



Mary Taylor, CPA
Auditor of State

**NEWTON TOWNSHIP
MUSKINGUM COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2008.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2007	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15
Schedule of Findings.....	17
Schedule of Prior Audit Findings	25

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Mary Taylor, CPA
Auditor of State

Newton Township
Muskingum County
8845 Bagley Road
Mt. Perry, Ohio 43760

To the Township 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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December 18, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Newton Township
Muskingum County
8845 Bagley Road
Mt. Perry, Ohio 43760

To the Township Board of Trustees:

We have audited the accompanying financial statements of Newton Township, Muskingum County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007. 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 Township 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.

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, 2008 and 2007 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, 2008 and 2007, 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 and reserves for encumbrances of Newton Township, Muskingum County, Ohio, as of December 31, 2008 and 2007, 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 December 18, 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.



Mary Taylor, CPA
Auditor of State

December 18, 2009

**NEWTON TOWNSHIP
MUSKINGUM 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>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Other Local Taxes	\$40,520	\$310,409	\$135,603		\$486,532
Charges for Services		171,041			171,041
Intergovernmental	56,151	198,637			254,788
Special Assessments		20,544			20,544
Earnings on Investments	16,682	1,549			18,231
Miscellaneous	9,260	13,680			22,940
Total Cash Receipts	<u>122,613</u>	<u>715,860</u>	<u>135,603</u>	<u>\$0</u>	<u>974,076</u>
Cash Disbursements:					
Current:					
General Government	113,155	69,520			182,675
Public Safety		229,245			229,245
Public Works		397,260			397,260
Health	2,677				2,677
Capital Outlay		143,551			143,551
Debt Service:					
Redemption of Principal			99,073		99,073
Interest and Other Fiscal Charges			56,732		56,732
Total Cash Disbursements	<u>115,832</u>	<u>839,576</u>	<u>155,805</u>	<u>0</u>	<u>1,111,213</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>6,781</u>	<u>(123,716)</u>	<u>(20,202)</u>	<u>0</u>	<u>(137,137)</u>
Other Financing Receipts / (Disbursements):					
Other Debt Proceeds		59,770			59,770
Transfers-In		4,890	23,297	100,000	128,187
Transfers-Out		(128,187)			(128,187)
Advances-In	50,000	100,000			150,000
Advances-Out	(100,000)	(50,000)			(150,000)
Total Other Financing Receipts / (Disbursements)	<u>(50,000)</u>	<u>(13,527)</u>	<u>23,297</u>	<u>100,000</u>	<u>59,770</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	(43,219)	(137,243)	3,095	100,000	(77,367)
Fund Cash Balances, January 1	253,952	537,262	0	100,000	891,214
Fund Cash Balances, December 31	<u>\$210,733</u>	<u>\$400,019</u>	<u>\$3,095</u>	<u>\$200,000</u>	<u>\$813,847</u>
Reserve for Encumbrances, December 31	<u>\$830</u>	<u>\$1,844</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,674</u>

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

**NEWTON TOWNSHIP
MUSKINGUM COUNTY**

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

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Other Local Taxes	\$41,878	\$340,848	\$117,680		\$500,406
Charges for Services		90,138			90,138
Intergovernmental	62,567	251,849			314,416
Special Assessments		20,841			20,841
Earnings on Investments	40,559	6,137			46,696
Miscellaneous	9,445	8,134			17,579
Total Cash Receipts	<u>154,449</u>	<u>717,947</u>	<u>117,680</u>	<u>\$0</u>	<u>990,076</u>
Cash Disbursements:					
Current:					
General Government	74,967	43,827			118,794
Public Safety		227,900			227,900
Public Works		293,610			293,610
Health	2,830				2,830
Capital Outlay	132	77,587			77,719
Debt Service:					
Redemption of Principal		28,517	62,008		90,525
Interest and Other Fiscal Charges		5,188	55,672		60,860
Total Cash Disbursements	<u>77,929</u>	<u>676,629</u>	<u>117,680</u>	<u>0</u>	<u>872,238</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>76,520</u>	<u>41,318</u>	<u>0</u>	<u>0</u>	<u>117,838</u>
Other Financing Receipts / (Disbursements):					
Transfers-In		6,600		100,000	106,600
Transfers-Out		(106,600)			(106,600)
Total Other Financing Receipts / (Disbursements)	<u>0</u>	<u>(100,000)</u>	<u>0</u>	<u>100,000</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	76,520	(58,682)	0	100,000	117,838
Fund Cash Balances, January 1	<u>177,432</u>	<u>595,944</u>	<u>0</u>	<u>0</u>	<u>773,376</u>
Fund Cash Balances, December 31	<u>\$253,952</u>	<u>\$537,262</u>	<u>\$0</u>	<u>\$100,000</u>	<u>\$891,214</u>
Reserve for Encumbrances, December 31	<u>\$414</u>	<u>\$236</u>	<u>\$0</u>	<u>\$0</u>	<u>\$650</u>

