
Licenses, Permits, and Fees	2,115	92,836	-	17,065	112,016
Fines, Forfeitures, and Penalties	-	10,584	-	-	10,584
Earnings on Investments	35,794	11,204	-	-	46,998
Other Revenue	4,363	11,693	-	-	16,056
	<u>165,885</u>	<u>530,295</u>	<u>43,000</u>	<u>17,065</u>	<u>756,245</u>
Total Cash Receipts					
	<u>165,885</u>	<u>530,295</u>	<u>43,000</u>	<u>17,065</u>	<u>756,245</u>
Cash Disbursements:					
Current:					
General Government	135,258	-	-	-	135,258
Public Safety	-	110,860	-	-	110,860
Public Works	3,533	158,085	-	-	161,618
Health	7,300	108,851	-	-	116,151
Capital Outlay	-	165,960	-	-	165,960
	<u>146,091</u>	<u>543,756</u>	<u>-</u>	<u>-</u>	<u>689,847</u>
Total Cash Disbursements					
	<u>146,091</u>	<u>543,756</u>	<u>-</u>	<u>-</u>	<u>689,847</u>
Total Receipts Over/(Under) Disbursements	<u>19,794</u>	<u>(13,461)</u>	<u>43,000</u>	<u>17,065</u>	<u>66,398</u>
Other Financing Receipts and (Disbursements):					
Prearrangement of Interment Contract Reimbursements	-	-	-	(6,065)	(6,065)
Loan Proceeds	-	80,000	-	-	80,000
	<u>-</u>	<u>80,000</u>	<u>-</u>	<u>(6,065)</u>	<u>73,935</u>
Total Other Financing Receipts/(Disbursements)					
	<u>-</u>	<u>80,000</u>	<u>-</u>	<u>(6,065)</u>	<u>73,935</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	19,794	66,539	43,000	11,000	140,333
Fund Cash Balances, January 1 - (Restated)	210,834	667,691	-	109,572	988,097
Fund Cash Balances, December 31	<u>\$ 230,628</u>	<u>\$ 734,230</u>	<u>\$ 43,000</u>	<u>\$ 120,572</u>	<u>\$ 1,128,430</u>

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

**NEWTON TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Newton Township, Licking 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 and emergency medical services and general government services. Police protection is provided by the Licking County Sheriff's office.

The Township participates in the Ohio Government Risk Management Plan, a risk sharing public entity risk pool. Note 8 to the financial statements provides additional information for this entity.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. 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 Auditor of State prescribes or permits.

C. Cash

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.

The Township invests in a high-yield savings and interest bearing checking accounts.

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 reports all financial resources except those required to be accounted for in another fund.

**NEWTON TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

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

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

Fire District Fund - This fund receives property tax and intergovernmental money for fire protection of Township persons and property.

Cemetery Fund - This fund receives money from opening, closing, and the sale of lots for the care of Township cemeteries.

3. Debt Service Fund

This fund accounts for resources the Township accumulates to pay note debt. The Township had the following significant Debt Service Fund:

General Note Retirement Fund - This fund receives property tax money to pay for the retirement of outstanding debt principal and interest.

4. Fiduciary Fund (Agency Fund)

This fund is used to account for resources for which the Township is acting in an agency capacity. The Township had the following significant Fiduciary Fund:

Cemetery Prepayment Fund - This fund receives prepayments for opening and closing fees for future burials.

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.

**NEWTON TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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 2007 and 2006 budgetary activity appears in Note 4.

F. Property, Plant, and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2007</u>	<u>2006</u>
Demand deposits	<u>\$1,204,038</u>	<u>\$1,128,430</u>

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

3. CHANGE IN BASIS OF ACCOUNTING

Last year the Township revised its financial statement presentation in accordance with Governmental Accounting Standards Board Statement No. 34. The fund financial statements had presented each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type. This year the Township elected to report its financial statements by fund type using the regulatory basis of accounting prescribed by the Auditor of State's Office. In conjunction with this presentation change, the Township has reported certain fund reclassifications to reconcile and report on the regulatory basis which had the following affect on the fund balances as previously reported:

**NEWTON TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

3. CHANGE IN BASIS OF ACCOUNTING (Continued)

	Special Revenue Fund
Cash Balances at 12/31/05	\$ 0
Reclassification of Road and Bridge Fund	186,164
Reclassification of Cemetery Fund	116,683
Reclassification of the Fire District Fund	109,542
Reclassification of the Other Governmental Funds	220,035
	\$667,691

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$153,912	\$158,294	\$4,382
Special Revenue	583,504	551,962	(31,542)
Agency	15,000	11,255	(3,745)
Total	\$752,416	\$721,511	(\$30,905)

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$384,540	\$154,996	\$229,544
Special Revenue	1,317,733	440,643	877,090
Debt Service	43,000	42,939	61
Agency	135,572	7,325	128,247
Total	\$1,880,845	\$645,903	\$1,234,942

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$183,846	\$165,885	(\$17,961)
Special Revenue	503,309	610,295	106,986
Debt Service	43,000	43,000	0
Agency	15,000	17,065	2,065
Total	\$745,155	\$836,245	\$91,090

**NEWTON TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

4. BUDGETARY ACTIVITY (Continued)

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$349,679	\$146,091	\$203,588
Special Revenue	1,171,000	543,756	627,244
Debt Service	43,000	0	43,000
Agency	124,572	6,065	118,507
Total	\$1,688,251	\$695,912	\$992,339

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Fire fund by \$38,960 for the year ended December 31, 2006. Also contrary to Ohio law, at December 31, 2006, the Township did not properly amend estimated receipts or appropriations contrary to Ohio Revised Code Sections 5705.36 and 5705.40, respectively.

