



Mary Taylor, CPA
Auditor of State

NEWPORT TOWNSHIP
WASHINGTON COUNTY

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Mary Taylor, CPA
Auditor of State

Newport Township
Washington County
30875 State Route 7
Marietta, Ohio 45750

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

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Auditor of State

April 5, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Newport Township
Washington County
30875 State Route 7
Marietta, Ohio 45750

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, 2009 and 2008. 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Government because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 require 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 townships 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.

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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, 2009 and 2008 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, 2009 and 2008, or its changes in financial position for the years then ended.

Also, 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, 2009 and 2008, 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 April 5, 2010, 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.

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

Mary Taylor, CPA
Auditor of State

April 5, 2010

**NEWPORT TOWNSHIP
WASHINGTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 33,552	\$ 110,862	\$	\$ 144,414
Intergovernmental	45,038	194,212		239,250
Special Assessments		7,566		7,566
Licenses, Permits, and Fees	1,601			1,601
Earnings on Investments	1,039	45	9	1,093
Miscellaneous	1,730	1,860		3,590
	<u>82,960</u>	<u>314,545</u>	<u>9</u>	<u>397,514</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	75,850	3,433		79,283
Public Safety		111,637		111,637
Public Works		206,783		206,783
Health		6,485		6,485
Human Services	1,213			1,213
Capital Outlay	6,680	12		6,692
	<u>83,743</u>	<u>328,350</u>	<u>0</u>	<u>412,093</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursemer	(783)	(13,805)	9	(14,579)
Fund Cash Balances, January 1	151,796	59,314	1,693	212,803
Fund Cash Balances, December 31	<u>\$ 151,013</u>	<u>\$ 45,509</u>	<u>\$ 1,702</u>	<u>\$ 198,224</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 FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Property and Other Local Taxes	\$ 35,808	\$ 119,348	\$	\$ 155,156
Intergovernmental	56,131	157,627		213,758
Special Assessments		7,819		7,819
Licenses, Permits, and Fees	2,045			2,045
Earnings on Investments	2,544	72	20	2,636
Miscellaneous	7,146	5,370		12,516
	<u>103,674</u>	<u>290,236</u>	<u>20</u>	<u>393,930</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	71,011	1,521		72,532
Public Safety		108,444		108,444
Public Works		180,157		180,157
Health	3,000	6,000		9,000
Capital Outlay	51,000	197		51,197
	<u>125,011</u>	<u>296,319</u>	<u>0</u>	<u>421,330</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	(21,337)	(6,083)	20	(27,400)
Other Financing Receipts and (Disbursements):				
Advances-In	2,000	2,000		4,000
Advances-Out	(2,000)	(2,000)		(4,000)
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(21,337)	(6,083)	20	(27,400)
Fund Cash Balances, January 1	<u>173,133</u>	<u>65,397</u>	<u>1,673</u>	<u>240,203</u>
Fund Cash Balances, December 31	<u>\$ 151,796</u>	<u>\$ 59,314</u>	<u>\$ 1,693</u>	<u>\$ 212,803</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, 2009 AND 2008**

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 Newport Township, Washington 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 and fire protection. The Township contracts with the Newport Volunteer Fire Department to provide fire services.

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. Fund Accounting

The Township uses fund accounting to segregate cash that is 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.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose 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.

Fire & Rescue Fund - This fund receives levy money to contract for emergency services.

**NEWPORT TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

C. Fund Accounting (Continued)

3. Permanent Funds

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Township's programs. The Township had the following significant Permanent Fund:

Cemetery Bequest Fund - This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings can be used for the general maintenance and upkeep of the Township's cemetery.

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 object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. 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 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 2009 and 2008 budgetary activity appears in Note 3.

E. 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.

F. Accumulated Leave

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

**NEWPORT TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

2. Equity in Pooled Deposits

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

	2009	2008
Demand deposits	\$ 198,224	\$ 159,478
Certificates of deposit		53,325
Total deposits	\$ 198,224	\$ 212,803

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

3. Budgetary Activity

Budgetary activity for the years ending 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$106,000	\$82,960	(\$23,040)
Special Revenue	309,736	314,545	4,809
Permanent		9	9
Total	\$415,736	\$397,514	(\$18,222)

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$206,150	\$83,743	\$122,407
Special Revenue	386,653	328,350	58,303
Permanent			0
Total	\$592,803	\$412,093	\$180,710

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$99,000	\$103,674	\$4,674
Special Revenue	317,559	290,236	(27,323)
Permanent		20	20
Total	\$416,559	\$393,930	(\$22,629)

