



**NEW MARKET TOWNSHIP
HIGHLAND COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

**NEW MARKET TOWNSHIP
HIGHLAND COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

New Market Township
Highland County
5870 Shaw Lane
Hillsboro, Ohio 45133

To the Board of Trustees:

We have audited the accompanying financial statements of New Market Township, Highland County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2001, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

March 30, 2001

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

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
Cash Receipts:					
Local Taxes	\$31,890	\$43,542	\$0	\$0	\$75,432
Intergovernmental	25,083	70,729	116,446	0	212,258
Interest	2,960	2,054	0	753	5,767
Other Revenue	51	60	0	0	111
Total Cash Receipts	<u>59,984</u>	<u>116,385</u>	<u>116,446</u>	<u>753</u>	<u>293,568</u>
Cash Disbursements:					
Current:					
General Government	50,407	6,939	0	0	57,346
Public Safety	0	18,217	0	0	18,217
Public Works	0	78,377	0	0	78,377
Health	1,500	527	0	242	2,269
Capital Outlay	100	0	116,446	0	116,546
Total Cash Disbursements	<u>52,007</u>	<u>104,060</u>	<u>116,446</u>	<u>242</u>	<u>272,755</u>
Total Receipts Over/(Under) Disbursements	<u>7,977</u>	<u>12,325</u>	<u>0</u>	<u>511</u>	<u>20,813</u>
Other Financing Receipts/(Disbursements):					
Sale of Assets	100	0	0	0	100
Total Other Financing Receipts/(Disbursements)	<u>100</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>100</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>8,077</u>	<u>12,325</u>	<u>0</u>	<u>511</u>	<u>20,913</u>
Fund Cash Balances, January 1	<u>6,573</u>	<u>56,303</u>	<u>0</u>	<u>18,110</u>	<u>80,986</u>
Fund Cash Balances, December 31	<u>\$14,650</u>	<u>\$68,628</u>	<u>\$0</u>	<u>\$18,621</u>	<u>\$101,899</u>

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

**NEW MARKET TOWNSHIP
HIGHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
Cash Receipts:					
Local Taxes	\$30,147	\$41,193	\$0	\$0	\$71,340
Intergovernmental	20,219	70,514	71,973	0	162,706
Interest	1,445	134	0	698	2,277
Other Revenue	177	0	0	0	177
	<u>51,988</u>	<u>111,841</u>	<u>71,973</u>	<u>698</u>	<u>236,500</u>
Cash Disbursements:					
Current:					
General Government	43,249	4,321	0	0	47,570
Public Safety	0	16,552	0	0	16,552
Public Works	500	79,534	0	0	80,034
Health	3,602	290	0	2,500	6,392
Capital Outlay	0	0	71,973	0	71,973
	<u>47,351</u>	<u>100,697</u>	<u>71,973</u>	<u>2,500</u>	<u>222,521</u>
Total Receipts Over/(Under) Disbursements	<u>4,637</u>	<u>11,144</u>	<u>0</u>	<u>(1,802)</u>	<u>13,979</u>
Fund Cash Balances, January 1	<u>1,935</u>	<u>45,159</u>	<u>0</u>	<u>19,912</u>	<u>67,006</u>
Fund Cash Balances, December 31	<u>\$6,572</u>	<u>\$56,303</u>	<u>\$0</u>	<u>\$18,110</u>	<u>\$80,985</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$5,892</u>	<u>\$0</u>	<u>\$0</u>	<u>\$5,892</u>

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

**NEW MARKET TOWNSHIP
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

New Market Township, Highland County, Ohio (the Township), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, and cemetery maintenance. The Township contracts with the City of Hillsboro for fire protection services for Township residents.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved). The Township did not always use the proper numeric codes for receipts and disbursements as required by the uniform of accounting as prescribed by the Auditor of State.

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

C. Cash and Deposits

The Township deposits all available funds in a "Now" checking account and certificates of deposit with a commercial bank.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

Motor Vehicle License Tax Fund - This fund receives motor vehicle tax money for constructing, maintaining and repairing Township roads.

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

**NEW MARKET TOWNSHIP
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Road and Bridge Fund - This fund receives proceeds from the property tax levy for constructing, maintaining and repairing Township roads and bridges.

Fire Levy Fund - This fund receives proceeds from the property tax levy for fire protection.

Cemetery Levy Fund - This fund receives proceeds from the property tax levy for maintaining Township cemeteries.

Permissive Motor Vehicle License Tax Fund - This fund receives proceeds from taxes levied on all motor vehicle license sold in the Township for road maintenance and repairs.

