



Dave Yost • Auditor of State

**NEW MARKET TOWNSHIP
HIGHLAND 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, 2010.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2009.....	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>	13
Schedule of Findings	15
Schedule of Prior Audit Findings	19

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Dave Yost • Auditor of State

New Market Township
Highland County
4641 US Route 62
Hillsboro, Ohio 45133

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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

May 13, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

New Market Township
Highland County
4641 US Route 62
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, 2010 and 2009. 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(A) mandates 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, 2010 and 2009 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, 2010, or its changes in financial position.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of New Market Township, Highland County, Ohio as of December 31, 2010 and 2009, 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 May 13, 2011, 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.



Dave Yost
Auditor of State

May 13, 2011

**NEW MARKET TOWNSHIP
HIGHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property and Other Local Taxes	\$49,411	\$65,833	\$0	\$115,244
Intergovernmental	27,693	119,157		146,850
Earnings on Investments	1,595	1,167	313	3,075
	<u>78,699</u>	<u>186,157</u>	<u>313</u>	<u>265,169</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	74,521	117		74,638
Public Safety		35,569		35,569
Public Works		104,273		104,273
Health	5,988	7,191		13,179
Human Services	50			50
Capital Outlay	12,405			12,405
	<u>92,964</u>	<u>147,150</u>	<u>0</u>	<u>240,114</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>(14,265)</u>	<u>39,007</u>	<u>313</u>	<u>25,055</u>
Other Financing Receipts / (Disbursements):				
Sale of Fixed Assets	2,500			2,500
Other Financing Uses		(29)		(29)
	<u>2,500</u>	<u>(29)</u>	<u>0</u>	<u>2,471</u>
Total Other Financing Receipts / (Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	(11,765)	38,978	313	27,526
Fund Cash Balances, January 1	<u>107,974</u>	<u>222,992</u>	<u>22,184</u>	<u>353,150</u>
Fund Cash Balances, December 31	<u>\$96,209</u>	<u>\$261,970</u>	<u>\$22,497</u>	<u>\$380,676</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 FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts:				
Property and Other Local Taxes	\$47,257	\$50,276	\$0	\$97,533
Intergovernmental	17,788	115,437		133,225
Earnings on Investments	1,741	965	333	3,039
Total Cash Receipts	66,786	166,678	333	233,797
Cash Disbursements:				
Current:				
General Government	75,745			75,745
Public Safety		31,340		31,340
Public Works		116,973		116,973
Health	5,297	6,881		12,178
Capital Outlay	9,750	330		10,080
Total Cash Disbursements	90,792	155,524	0	246,316
Total Receipts Over/(Under) Disbursements	(24,006)	11,154	333	(12,519)
Other Financing Receipts / (Disbursements):				
Sale of Fixed Assets	2,256			2,256
Total Other Financing Receipts	2,256	0	0	2,256
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements	(21,750)	11,154	333	(10,263)
Fund Cash Balances, January 1	129,724	211,838	21,851	363,413
Fund Cash Balances, December 31	\$107,974	\$222,992	\$22,184	\$353,150

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, 2010 AND 2009**

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 the New Market Township, Highland County, Ohio (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 and cemetery maintenance. The Township contracts with the City of Hillsboro to provide fire services and Any Emergency Medical Services, Inc., to provide ambulance services.

The Township participates in the Highland County Joint Township Hospital District, a jointly governed organization established for the public purpose of better providing for the health and welfare of the people primarily of Highland County. Trustees from each of the 17 Townships of Highland County constitute the Highland County Joint Township Hospital Board of Trustees who appoints the Hospital Board of Governors which is composed of one member from each township and three at-large members.

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. Deposits and Investments

The Township deposits all available funds in a checking account and three certificates of deposit with a commercial bank. The Township values the certificates of deposit at cost.

D. Fund Accounting

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

1. General Fund

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

**NEW MARKET TOWNSHIP
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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 to pay for constructing, maintaining, and repairing Township roads.

Fire Levy Fund – This fund receives property tax money to pay for providing fire protection to Township residents.

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: L.A. Purdy, E.C. Morrow, M.F. Purdy, L.M. Purdy, and Presbyterian non-expendable Trusts were bequeathed to the Township for the care and maintenance of specified lots, and for the upkeep, maintenance and improvement of the Presbyterian cemetery.

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.

A summary of 2010 and 2009 budgetary activity appears in Note 3.

**NEW MARKET TOWNSHIP
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Property, Plant, and Equipment

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

2. Equity in Pooled Deposits and Investments

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

	2010	2009
Demand deposits	\$304,172	\$276,646
Certificates of deposit	76,504	76,504
Total deposits	380,676	353,150

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$58,488	\$81,199	\$22,711
Special Revenue	145,070	186,157	41,087
Permanent	59	313	254
Total	\$203,617	\$267,669	\$64,052

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$162,659	\$92,964	\$69,695
Special Revenue	345,649	147,179	198,470
Permanent	5,362	0	5,362
Total	\$513,670	\$240,143	\$273,527

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$59,497	\$69,042	\$9,545
Special Revenue	126,073	166,678	40,605
Permanent	57	333	276
Total	\$185,627	\$236,053	\$50,426

**NEW MARKET TOWNSHIP
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

3. Budgetary Activity (Continued)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$189,220	\$90,792	\$98,428
Special Revenue	322,911	155,524	167,387
Permanent	5,404	0	5,404
Total	\$517,535	\$246,316	\$271,219

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 Systems

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

For 2010 and 2009, OPERS members contributed 10 and 10%, respectively, of their gross salaries and the Township contributed an amount equaling 14 and 14%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2010.