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

**NEWTON TOWNSHIP
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

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, Muskingum County (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool and the Zanesville-Newton Township Joint Economic Development District (JEDD), a joint venture. Notes 7 and 8 to the financial statements provides additional information for these entities.

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:

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

Fire Special Levy Fund - This fund receives property tax money to provide fire and emergency medical services for the Township.

**NEWTON TOWNSHIP
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

C. Fund Accounting

2. Special Revenue Funds (Continued)

Ambulance and Emergency Medical Services Fund – This fund receives charges for services for emergency medical services provided by the Township.

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

3. Debt Service Funds

These funds account for resources the Township accumulates to pay bond and note debt. The Township had the following significant Debt Service Funds:

Miscellaneous Debt Service Funds - These funds receive property tax money to make debt payments on various lease-purchase agreements.

4. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Projects Fund:

Miscellaneous Capital Projects Fund - This fund receives transfers of money from the Fire Special Levy Fund to accumulate monies for the purchase of a ladder truck for the Township Fire Department.

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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**NEWTON TOWNSHIP
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Budgetary Process (Continued)

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated

A summary of 2008 and 2007 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.

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:

	2008	2007
Demand deposits	\$813,847	\$891,214

Deposits: Deposits are 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, 2008 and 2007, follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$113,773	\$122,613	\$8,840
Special Revenue	581,227	780,520	199,293
Debt Service	158,942	158,900	(42)
Capital Projects		100,000	100,000
Total	\$853,942	\$1,162,033	\$308,091

**NEWTON TOWNSHIP
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

3. Budgetary Activity (Continued)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$365,455	\$116,662	\$248,793
Special Revenue	1,118,319	969,607	148,712
Debt Service	152,285	155,805	(3,520)
Capital Projects	100,000	100,000	100,000
Total	\$1,736,059	\$1,242,074	\$493,985

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$154,969	\$154,449	(\$520)
Special Revenue	660,867	724,547	63,680
Debt Service	117,680	117,680	0
Capital Projects	100,000	100,000	100,000
Total	\$933,516	\$1,096,676	\$163,160

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$313,364	\$78,343	\$235,021
Special Revenue	1,132,202	783,465	348,737
Debt Service	117,680	117,680	0
Capital Projects	100,000	100,000	100,000
Total	\$1,663,246	\$979,488	\$683,758

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in several funds at the legal level of control for the years ended December 31, 2008 and 2007.

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.

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.

**NEWTON TOWNSHIP
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

5. Debt

Debt outstanding at December 31, 2008, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Fire Station Lease-Purchase Agreement	\$500,000	2.25%
Ambulance Lease-Purchase Agreement	52,651	4.192%
Asphalt Zipper Lease-Purchase Agreement	48,272	4.84%
Fire Truck Lease-Purchase Agreement	438,629	4.84%
Tractor/Mower Lease-Purchase Agreement	54,526	3.85%
Total	<u>\$1,094,078</u>	

The Township entered into a lease-purchase agreement to finance the construction of a fire station in 2004. The Township's taxing authority collateralized the lease.

In 2006, the Township entered into lease-purchase agreements to finance the purchase of an ambulance, a fire truck, and an asphalt zipper. This equipment serves as collateral on the respective debt.