3. Fiduciary Funds (Nonexpendable Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements. These nonexpendable trust funds are used to account for bequests to the Township for cemetery care.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. No encumbrances were reported to the County Budget Commission for consideration in certifying the estimated resources available for appropriations. However, unrecorded encumbrances existed at December 31, 1999 which have been included in the accompanying financial statements.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**NEW MARKET TOWNSHIP
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH AND DEPOSITS

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ 45,245	\$24,331
Certificates of deposit	<u>56,654</u>	<u>56,654</u>
Total deposits	<u>\$101,899</u>	<u>\$80,985</u>

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999, follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 46,850	\$ 60,084	\$ 3,234
Special Revenue	122,305	116,385	(5,920)
Capital Projects	0	116,446	116,446
Fiduciary	<u>951</u>	<u>753</u>	<u>(198)</u>
Total	<u>\$170,106</u>	<u>\$293,668</u>	<u>\$123,562</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 52,735	\$ 52,007	\$ 728
Special Revenue	135,050	104,060	30,990
Capital Projects	0	116,446	(116,446)
Fiduciary	<u>1,456</u>	<u>242</u>	<u>1,214</u>
Total	<u>\$189,241</u>	<u>\$272,755</u>	<u>(\$83,514)</u>

**NEW MARKET TOWNSHIP
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 41,000	\$ 1,988	\$10,988
Special Revenue	121,885	111,841	(10,044)
Capital Projects	0	71,973	71,973
Fiduciary	1,100	698	(402)
Total	<u>\$163,985</u>	<u>\$236,500</u>	<u>\$72,515</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 43,727	\$ 47,351	(\$3,624)
Special Revenue	167,214	106,589	60,625
Capital Projects	0	71,973	(71,973)
Fiduciary	21,012	2,500	18,512
Total	<u>\$231,953</u>	<u>\$228,413</u>	<u>\$3,540</u>

Capital Projects Funds expenditures during both 2000 and 1999 exceeded the appropriation authority because the Township recorded, for financial reporting purposes only, expenditures for payments by the State directly to contractors on behalf of the Township. The Township did not formally establish a fund as required by Section 5705.09 (F), Revised Code, and therefore did not establish the required budgetary authority.

Appropriations posted to the Township accounting records did not agree to appropriation measures adopted by the Township Board of Trustees, as required by Ohio Rev. Code, Section 5705.40. The Township did not obtain prior certification of the fiscal officer for all purchases nor were commitments properly encumbered as required by the Ohio Revised Code, Section 5705.41(D). Also, during 1999, disbursements exceeded appropriations in the General Fund and during FY 2000, estimated receipts exceeded actual receipts in the Motor Vehicle License Tax Fund, Fire Levy Fund, and Permissive Motor Vehicle License Tax Fund and during FY 1999 in all of the Special Revenue Funds, contrary to Ohio law.

4. PROPERTY TAX

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

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

**NEW MARKET TOWNSHIP
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

4. PROPERTY TAX (Continued)

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 SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% for 1999 and 10.84% for 2000 of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Township has obtained from the Ohio Township Association Risk Management Authority for the following risks:

- Comprehensive property
- General Liability
- Wrongful Acts

The Township also provides group health insurance to officials through private carriers.

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

New Market Township
Highland County
5870 Shaw Lane
Hillsboro, Ohio 45133

To the Board of Trustees:

We have audited the accompanying financial statements of New Market Township, Highland County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 30, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and are described in the accompanying schedule of findings as items 2000-40436-001 through 2000-40436-007. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 30, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2000-40436-005 and 2000-40436-008.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 2000-40436-005 and 2000-40436-008 to be material weaknesses.

New Market Township
Highland County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
Page 2

We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 30, 2001.

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

Jim Petro
Auditor of State

March 30, 2001

**NEW MARKET TOWNSHIP
HIGHLAND COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2000-40436-001

Noncompliance Citation

Ohio Rev. Code, 5705.09(F), requires a special fund for each class of revenues derived from a source other than the general property tax, which the laws requires to be used for a particular purpose. Upon establishing a fund, estimated receipts should be certified to the County Auditor as available for expenditure and anticipated expenditures should be included in the appropriations. A capital projects fund was not established for the Issue II grant from the Ohio Public Works Commission. The grant was not recorded on the accounting records, reported on the annual report, or budgeted during 1999 or 2000. Adjustments were made to include the grant activities in the accompanying financial statements. We recommend that the Township follow the guidance on the accounting treatment for these types of transactions as set forth in Auditor of State Bulletin 2000-08 and MAS Bulletin 89-17.

