



**Auditor of State  
Betty Montgomery**



**NEWPORT TOWNSHIP  
WASHINGTON COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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

To the Board of Trustees:

We have audited the accompanying financial statements of Newport Township, Washington County, Ohio (the Township), as of and for the years ended December 31, 2003 and 2002. 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 *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.

The Township's financial transactions were processed using 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 conduct the audit of 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 Section 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code Sections 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments.

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 Newport Township, Washington County, as of December 31, 2003 and 2002, 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 April 9, 2004 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 Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

April 9, 2004

**NEWPORT TOWNSHIP  
WASHINGTON 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, 2003**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Nonexpendable Trust</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$ 34,427	\$ 55,227	\$	\$ 89,654
Intergovernmental	87,366	116,105		203,471
Earnings on Investments	246	286	11	543
Special Assessments		7,380		7,380
Other Revenue	4,681	1,547		6,228
	<u>126,720</u>	<u>180,545</u>	<u>11</u>	<u>307,276</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	80,639			80,639
Public Safety		34,032		34,032
Public Works		125,071		125,071
Health	12,930	2,615		15,545
Debt Service:				
Redemption of Principal	8,912			8,912
Interest and Fiscal Charges	1,738			1,738
Capital Outlay	360			360
	<u>104,579</u>	<u>161,718</u>	<u>0</u>	<u>266,297</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>22,141</u>	<u>18,827</u>	<u>11</u>	<u>40,979</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		13,000		13,000
Transfers-Out	(13,000)			(13,000)
	<u>(13,000)</u>	<u>13,000</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	9,141	31,827	11	40,979
Fund Cash Balances, January 1	15,159	41,109	1,656	57,924
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 24,300</b></u>	<u><b>\$ 72,936</b></u>	<u><b>\$ 1,667</b></u>	<u><b>\$ 98,903</b></u>
Reserve for Encumbrances, December 31	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

**NEWPORT TOWNSHIP  
WASHINGTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Nonexpendable Trust</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$ 37,863	\$ 51,715	\$	\$ 89,578
Intergovernmental	37,484	104,871		142,355
Earnings on Investments	342	673	12	1,027
Special Assessments		7,225		7,225
Other Revenue	14,698	2,170		16,868
	<u>90,387</u>	<u>166,654</u>	<u>12</u>	<u>257,053</u>
<b>Total Cash Receipts</b>				
	<u>90,387</u>	<u>166,654</u>	<u>12</u>	<u>257,053</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	83,889			83,889
Public Safety		27,316		27,316
Public Works		132,125		132,125
Health	12,250	1,533		13,783
Debt Service:				
Redemption of Principal	8,333			8,333
Interest and Fiscal Charges	2,318			2,318
	<u>106,790</u>	<u>160,974</u>	<u>0</u>	<u>267,764</u>
<b>Total Cash Disbursements</b>				
	<u>106,790</u>	<u>160,974</u>	<u>0</u>	<u>267,764</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>(16,403)</u>	<u>5,680</u>	<u>12</u>	<u>(10,711)</u>
<b>Fund Cash Balances, January 1</b>	<u>31,562</u>	<u>35,429</u>	<u>1,644</u>	<u>68,635</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 15,159</u>	<u>\$ 41,109</u>	<u>\$ 1,656</u>	<u>\$ 57,924</u>
<b>Reserve for Encumbrances, December 31</b>	<u>\$ 135</u>	<u>\$ 6,704</u>	<u>\$ 0</u>	<u>\$ 6,839</u>

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



**NEWPORT TOWNSHIP  
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Newport Township, Washington County (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 and a publicly-elected Clerk. The Township provides general governmental services, including road and bridge maintenance (public works), cemetery maintenance (health) and fire protection (public safety).

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).

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

**C. Cash and Investments**

The Township Clerk invests all available funds of the Township in an interest-bearing checking account.

**D. 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 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 that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

*Permissive Sales Tax Fund* - This fund receives funds from Washington County through the one-half percent sales tax for constructing, maintaining and repairing Township roads and bridges.

**NEWPORT TOWNSHIP  
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**3. Fiduciary Funds (Trust Funds)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreements require the Township to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. The Township had the following Fiduciary Fund:

*Cemetery Bequest Fund* - This fund received the interest earned on the principal deposited in an interest bearing checking account. This fund is classified as a Nonexpendable Trust Fund.