In 2008, the Township entered into a lease-purchase agreement to finance the purchase of a tractor/mower. The tractor/mower serves as collateral on the debt.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	<u>Fire Station Lease</u>	<u>Asphalt Zipper Lease</u>	<u>Fire Truck Lease</u>	<u>Ambulance Lease</u>	<u>Tractor/Mower Lease</u>
2009	\$48,625	\$12,066	\$67,455	\$23,340	\$13,313
2010	52,825	12,066	67,455	23,340	13,313
2011	51,638	12,066	67,455	11,670	13,312
2012	50,450	12,066	67,455		13,312
2013	49,263	6,033	67,455		6,657
2014-2018	259,500		202,364		
2019-2023	256,325				
2024	48,225				
Total	<u>\$816,851</u>	<u>\$54,297</u>	<u>\$539,639</u>	<u>\$58,350</u>	<u>\$59,907</u>

6. Retirement Systems

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 plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10% and 9.5%, respectively, of their gross salaries and the Township contributed an amount equaling 14% and 13.85% respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

**NEWTON TOWNSHIP
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

7. Risk Management

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

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. 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

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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.

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

**NEWTON TOWNSHIP
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

7. Risk Management (Continued)

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, 2007 and 2006 (the latest information available):

	<u>2007</u>	<u>2006</u>
Assets	\$43,210,703	\$42,042,275
Liabilities	<u>(13,357,837)</u>	<u>(12,120,661)</u>
Net Assets	<u>\$29,852,866</u>	<u>\$29,921,614</u>

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, 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 \$24,000. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

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>	
2006	\$24,169
2007	\$25,026
2008	\$25,588

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.

**NEWTON TOWNSHIP
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

8. Joint Venture

The Zanesville-Newton Township Joint Economic Development District (JEDD) was created during 2002 pursuant to Ohio Revised Code Section 715.77. The JEDD was created to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the State, County, City, Village, Township and the JEDD. The JEDD is operated by a three member board. The Township and the City of Zanesville each appoint one member and these two JEDD members jointly appoint the third member of the JEDD.

The JEDD's board exercises total control over the budgeting, appropriation, contracting, and management. The JEDD's board, pursuant to Section 715.74, has implemented a 1.7 percent income tax that will be used for the purposes of the JEDD. The continued existence of the JEDD is dependent upon the continued participation by the City of Zanesville and the Township; however, the City or Township does not have an equity interest in the JEDD. The JEDD is not accumulating significant financial resources and is not experiencing fiscal distress that may cause an additional financial burden on the Township. The financial activity of the JEDD is presented as an agency fund on the City of Zanesville's financial statements due to the City serving as fiscal agent. Complete financial information can be obtained from the Zanesville-Newton Township Joint Economic Development District, Zanesville, Ohio.

9. Contingent Liabilities

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



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*

Newton Township
Muskingum County
8845 Bagley Road
Mt. Perry, Ohio 43760

To the Township Board of Trustees:

We have audited the financial statements of Newton Township, Muskingum County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated December 18, 2009, wherein we noted the Township followed 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 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 findings 2008-002, 2008-003, 2008-004, 2008-006, and 2008-007 described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

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.

Our consideration of 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. Of the significant deficiencies described above, we believe findings 2008-006 and 2008-007 are also material weaknesses.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated December 18, 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 2008-001 through 2008-005.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated December 18, 2009.

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 and the Township Board of Trustees. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

December 18, 2009

**NEWTON TOWNSHIP
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

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

FINDING NUMBER 2008-001

Finding for Recovery Repaid During the Audit

Ohio Rev. Code Section 505.60(A) states that the board of township trustees of any township may procure and pay all or any part of the cost of insurance policies that may provide benefits for hospitalization, surgical care, major medical care, disability, dental care, eye care, medical care, hearing aids, prescription drugs, or sickness and accident insurance, or a combination of any of the foregoing types of insurance for township officers and employees. The board of township trustees of any township may negotiate and contract for the purchase of a policy of long-term care insurance for township officers and employees pursuant to [section 124.841 of the Revised Code](#).