6. 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.

**NEW MARKET TOWNSHIP
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

6. Risk Management (Continued)

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, 2009, OTARMA retained \$350,000 for casualty claims and \$150,000 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.

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, 2009 and 2008 (the latest information available):

	<u>2009</u>	<u>2008</u>
Assets	\$38,982,088	\$40,737,740
Liabilities	<u>(12,880,766)</u>	<u>(12,981,818)</u>
Net Assets	<u>\$26,101,322</u>	<u>\$27,755,922</u>

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$12.0 and \$12.1 million of estimated incurred claims payable. The assets above also include approximately \$11.5 and \$10.9 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2009, the Township's share of these unpaid claims collectible in future years is approximately \$2,763.

**NEW MARKET TOWNSHIP
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(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>	
<u>2009</u>	<u>2008</u>
\$2,582	\$3,128

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's 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.

7. Noncompliance with Ohio Revised Code

The Township did not file annual appropriations with the County Auditor.



Dave Yost • Auditor of State

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

New Market Township
Highland County
4641 US Route 62
Hillsboro, Ohio 45133

To the Board of Trustees:

We have audited the financial statements of New Market Township, Highland County, Ohio (the Township), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated May 13, 2011. 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*. 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(A) mandates 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 2010-001 and 2010-003 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2010-001 and 2010-002.

We did note certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated May 13, 2011.

We intend this report solely for the information and use of management, board of trustees, and others within the Township. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

May 13, 2011

**NEW MARKET TOWNSHIP
HIGHLAND COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2010-001

Material Weakness/Noncompliance Citation

Ohio Admin. Code, § 117-2-02 (C)(1), states 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.

The estimated receipts entered in the accounting system and subsequently reported in the financial statements did not agree with estimated receipts certified by the budget commission on the latest amended certificate. Estimated receipts that were certified varied from those posted by material amounts as follows:

2010 Fund Type	Estimated Receipts Certified by the Budget Commission	Estimated Receipts Posted	Variance
Special Revenue Funds	\$145,070	\$122,657	(\$22,413)

The financial statements have been adjusted to reflect the appropriations approved by the Board of Trustees and the estimated resources certified by the County Budget Commission.

Failure to post the estimated receipts certified by the budget commission into the accounting system resulted in the officials relying on inaccurate information. The officials should be sure that the estimated receipts from the most current amended certificate are entered into the accounting system.

We recommend that the officials review that the estimated receipts from the most current amended certificate are entered into the accounting system.

Official's Response:

No response was received from officials regarding this finding.

FINDING NUMBER 2010-002

Noncompliance Citation

Ohio Revised Code, §5705.39, states, in part, the total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there from, as certified by the budget commission. No appropriation measure shall become effective until the County Auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed the total amounts certified by the budget commission.

The Township did not file the annual appropriation resolutions for 2010 and 2009 with the County Auditor. Therefore, the County Auditor could not issue the certificates. The appropriation amounts were also not listed in the minutes.

Failure to file the appropriation resolutions is a budgetary control weakness that could result in spending more than is available.

**FINDING NUMBER 2010-002
 (Continued)**

Township officials should file the annual appropriation resolution with the County Auditor each year.

Official's Response:

No response was received from officials regarding this finding.

FINDING NUMBER 2010-003

Material Weakness

The Township did not post the following transactions to the proper account codes, and therefore, they were reported in an incorrect account classification, by material amounts, on the financial statements:

2009	Item	Amount	Proper Classification	Classification Reported
General Fund	Public Utility, Excess Kilowatt Hour Distribution	\$4,014	Intergovernmental	Taxes & Other Receipts
Special Revenue	Public Utility, Excess Kilowatt Hour Distribution	3,667	Intergovernmental	Taxes & Other Receipts
2010				
General Fund	Public Utility, Excess Kilowatt Hour Distribution	7,531	Intergovernmental	Taxes & Other Receipts
Special Revenue	Public Utility, Excess Kilowatt Hour Distribution	9,116	Intergovernmental	Taxes & Other Receipts

The Township did not post the following transactions to the accounting records, and therefore receipts and disbursements were understated, by material amounts, on the financial statements.

Item	Amount	Proper Classification
2009		
General Fund		
Taxes	\$5,241	Taxes
Health Department Inside Millage	5,241	Health
2010		
General Fund		
Taxes	\$5,480	Taxes
Health Department Inside Millage	5,480	Health

**FINDING NUMBER 2010-003
(Continued)**

Failure to properly post transactions resulted in inaccurate financial statements. The Township agreed to reclassifications and adjustments to correctly report the above items. The corrections were posted to the accompanying financial statements and the Township's accounting records. The Township officials should review the account coding to assure that items are being posted properly. In addition, the Township should establish control procedures for the review of the financial activity posted to the accounting records and financial statements.

Official's Response:

No response was received from officials regarding this finding.

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**NEW MARKET TOWNSHIP
HIGHLAND COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2008-001	ORC Section 117.38, file annual financial report with AOS within 60 days of fiscal year end.	No	Not Corrected, reported in the management letter
2008-002	ORC Section 5705.39, the township did not file their appropriations with the County Auditor.	No	Not Corrected, repeated as finding 2010-002
2008-003	Lacked management oversight in the proper reporting of tax and intergovernmental receipts on the financial statements.	No	Not Corrected, repeated as finding 2010-003

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Dave Yost • Auditor of State

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 14, 2011**