5. PROPERTY TAX

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 homestead and rollback deductions. The financial statements include homestead and rollback 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.

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.

6. DEBT

During 2006, the Township secured a \$80,000 loan at 4.86% through a local financial institution to finance the purchase of a 1991 Fire Rescue Vehicle for the Township fire department. This loan was issued on January 17, 2006 and was set to mature on January 17, 2008, however, the Township elected to retire the loan in its entirety during 2007.

The Township does not have any other outstanding debt.

**NEWTON TOWNSHIP
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

7. RETIREMENT SYSTEMS

The Township's elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OPERS members contributed 9.5% and 9%, respectively, of their gross salaries and the Township contributed an amount equaling 13.85% and 13.7%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2007.

8. RISK MANAGEMENT

Risk Pool Membership

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except the Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Assets	\$11,136,455	\$9,620,148
Liabilities	<u>(4,273,553)</u>	<u>(3,329,620)</u>
Members' Equity	<u>\$6,862,902</u>	<u>\$6,290,528</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

This page intentionally left blank.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Newton Township
Licking County
3579 Chestnut Hills Road
Newark, Ohio 43055

To the Board of Trustees:

We have audited the financial statements of Newton Township, Licking County (the Township) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated January 30, 2009 wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-001, 2007-002 and 2007-003.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
(740) 345-6611
1-800-523-6611
FAX (740) 345-5635

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe finding numbers 2007-001, 2007-002 and 2007-003 are also material weaknesses.

We also noted matters that we have communicated to the management of the Township in a separate letter dated January 30, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2007-001 and 2007-002.

We also noted matters that we have communicated to the management of the Township in a separate letter dated January 30, 2009.

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Township's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management and Board of Trustees. We intend it for no one other than these specified parties.

Wilson, Sherman & Sons, Inc.

January 30, 2009

**NEWTON TOWNSHIP
LICKING COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2007 AND 2006**

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

Finding Number	2007-001
----------------	----------

Ohio Administrative Code Section 117-2-02 (A) provides that all local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

Ohio Revised Code Section 5705.36(A)(3) allows all subdivisions to request an increased amended certificate of estimated resources upon determination by the fiscal officer that revenue to be collected will be greater than the amount in the official certificate. An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue.

Ohio Revised Code Section 5705.40 requires that any appropriation ordinance or measure may be amended or supplemented, provided that such amendment or supplement shall comply with all provisions of law governing the taxing authority in making an original appropriation.

During 2006, the Board of Trustees entered into an agreement with a local financial institution totaling \$80,000 for the purpose of purchasing a 1991 fire rescue vehicle. The financial institution made the check payable directly to the vendor. The Township Fiscal Officer did not post the loan proceeds and the capital outlay expenditure to its financial records. As a result, receipts and disbursements were understated on the Township's financial records and financial statements for 2006.

Additionally, the Township Fiscal Officer did not obtain an amended certificate for the proceeds of the loan, nor did the Township Trustees amend their appropriations for the purchases of the fire rescue vehicle.

Adjustments with which the Board of Trustees' agree are reflected in the accompanying financial statements. This also resulted in violation of Ohio Revised Code Section 5705.41(B) within the Special Revenue Fire Fund as this activity was not budgeted by the Township Trustees. (See Finding No. 2007-002).

We recommend the Township Fiscal Officer record all debt proceeds and the corresponding expenditures in the Township's books.

Officials Response: The Township will properly record and budget for all payments made on behalf-of the Township in future years.

**NEWTON TOWNSHIP
LICKING COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2007 AND 2006
(Continued)**

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

Finding Number	2007-002
----------------	----------

Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated. We noted the following fund which had expenditures exceeding appropriations at December 31, 2006:

<u>Fund</u>	<u>Expenditures</u>	<u>Appropriations</u>	<u>Noncompliance</u>
Special Revenue – Fire Fund – Capital Outlay	\$160,960	\$122,000	(\$38,960)

The Township is expending monies that have not been approved by the Board of Trustees. This could result in unnecessary purchases or fund deficits.

We recommend that the Township comply with Ohio Revised Code and Auditor of State Bulletin 97-010 by monitoring expenditures so they do not exceed lawful appropriations. This may be achieved by monitoring the budget more closely on a continual basis and making appropriation amendments as necessary. Furthermore, the Township should record all financial transactions which are paid on-behalf of the Township during the year within its accounting records and budget such amounts as described in Finding Number 2007-001.

Officials Response: The Township will monitor appropriations throughout the year to determine the Township is compliant.

Finding Number	2007-003
----------------	----------

We identified several receipts and expenditures which were not posted into accurate revenue or expenditures classifications based on the source of the receipt or expenditure.

During 2006 we noted the Township did not properly record the loan proceeds or capital outlay expenditure associated with the purchase of a fire rescue vehicle as described in Finding Number 2007-001. In addition, we noted audit reclassifications for the proper presentation of debt principal and interest payments as well as fines, license and permit fee receipts during 2006 and 2007. These mispostings resulted in several audit reclassifications and adjustments.

We recommend the Fiscal Officer refer to the Ohio Township Handbook for guidance to determine the proper establishment of receipt and expenditure accounts and posting of receipts and expenditures.

Officials Response: The Township will monitor the posting of receipts and expenditures.

**NEWTON TOWNSHIP
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	Internal controls over cemetery receipts.	Yes	N/A



Mary Taylor, CPA
Auditor of State

NEWTON TOWNSHIP

LICKING 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
MARCH 12, 2009**