If the board procures any insurance policies under this section, the board shall provide uniform coverage under these policies for township officers and full-time township employees and their immediate dependents, and may provide coverage under these policies for part-time township employees and their immediate dependents, from the funds or budgets from which the officers or employees are compensated for services, such policies to be issued by an insurance company duly authorized to do business in this state.

Ohio Rev. Code Section 505.60(D) states that if any township officer or employee is denied coverage under a health care plan procured under this section or if any township officer or employee elects not to participate in the township's health care plan, the township may reimburse the officer or employee for each out-of-pocket premium attributable to the coverage provided for the officer or employee for insurance benefits described in division (A) of this section that the officer or employee otherwise obtains, but not to exceed an amount equal to the average premium paid by the township for its officers and employees under any health care plan it procures under this section.

The Board of Trustee's minutes on January 12, 2006 state that "it was determined that all fulltime road employees/spouses would continue to be covered with health insurance by the Township." The minutes also state "it was determined that an allowance of \$600 would be allowed to each elected official for insurance at each one's own discretion". The Board of Trustee's minutes on January 11, 2007 approved an increase of the annual allowance from \$600 to \$800 for each elected official.

In 2008, the Township reimbursed Trustee James Smith a total of \$653 for the purchase of prescriptions and other medical supplies. Although these were health-related expenses, they were not reimbursements for out-of-pocket premiums attributable to an insurance policy provided in Ohio Rev. Code Section 505.60(A).

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against James Smith, Township Trustee, in the amount of \$653, and in favor of Newton Township, Muskingum County General Fund.

We brought this to the Township's attention. On December 12, 2009, James Smith repaid \$653 to the Township.

**NEWTON TOWNSHIP
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

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

**FINDING NUMBER 2008-001
(Continued)**

Finding for Recovery Repaid During the Audit (Continued)

Officials' Response: Finding was repaid.

FINDING NUMBER 2008-002

Finding for Recovery Repaid During the Audit/Significant Deficiency

Newton Township Policy #0306 (Township Cell Phones) adopted September 11, 2003, states, in part, the following conditions apply to cellular telephones provided by the Township:

- Since cell phone service usually includes more minutes than employees normally use in the course of their employment, the employee may use extra minutes "for personal use."
- The Clerk shall notify employees of the number of minutes that are provided monthly. It is the responsibility of the employee not to exceed the allotted minutes. Any excess charge will be the responsibility of the employee.
- \$55.00 limit allowance for monthly billing of Township phones. Any amount over this to be paid by phone carrier.

From August 2007 through January 2008, the charges for the cell phone provided to Trustee Jim Smith exceeded \$55.00 per month; however, no reimbursement was made to the Township by Trustee Smith for the amount over the monthly limit. The total amount which should have been reimbursed to the Township by Trustee Smith was \$424.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against James Smith, Township Trustee, in the amount of \$424, and in favor of Newton Township, Muskingum County Road and Bridge Fund.

We brought this matter to the Township's attention. On December 12, 2009, James Smith repaid \$424 to the Township.

Also, for the months of January, February, August and September 2007, the charges for the cell phone provided to former Township employee, Nathan Atkins, exceeded \$55.00 per month; however, no reimbursement was made to the Township by Mr. Atkins for the amount over the monthly limit. The total amount which should have been reimbursed to the Township by Mr. Atkins was \$101.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Nathan Atkins, former Township employee in the amount of \$101, and in favor of Newton Township, Muskingum County Road and Bridge Fund.

We brought this matter to the Township's attention. On December 12, 2009, \$101 was repaid to the Township.

**NEWTON TOWNSHIP
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

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

**FINDING NUMBER 2008-002
(Continued)**

Finding for Recovery Repaid During the Audit/Significant Deficiency (Continued)

Officials' Response: Nathan Atkins was our road supervisor and required more cell phone minutes. However our current cell phone policy is currently being revised. Sprint is reviewing our account as they have made a major error in our billing.

FINDING NUMBER 2008-003

Finding for Recovery Repaid During the Audit/Significant Deficiency

Section 9.5 (Travel Expenses) of the Newton Township Personnel Policies and Procedures Manual, 2004 Edition, states, in part, that receipts for all expenses claimed are to be itemized and submitted within 30 days after such expenses are incurred. The cost of alcoholic beverages will not be reimbursed.