**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, 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.

**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. The Township did not encumber all commitments required by Ohio law.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

**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.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

**NEWPORT TOWNSHIP  
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**2. EQUITY IN POOLED CASH**

The Township maintains a cash 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:

	2003	2002
Demand deposits	\$ 98,903	\$ 57,924

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

**2003 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 89,031	\$ 126,720	\$ 37,689
Special Revenue	146,417	193,545	47,128
Nonexpendable Trust	0	11	11
Total	\$ 235,448	\$ 320,276	\$ 84,828

**2003 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 100,388	\$ 117,579	\$ (17,191)
Special Revenue	245,219	161,718	83,501
Nonexpendable Trust	0	0	0
Total	\$ 345,607	\$ 279,297	\$ 66,310

**2002 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 76,599	\$ 90,387	\$ 13,788
Special Revenue	181,085	166,654	(14,431)
Nonexpendable Trust	0	12	12
Total	\$ 257,684	\$ 257,053	\$ (631)

**NEWPORT TOWNSHIP  
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 108,735	\$ 106,925	\$ 1,810
Special Revenue	224,262	167,678	56,584
Nonexpendable Trust	0	0	0
Total	\$ 332,997	\$ 274,603	\$ 58,394

Appropriations exceeded estimated resources at December 31, 2003 in the Motor Vehicle License Tax, Gasoline Tax, Cemetery, Permissive Sales Tax, and Lighting Assessment Funds and at December 31, 2002 in the General, Special Levy – Fire, and Permissive Sales Tax Funds.

**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.

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. DEBT**

Debt outstanding at December 31, 2003 was as follows:

	Principal	Interest Rate
Equipment Loan	\$ 19,563	6.25%

The equipment loan was issued to finance the purchase of a tractor to be used for Township road maintenance. The full faith and credit of the Township has been pledged to repay this debt.

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

Year Ending December 31:	Equipment Loan
2004	\$ 10,651
2005	10,651
Total	\$ 21,302

**NEWPORT TOWNSHIP  
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**6. RETIREMENT SYSTEM**

The Township's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement 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 2003 and 2002, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all employer contributions required through December 31, 2003.

**7. RISK MANAGEMENT**

**Risk Pool Membership**

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

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$10,000 on any specific loss with an annual aggregate of \$700,000 for 2001 and \$1,250,000 for 2002. The Travelers Indemnity Company reinsures losses exceeding \$10,000 if the annual aggregate is reached and all specific losses exceeding \$100,000. APEEP's Operating Fund and Guarantee Fund pay for losses and loss adjustment expenses should they exceed operating contributions.

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.

**NEWPORT TOWNSHIP  
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

**Risk Pool Membership (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, 2002 and 2001 (latest information available):

<u>Casualty Coverage</u>	<u>2002</u>	<u>2001</u>
Assets	\$ 23,757,036	\$ 23,707,776
Liabilities	<u>(9,197,512)</u>	<u>(9,379,003)</u>
Retained Earnings	<u>\$ 14,559,524</u>	<u>\$ 14,328,773</u>
<u>Property Coverage</u>	<u>2002</u>	<u>2001</u>
Assets	\$ 6,596,996	\$ 5,011,131
Liabilities	<u>(1,204,326)</u>	<u>(647,667)</u>
Retained Earnings	<u>\$ 5,392,670</u>	<u>\$ 4,363,464</u>

The Township also provides health, dental, and vision insurance coverage to full-time employees through a private carrier.



## **Auditor of State Betty Montgomery**

### **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

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

To the Board of Trustees:

We have audited the accompanying financial statements of Newport Township, Washington County, Ohio (the Township), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated April 9, 2004, wherein we noted that the Township's financial transactions were processed using 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 conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 *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 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 such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2003-001 through 2003-003. We also noted certain immaterial instances of noncompliance that we have reported to the management of the Township in a separate letter dated April 9, 2004.

#### **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 statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness. However, we noted matters involving the internal control over financial reporting that we have reported to the management of the Township in a separate letter dated April 9, 2004.