**NEWPORT TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

3. Budgetary Activity (Continued)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$220,279	\$125,011	\$95,268
Special Revenue	384,731	296,319	88,412
Permanent			0
Total	\$605,010	\$421,330	\$183,680

Contrary to Ohio law, appropriations exceeded actual resources in the General Fund by \$23,040, in the Motor Vehicle License Tax Fund by \$2,702, in the Road and Bridge Fund by \$3,733, in the Cemetery Fund by \$4,640, in the Special Levy – Fire Fund by \$864 and in the Lighting Assessment Fund by \$934 for the year ended December 31, 2009. Appropriations exceeded actual resources in the Gasoline Tax Fund by \$9,143, in the Road and Bridge Fund by \$2,229, in the Special Levy – Fire Fund by \$9,698 and in the Permissive Sales Tax Fund by \$13,985 for the year ended December 31, 2008.

4. 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.

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

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. Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants’ gross salaries. The Township has paid all contributions required through December 31, 2009.

6. Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

**NEWPORT TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

6. Risk Management (Continued)

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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 and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2008, OTARMA retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$40,737,740	\$43,210,703
Liabilities	<u>(12,981,818)</u>	<u>(13,357,837)</u>
Net Assets	<u>\$27,755,922</u>	<u>\$29,852,866</u>

At December 31, 2008 and 2007, respectively, liabilities above include approximately \$12.1 and \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.9 and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2008 and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$2,800.

**NEWPORT TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

6. Risk Management (Continued)

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
2008	\$2,890
2009	\$3,021

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.



Mary Taylor, CPA

Auditor of State

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

Newport Township
Washington County
30875 State Route 7
Marietta, Ohio 45750

To the Board of Trustees:

We have audited the financial statements of Newport Township, Washington County, Ohio (the Township), as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated April 5, 2010, 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 also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code §117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2009-002 and 2009-003 described in the accompanying Schedule of Findings to be material weaknesses.

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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2009-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated April 5, 2010.

The Township's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. 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, the Board of Trustees, and others within the Township. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

April 5, 2010

**NEWPORT TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-001

Noncompliance Citation

Ohio Rev. Code Section 5705.36(A)(4) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

We noted appropriations were greater than actual resources at December 31, 2009 and 2008 as follows:

Fund	Actual Resources	Appropriation Authority	Variance
2009			
General	\$183,110	\$206,150	(\$23,040)
Motor Vehicle License Tax	33,710	36,412	(2,702)
Road and Bridge	47,287	51,020	(3,733)
Cemetery	3,678	8,318	(4,640)
Special Levy - Fire	38,636	39,500	(864)
Lighting Assessment	17,154	18,088	(934)
2008			
Gasoline Tax	\$119,899	\$129,042	(\$9,143)
Road and Bridge	54,570	56,799	(2,229)
Special Levy - Fire	40,302	50,000	(9,698)
Permissive Sales Tax	23,301	37,286	(13,985)

This could cause the Township to spend more money than is available to spend.

We recommend the Township monitor estimated and actual revenues for all funds on a regular basis. In the situation where budgeted revenue exceeds actual resources and appropriations exceed actual resources, the Township must obtain a reduced amended certificate and should adjust appropriations accordingly.

Officials' Response: The Township chose not to respond.

FINDING NUMBER 2009-002

Material Weakness

All local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

**NEWPORT TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2009-002 (Continued)

Material Weakness (Continued)

At December 31, 2009 and 2008, appropriations did not agree to the Township's ledgers or budgetary statements for the following funds:

Fund	Appropriations Per System	Appropriation Authority	Variance
2009			
General	\$202,407	\$206,150	(\$3,743)
Fire & Rescue	74,736	74,000	736
2008			
General	\$221,279	\$220,279	\$1,000
Road & Bridge	57,549	56,799	750
Fire & Rescue	77,604	74,167	3,437
Lighting Assessment	5,446	7,346	(1,900)

At December 31, 2009 and 2008, estimated receipts as certified by the County Budget Commission did not agree to the Township's ledgers or the budgetary statements for the following funds:

Fund	Estimated Receipts Per System	Approved Estimated Receipts	Variance
2009			
General	\$97,657	\$106,000	(\$8,343)
Motor Vehicle License Tax	36,412	24,500	11,912
Gasoline Tax	104,030	91,000	13,030
Road & Bridge	51,020	32,000	19,020
Cemetery	8,318	6,500	1,818
Permissive Sales Tax	55,285	33,000	22,285
Fire & Rescue	74,000	74,736	(736)
Lighting Assessment	18,088	8,500	9,588
2008			
General	\$92,282	\$99,000	(\$6,718)
Motor Vehicle License Tax	23,557	21,000	2,557
Gasoline Tax	129,042	99,000	30,042
Road & Bridge	56,798	30,000	26,798
Cemetery	6,535	4,000	2,535
Permissive Sales Tax	37,285	32,492	4,793
Lighting Assessment	5,446	6,900	(1,454)

This caused the management of the Township to lose some degree of budgetary control because budgetary information was being improperly entered into the system.