Ohio Attorney General Opinion No. 82-006 addresses the expenditure of funds for public purposes. This opinion, citing the Ohio Supreme Court case of *State ex rel. McClure v. Hagerman (1951), 155 Ohio St. 320*, provides that the primary objective of an expenditure of public funds should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion No. 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 states that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect. The Bulletin further states that the Auditor of State's Office does not view the expenditure of public funds for alcoholic beverages as a proper public purpose and will issue findings for recovery for such expenditure as manifestly arbitrary and incorrect.

The following deficiencies were noted in reviewing travel reimbursements:

- In 2008 and 2007, a total of \$721 in unsupported credit card charges incurred by Fire Chief, David Allen Deaver, was paid by the Township. In 2008, a total of \$5 in alcohol purchases was reimbursed to Fire Chief, David Allen Deaver.
- Also, in 2008 and 2007, a total of \$311 in unsupported credit card charges incurred by Assistant Fire Chief, Tim Swingle, was paid by the Township.

Vendors included Autozone, Smokey Bones, Aunt Polly's Pizza, Iaria's Italian Restaurant, Jillian's, The Old Spaghetti Factory, Champ's, Eaglesticks, Zak's, and Joe's Crab Shack.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against David Allen Deaver, Fire Chief, in the amount of \$726, and in favor of Newton Township, Muskingum County Fire Special Levy Fund.

**NEWTON TOWNSHIP
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

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

**FINDING NUMBER 2008-003
(Continued)**

Finding for Recovery Repaid During the Audit/Significant Deficiency (Continued)

Also, in accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Tim Swingle, Assistant Fire Chief, in the amount of \$311, and in favor of Newton Township, Muskingum County Fire Special Levy Fund.

We brought this matter to the Township's attention. On December 10, 2009, the Newton Township Fire Department Association repaid \$1,037 to the Township on behalf of David Allen Deaver and Tim Swingle.

Officials' Response: Finding was repaid.

FINDING NUMBER 2008-004

Finding for Recovery Repaid During the Audit/Significant Deficiency

Section 9.5 (Travel Expenses) of the Newton Township Personnel Policies and Procedures Manual, 2004 Edition, states, in part, that full-time regular employees will be reimbursed for expenses when using their private automobile while discharging duties connected with their employment. They shall be compensated at the rate equal to that allowed by the Federal Government for private auto travel, or another rate determined by the Board of Trustees.

An allowance shall be made for meals in an amount, which shall be the lesser of the following with receipt:

- Breakfast: \$15.00 or actual cost including 15% tip
- Lunch: \$20.00 or actual cost including 15% tip
- Dinner: \$28.00 or actual cost including 15% tip

During 2008, Trustee Derek Dozer attended a national township conference in Washington D.C. The amount claimed for dinner meal reimbursement for two nights of the conference exceeded the \$28 limit, by \$25. Additionally, Trustee Dozer's travel reimbursement included \$84 in mileage reimbursements for 144 miles traveled which did not relate to Township business.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Derek Dozer, Township Trustee, in the amount of \$109, and in favor of Newton Township, Muskingum County General Fund.

We brought this matter to the Township's attention. On September 2, 2009, Derek Dozer repaid \$84 to the Township and on November 24, 2009, Derek Dozer repaid \$25 to the Township.

Officials' Response: Finding was repaid.

**NEWTON TOWNSHIP
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2008-005

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing unit from making an expenditure unless it has been properly appropriated.