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Newport Township  
Washington County  
Independent Accountants' Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

This report is intended solely 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

April 9, 2004



**NEWPORT TOWNSHIP  
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2003-001**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.39 states that the total appropriations from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

Appropriations exceeded estimated revenue at December 31, 2003, in the following funds:

<u>Fund</u>	<u>Estimated Revenue</u>	<u>Appropriation Authority</u>	<u>Variance</u>
Motor Vehicle License Tax Fund	\$ 7,562	\$ 20,692	\$ (13,130)
Gasoline Tax Fund	39,696	59,167	(19,471)
Cemetery Fund	6,370	17,482	(11,112)
Permissive Sales Tax Fund	49,742	72,767	(23,025)
Lighting Assessment Fund	7,174	8,648	(1,474)

Appropriations exceeded estimated revenue at December 31, 2002, in the following funds:

<u>Fund</u>	<u>Estimated Revenue</u>	<u>Appropriation Authority</u>	<u>Variance</u>
General Fund	\$ 106,953	\$ 108,735	\$ (1,783)
Special Levy - Fire Fund	26,216	28,252	(2,036)
Permissive Sales Tax Fund	49,742	58,314	(8,572)

In addition, although the Trustees approved an annual appropriation measure in both 2003 and 2002, the Township did not submit the appropriation measure to the County Auditor in either year.

We recommend the Township monitor its appropriations and estimated resources to ensure that appropriations do not exceed estimated revenue at the end of the year. We also recommend the Township submit their annual appropriation measure to the County Auditor.

**FINDING NUMBER 2003-002**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.41(D) states no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

**NEWPORT TOWNSHIP  
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

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

**FINDING NUMBER 2003-002 (Continued)**

**Noncompliance Citation (Continued)**

The following exceptions to this basic requirement are provided by statute:

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 he is completing his 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 (Governing Board) 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.

Amounts of less than \$100 for counties, or less than \$1,000 (\$3,000 after April 7, 2003) for other political subdivisions, 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.

Fifty-seven percent (57%) of the expenditures tested in 2002 and seventy-five percent (75%) of the expenditures tested in 2003 did not have the prior certification of the Township's Clerk and neither of the above exceptions had been met.

We recommend the Township's employees and officials obtain the prior certification of the Clerk prior to a commitment being incurred.

**FINDING NUMBER 2003-003**

**Noncompliance Citation**

Ohio Rev. Code Section 505.24 requires Trustee's salaries to be paid from the General Fund or from other Township funds in such proportions as the Board specifies by resolution. The resolution should allocate the salaries based on the types of services provided by the Trustees.

During 2002 the salaries of the Trustees were paid entirely from the Gasoline Tax Fund (34.3%), Motor Vehicle License Tax Fund (31.3%) and Road and Bridge Fund (34.3%). During 2003, the salaries of the Trustees were paid from the General Fund, (8%), Gasoline Tax Fund (31%), Motor Vehicle License Tax Fund (30%) and Road and Bridge Fund (31%). In addition, a resolution had not been adopted by the Board specifying how Trustee salaries would be allocated in 2002 and 2003. Without such a resolution, all salaries should be paid from the General Fund.

**NEWPORT TOWNSHIP  
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

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

**FINDING NUMBER 2003-003 (Continued)**

**Noncompliance Citation – Ohio Rev. Code Section 505.24 (Continued)**

On April 8, 2004, the Board adopted a retroactive resolution authorizing each Trustee's salary to be paid for 2002 and 2003, as follows:

<u>Fund</u>	<u>2002</u>	<u>2003</u>
General	8.0%	8.0%
Gasoline Tax	27.0%	31.0%
Motor Vehicle License Tax	31.0%	30.0%
Road and Bridge	34.0%	31.0%

An adjustment in the amount of \$1,782.72, for 2002, against the General Fund and in favor of the Gasoline Tax Fund, has been agreed to by the management of the Township and is reflected in the accompanying financial statements. The adjustment represents 8% of the Trustees' salaries in 2002. This adjustment was made on the Township records on April 12, 2004. No adjustments have been made for 2003 because the amounts specified in the retroactive resolution are consistent with the amounts actually paid.

We recommend the Township annually adopt a resolution specifying how Trustee salaries will be allocated. In addition, fringe benefits, including payroll taxes and insurance, should be allocated in the same proportion as salaries.

**NEWPORT TOWNSHIP  
WASHINGTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-41084-001	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.41(D) for the failure to obtain the prior certification of the Clerk before an obligation was incurred.	No	Not Corrected:  This issue is repeated in the current audit Schedule of Findings as item 2003-002.
2001-41084-002	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.41(B) for expenditures exceeding appropriations in several funds.	No	Partially Corrected:  This issue is no longer significant. It is repeated in the current audit Management Letter.
2001-41084-003	A reportable condition was issued due to the failure to consistently post revenues to the proper accounts.	No	Partially Corrected:  This issue is no longer significant. It is repeated in the current audit Management Letter.



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**NEWPORT TOWNSHIP**

**WASHINGTON COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 20, 2004**