



# Dave Yost • Auditor of State

## Declaration of Fiscal Caution

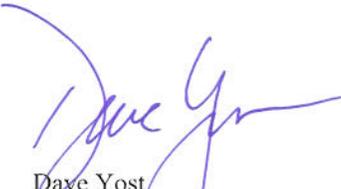
Pursuant to Section 118.025(A), Revised Code, the Auditor of State developed guidelines for identifying fiscal practices and budgetary conditions that, if uncorrected, could result in a future declaration of a fiscal watch or fiscal emergency of a municipal corporation, county, or township. If the Auditor of State determines that a municipal corporation, county, or township is engaging in any of those practices or that any of those conditions exist, the Auditor of State may declare a municipal corporation, county, or township to be in a state of Fiscal Caution.

The Auditor of State's guidelines for a declaration of fiscal caution include (1) unauditible financial records; (2) significant deficiencies, material weaknesses, direct and material noncompliance as disclosed in the financial audit; (3) deficit fund balances; (4) a carryover fund balance of less than one month's average expenditures for two consecutive years, and (5) a failure to reconcile accounting journals and ledgers with the treasury.

Based on a review of Newton Township's financial records on April 19, 2012, Newton Township met the following fiscal caution conditions:

1. The issuance of an unauditible letter to the Township on May 3, 2012 to restore financial records to an auditible condition within 90 days which has not been fully complied with;
2. Significant deficiencies, material weaknesses and direct and material noncompliance with Ohio law as disclosed in the Newton Township 2008-2009 financial audit including the Township did not certify to the County Auditor the total amount from all sources which are available for expenditures from each fund in the tax budget along with any unencumbered balances that exist at the end of the preceding year and that total appropriations from each fund do not exceed the total official estimate approved by the county budget commission. The Township also failed to file annual reports with the Auditor of State's office.
3. Based on a review of fund financial data for Newton Township at December 31, 2011, the Township had three funds with deficit balances in the amount of \$153,001. The deficits exceeded two percent of estimated revenues by \$151,938. Based on a review of fund financial data at April 30, 2012, the Township had four funds with deficit balances in the amount of \$147,967. The deficits exceed two percent of estimated revenues by \$145,562.

Accordingly, the Auditor of State hereby declares Newton Township to be in a state of fiscal caution under Section 118.025(A) of the Ohio Revised Code. A copy of this declaration is being submitted to Peter Augusta, Robert Page, and Gregory Dubos, Newton Township Board of Trustees and Susan Montgomery, Fiscal Officer.



Dave Yost  
Auditor of State  
October 9, 2012