As of December 31, 2008, the following funds reflected expenditures which exceeded appropriations at the legal level of control:

Fund – Function - Object	Appropriations	Expenditures	Variance
General			
General Government			
OPERS	\$17,000	\$18,110	(\$1,110)
Road and Bridge			
Public Works			
Other	15,000	70,982	(55,982)
Capital Outlay			
Contracted Services	60,000	108,752	(48,752)
Fire Special Levy			
Public Safety			
Other – Salaries	8,000	10,702	(2,702)
Social Security	2,110	2,929	(819)
Transfers-Out	0	100,000	(100,000)
Ambulance & Emergency Medical Services			
General Government			
Other – Salaries	0	38,045	(38,045)
Transfers-Out	0	23,297	(23,297)
Miscellaneous Debt Service (3903)			
Principal Payments	0	5,244	(5,244)
Interest Payments	0	1,413	(1,413)

As of December 31, 2007, the following funds reflected expenditures which exceeded appropriations at the legal level of control:

Fund – Function - Object	Appropriations	Expenditures	Variance
General			
General Government			
Salary – Township Fiscal Officer	\$6,500	\$19,266	(\$12,766)
Road and Bridge			
General Government			
Tax Collection Fees	3,385	3,666	(281)
Fire Special Levy			
Transfers-Out	0	106,600	(106,600)

**NEWTON TOWNSHIP
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

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

**FINDING NUMBER 2008-005
(Continued)**

Noncompliance Citation – Ohio Rev. Code Section 5705.41(B) (Continued)

The Township’s failure to limit expenditures to the amounts appropriated could result in deficit spending.

We recommend the Township Trustees and Township Fiscal Officer compare expenditures to appropriations on a monthly basis. If appropriations in addition to those already adopted will be needed, the Township Trustees should take the necessary steps to adopt additional appropriations, if possible, to prevent expenditures from exceeding appropriations or reduce spending. The Township Fiscal Officer should deny requests for payment when appropriations are not available.

Officials’ Response: We did not receive a response from Officials to this finding.

FINDING NUMBER 2008-006

Material Weakness

The Township should have internal controls in place to reasonably assure that budgetary accounts are integrated into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted appropriation balances.

The Township Fiscal Officer did not always accurately post budgeted receipts, and any amendments made to them, to the accounting system. Variances existed between the certificate of estimated resources and the amounts posted to the accounting system. The following table details these variances:

<u>Fund</u>	<u>Amount Per Last Amended Certificate</u>	<u>Amounts Posted to the Accounting System</u>	<u>Variance</u>
2008			
General	\$113,773	\$81,494	(\$32,279)
Motor Vehicle License Tax	27,968	18,054	(9,914)
Gasoline Tax	110,187	78,885	(31,302)
Road and Bridge	138,926	212,124	73,198
Fire Special Levy	203,146	215,229	12,083
Ambulance & EMS Services	80,500	128,492	47,992
Special Light Assessment	20,500	20,544	44
Miscellaneous Debt Service #3901	49,425	0	(49,425)
Miscellaneous Debt Service #3902	67,455	0	(67,455)
Miscellaneous Debt Service #3903	23,339	0	(23,339)
Miscellaneous Debt Service #3904	12,066	0	(12,066)
Miscellaneous Debt Service #3905	6,657	0	(6,657)
Miscellaneous Capital Projects	0	100,000	100,000

**NEWTON TOWNSHIP
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

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

**FINDING NUMBER 2008-006
(Continued)**

Material Weakness(Continued)

<u>Fund</u>	<u>Amount Per Last Amended Certificate</u>	<u>Amounts Posted to the Accounting System</u>	<u>Variance</u>
2007			
General	\$154,969	\$155,180	\$211
Motor Vehicle License Tax	28,250	24,968	(3,282)
Gasoline Tax	100,000	110,187	10,187
Road and Bridge	160,993	191,414	30,421
Fire Special Levy	210,180	234,771	24,591
Ambulance & EMS Services	49,500	71,187	21,687
Special Light Assessment	19,750	20,841	1,091
Fire Department Grant	92,194	80,083	(12,111)

The Township Fiscal Officer did not always accurately post appropriations, and any amendments made to them, to the accounting system. Variances existed between the appropriation resolution/amendments and the amounts posted to the accounting system. The following table details these variances:

<u>Fund</u>	<u>Amount Per Annual Appropriation Resolution</u>	<u>Amounts Posted to the Accounting System</u>	<u>Variance</u>
2008			
General	\$365,041	\$267,540	(97,501)
Road and Bridge	257,200	416,970	159,770
Fire Special Levy	380,996	480,996	100,000
Ambulance & EMS Services	207,599	227,696	20,097
Miscellaneous Debt Service #3905	0	6,657	6,657
2007			
Fire Special Levy	309,359	409,359	100,000

Because the information entered into the accounting system was not always accurate, adjustments were made to the budgetary activity reported in Note 3 to the financial statements in order to accurately present appropriations approved by the Township Trustees and only include budgeted receipts as certified by the County Auditor.