FINDING NUMBER 2000-40436-002

Noncompliance Citation

Ohio Rev. Code, Section 5705.36, requires that a reduced amended certificate must be obtained if actual receipts for the year are less than estimated receipts and the amount of the deficiency will reduce available resources below the appropriations. Estimated receipts exceeded actual receipts and the excess was appropriated in the Motor Vehicle License Tax, Gasoline Tax, Fire Levy, and Permissive Motor Vehicle License Tax Funds for 2000, and in all of the Special Revenue Funds for 1999. Amended certificates should have been requested and appropriations reduced in these funds.

FINDING NUMBER 2000-40436-003

Noncompliance Citation

Ohio Rev. Code, Section 5705.40, provides that appropriation measures may be amended or supplemented, provided that such amendment or supplement shall comply with all provisions of law governing the taxing authority in making the original appropriation. During 1999 the original appropriations posted to the accounting system did not agree with the annual appropriation resolution made by the Board of Trustees, and during the year additional appropriations were posted to the accounting system that had not been passed by resolution of the Board. During 2000 amended appropriations (appropriation transfers) were posted to the accounting system that had not been passed by the Board.

FINDING NUMBER 2000-40436-004

Noncompliance Citation

Ohio Rev. Code, Section 5705.41(B), prohibits a subdivision from making an expenditure unless it has been properly appropriated. Expenditures of \$47,351 exceeded the official appropriations of \$43,727 made by the Board of Trustees resulting in a negative variance of \$3,624 in the General Fund for 1999.

FINDING NUMBER 2000-40436-005

Noncompliance Citation/Material Weakness

Ohio Rev. Code, Section 5705.41(D), provides that a subdivision or taxing unit shall not make any contract or order involving the disbursement of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment.

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

1. Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that the fiscal officer is completing the certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.
2. Amounts of less than \$1,000 may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the ‘then and now’ certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

Of the expenditures tested, 41% did not contain either the prior certification or then and now certification of the fiscal officer.

The accompanying financial statements were adjusted to include encumbrances outstanding at December 31, 1999 in the Special Revenue Fund Type.

The Clerk’s certification is not only required by Ohio law, but is also a key control in the disbursement process. Without proper certification of funds, disbursements could be made without adequate current resources being available, or disbursements could be made in excess of authorized appropriations. Prior certification should be obtained for all disbursements. In instances when prior certifications are not practical, ‘then and now’ certifications should be made.

FINDING NUMBER 2000-40436-006

Noncompliance Citation

Ohio Admin. Code, Section 117-3-01, which was in effect for the period under audit but revised effective January 1, 2001, required each township on a cash basis system to use the numeric codes prescribed by the uniform system of accounting. The proper numeric codes were not used for several of the receipts and disbursements tested. Fourteen adjustments were made to the accompanying financial statements to correctly reflect material posting errors found. The Township should follow guidance in Township handbook for proper posting of receipts and disbursements.

FINDING NUMBER 2000-40436-007

Finding For Recovery - Repaid Under Audit

On September 12, 1999, the Township Trustees made a payment of \$1,252.50 to Brown County Asphalt for a paving project. Brown County Asphalt inadvertently billed the Township twice and a second payment was made by the Township on May 2, 2000, for the same invoice.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code, Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Brown County Asphalt and Stanley A. Fender, former New Market Township Clerk, jointly and severally, in the amount of \$1,252.50 and in favor of the New Market Township Gasoline Tax Fund.

When informed of these facts, Brown County Asphalt refunded the total amount of \$1,252.50 to the Township's Gasoline Tax Fund on March 13, 2001.

FINDING NUMBER 2000-40436-008

Material Weakness

The Township pays certain vendors periodic payments that do not match specific invoices. If the Township wishes to make payments in this manner, they should maintain an "accounts payable ledger". The ledger should record credits that match each vendor's invoice and debits that matching each Township payment. The ledger should include the net balance owed to each vendor. Without this ledger, the Township was unable to determine the net balance owed to these vendors. As a result, we determined one vendor was overpaid \$1,252.50. When provided with the documentation of overpayment, the vendor refunded the amount overpaid to the Township. (See Finding Number 2000-40436-007)

Failure to properly document all expenditures resulted in a monetary loss of public funds due to the overpayment made to a vendor (although this was recovered during audit). The Trustees should not approve any expenditure of public funds unless itemized bills documenting the expenditure are attached to the voucher.



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NEW MARKET TOWNSHIP

HIGHLAND 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
JUNE 19, 2001