**NEWPORT TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

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

FINDING NUMBER 2009-002 (Continued)

Material Weakness (Continued)

We recommend the Fiscal Officer accurately post estimated receipts as approved by the Budget Commission and appropriations as approved by the Trustees into the computer system. This procedure will help ensure more useful comparisons of budget vs. actual activity, as well as provide management with an accurate monitoring tool throughout the year.

Officials' Response: The Township chose not to respond.

FINDING NUMBER 2009-003

Material Weakness

All local public offices shall 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 (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Township Fiscal Officer posted certain receipt transactions incorrectly. The following were noted:

2009

- Homestead exemption and rollback receipts were posted as taxes rather than intergovernmental;
- Personal Property Tax Reimbursements were posted as taxes rather than intergovernmental;
- Excess KWH Reimbursements were posted as taxes rather than intergovernmental
- Manufactured home taxes and personal property taxes were posted at net rather than gross;
- Intangible Funds posted as taxes rather than intergovernmental;
- Permissive Sales Tax monies paid on behalf of Township were not posted;
- Motor Vehicle License Tax and Fire & Rescue receipts were posted to the General Fund;
- Motor Vehicle License Tax and Road & Bridge receipts were posted as taxes rather than intergovernmental;
- Permanent Fund Earnings on Investments were posted to the General Fund;
- Permanent Fund was classified as a Private Purpose Trust Fund.

2008

- Homestead exemption and rollback receipts were posted as taxes rather than intergovernmental;
- Personal Property Tax Reimbursements were posted as taxes rather than intergovernmental;
- Payment in Lieu of Taxes were posted as taxes rather than intergovernmental;
- Special Levy Fire intergovernmental receipts were posted as General Fund taxes;
- Fire and Rescue intergovernmental receipts were posted as General Fund taxes;
- Fire and Rescue receipts were posted at net rather than gross;
- Fire and Rescue intergovernmental receipts were posted to the Road & Bridge taxes;
- Fire and Rescue taxes were posted as Fire Levy taxes;
- Motor Vehicle License Tax and Road & Bridge intergovernmental receipts were posted as taxes rather than intergovernmental;
- Intergovernmental receipts were posted as miscellaneous receipts in the General Fund;

**NEWPORT TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

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

FINDING NUMBER 2009-003 (Continued)

Material Weakness (Continued)

- Permanent Fund Earnings on Investments were posted to the General Fund; and
- Permanent Fund was classified as a Private Purpose Trust Fund; and
- Permissive Sales Tax Monies were posted as taxes rather than intergovernmental.

These errors in postings of revenue resulted in reclassifications and/or fund balance adjustments within the General, Motor Vehicle License Tax, Road and Bridge, Fire Levy, Permissive Sales Tax, and Fire and Rescue Funds, with which the Township's management agrees. The adjustments were made to the financial statements and ledgers, and are reflected in the accompanying financial statements.

We recommend the Fiscal Officer refer to the Ohio Township Handbook for proper classification and take additional care in posting transactions to the Township's ledgers and annual financial report in order to ensure the Township's year-end financial statements reflect the appropriate sources of the Township's receipts and expenditures.

Officials' Response: Some posting errors have been corrected after the last audit instruction; however, that would have been after 2008 postings.

**NEWPORT TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Ohio Rev. Code Section 505.60(C) – Health Insurances Reimbursement	Yes	
2007-002	Ohio Rev. Code Section 5705.41(B) – disbursements exceeded appropriations.	No	Partially Corrected, Reissued in the current Management Letter.
2007-003	Ohio Admin. Code 117-02(a) – improper posting of receipts and disbursements.	No	Not Corrected, Reissued in the current Schedule of Findings as 2009-003.
2007-004	System Appropriations and Estimated Receipts not agreeing to approved appropriations and amended certificates.	No	Not Corrected, Reissued in the current Schedule of Findings as 2009-002.



Mary Taylor, CPA
Auditor of State

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
MAY 6, 2010**