We recommend the Township Trustees approve all appropriation amendments, record approval in the Board minutes, and file all appropriation amendments with the County Auditor in order to receive confirmation from the County Auditor that appropriations do not exceed estimated resources. The Township Fiscal Officer should post these amendments only after obtaining the required approvals. We also recommend the Township Fiscal Officer record only estimated receipts from the Certificate of Estimated Resources and any amendments thereto.

Officials' Response: We did not receive a response from Officials to this finding.

**NEWTON TOWNSHIP
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2008-007

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, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Ohio Township Handbook (revised April 2009) provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications will provide the Township with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

During 2008 and 2007, the Township's receipts and disbursements were not always posted into accurate receipt and expenditure classifications, based upon the source of the receipt or purpose of disbursement. The following misclassifications were noted:

- In 2008 and 2007, gas and electric deregulation reimbursement monies in the amount of \$1,802 and \$1,267, respectively, received in the General Fund were posted as either Property Taxes or Miscellaneous receipts instead of Intergovernmental receipts. In 2007, this same type of revenue received in the Road and Bridge and Fire Levy Funds in the amounts of \$2,405 and \$6,319, respectively, were posted as Property Taxes instead of Intergovernmental receipts.
- In 2008, \$8,500 in grant receipts was posted as "Other Financing Sources" instead of Intergovernmental receipts within the Ambulance and Emergency Medical Services Fund.
- Homestead and rollback reimbursements and personal property tax reimbursements received from the state in the aggregate amount of \$60,157 in 2008 and \$23,347 in 2007 were posted in the respective funds as Property Taxes instead of Intergovernmental receipts.
- In 2008 and 2007, the Township received a grant of \$2,500 from the County Commissioners. This grant was posted to the General Fund as Miscellaneous receipts instead of Intergovernmental receipts.
- In 2008, \$59,770 in debt issued was classified as Intergovernmental receipts instead of Other Debt Proceeds in the Road and Bridge Fund.
- In 2008 and 2007, within the Ambulance and Emergency Medical Services Fund, receipts from ambulance runs in the amount of \$153,113 and \$66,341, respectively, were classified as Other Financing Sources instead of Charges for Services.
- In 2007, debt payments made within various funds were not classified as principal and interest payments. These payments were classified as either Public Works, Public Safety, or Capital Outlay in the aggregate amount of \$101,160.

Material adjustments with which the Township officials' agree are reflected within the accompanying financial statements.

We recommend the Township utilize available authoritative resources to appropriately classify receipt and disbursement transactions.

Officials' Response: Necessary adjustments will be made.

**NEWTON TOWNSHIP
MUSKINGUM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Ohio Rev. Code Section 507.09(A)(6) and (D)(7), Fiscal Officer overpaid in 2005.	Yes	N/A.
2006-002	Section 9.5 (Travel Expense) Township Policy Manual, finding for recovery issued for unsupported credit card charges.	No	Not Corrected; Repeated as Finding No. 2008-003.
2006-003	Ohio Rev. Code Section 5705.10(H), Fiscal Officer salary paid from funds other than the General Fund.	Yes	N/A.
2006-004	Ohio Admin. Code Section 117-2-02(C)(1), not always accurately posting appropriations and estimated receipts to the accounting system.	No	Not Corrected; Repeated as Finding No. 2008-006.
2006-005	Ohio Rev. Code Section 5705.41(B), expenditures in excess of appropriations in various funds at the legal level of control.	No	Not Corrected; Repeated as Finding No. 2008-005.



Mary Taylor, CPA
Auditor of State

NEWTON TOWNSHIP

MUSKINGUM 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
JANUARY 5, 2010**