



**WARREN TOWNSHIP
WASHINGTON COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

WARREN TOWNSHIP
WASHINGTON COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Warren Township
Washington County
Route 1, Box 17
Fleming, Ohio 45729

To the Board of Trustees:

We have audited the accompanying financial statement of Warren Township, Washington County, Ohio (the Township), as of and for the year ended December 31, 1999. This financial statement is the responsibility of the Township's management. Our responsibility is to express an opinion on this financial statement 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 statement 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 statement referred to above presents fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Warren Township, Washington County, as of December 31, 1999, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 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 the 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

January 4, 2001

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**WARREN 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, 1999**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Fiduciary Funds</u>	
Cash Receipts:					
Local Taxes	\$ 222,270	\$ 397,414	\$ 99,728	\$	\$ 719,412
Intergovernmental	68,926	91,331	1,000		161,257
Licenses, Permits, and Fees		7,275			7,275
Interest	11,654	1,752	9	46	13,461
Other Revenue	2,900	9,279			12,179
	<u>305,750</u>	<u>507,051</u>	<u>100,737</u>	<u>46</u>	<u>913,584</u>
Cash Disbursements:					
Current:					
General Government	183,456				183,456
Public Safety	190,796	45,200			235,996
Public Works		315,493			315,493
Health	40,221	8,325			48,546
Capital Outlay	134,250	81,436			215,686
Debt Service:					
Redemption of Principal			71,542		71,542
Interest and Fiscal Charges			19,964		19,964
	<u>548,723</u>	<u>450,454</u>	<u>91,506</u>		<u>1,090,683</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(242,973)</u>	<u>56,597</u>	<u>9,231</u>	<u>46</u>	<u>(177,099)</u>
Other Financing Receipts/(Disbursements):					
Proceeds from Sale of Public Debt:					
Other Proceeds from Sale of Public Debt	120,000				120,000
	<u>120,000</u>				<u>120,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(122,973)	56,597	9,231	46	(57,099)
Fund Cash Balances, January 1	185,441	240,048		1,001	426,490
Fund Cash Balances, December 31	<u>\$ 62,468</u>	<u>\$ 296,645</u>	<u>\$ 9,231</u>	<u>\$ 1,047</u>	<u>\$ 369,391</u>
Reserve for Encumbrances, December 31	\$ 125,232	\$ 23,404	\$	\$	\$ 148,636

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

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**WARREN TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Warren 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, cemetery maintenance, and fire protection.

The Township's management believes the financial statement presents all activities for which the Township is financially accountable.

B. Basis of Accounting

The financial statement follows 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 statement includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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 license tax money for constructing, maintaining and repairing Township roads.

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

**WARREN TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

Special Levy Fire Fund (Operating) - This fund receives property tax money to provide fire protection to the residents of the Township.

Special Levy Fire Fund (Equipment) - This fund receives property tax money for the purchase of a fire truck and ambulance.

3. Debt Service Fund

The Debt Service Fund is used to accumulate resources for the payment of note indebtedness. The Township had the following Debt Service Funds:

Morris Real Estate Fund - This fund receives property tax money and receives the proceeds of a mortgage intended to finance the purchase of real estate.

Fire Equipment Note Retirement Fund - This fund receives property tax money for the debt retirement payments (principal and interest) on new fire equipment.

4. Fiduciary Funds

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a Nonexpendable Trust Fund. During 1999, the Township had four cemetery bequest funds classified as Nonexpendable Trust Funds. These funds received interest earned on the principal invested in STAR Ohio.

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 function 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.

**WARREN TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

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

A summary of 1999 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 statement.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	1999
Demand Deposits	\$ 157,505
STAR Ohio	211,886
Total	\$ 369,391

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 1999, follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 513,441	\$ 425,750	\$ (87,691)
Special Revenue	730,298	507,051	(223,247)
Debt Service	88,139	100,737	12,598
Nonexpendable Trust	40	46	6
Total	\$ 1,331,918	\$ 1,033,584	\$ (298,334)

**WARREN TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 667,711	\$ 673,955	\$ (6,244)
Special Revenue	944,697	473,858	470,839
Debt Service	89,139	91,506	(2,367)
Nonexpendable Trust	128	0	128
Total	\$ 1,701,675	\$ 1,239,319	\$ 462,356

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 statement 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 in 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 OBLIGATIONS

Debt outstanding at December 31, 1999, consisted of the following:

	Principal	Interest Rate
Capital Lease Agreement	\$ 238,441	5.31%
Open-End Mortgage	120,000	5.49%
Total	\$ 358,441	

The Township entered into a capital lease agreement with Bank One Leasing Corporation on June 10, 1998, for \$387,742 for the purchase of a new fire truck and ambulance. This lease is backed by the full faith and credit of the Township.

The Township entered into an open-end mortgage with Bank One on May 10, 1999, for \$120,000, for the purchase of real estate. The mortgage is backed by the full faith and credit of the Township.

**WARREN TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 1999
(Continued)**

5. DEBT OBLIGATIONS (Continued)

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

<u>Year ending December 31:</u>	<u>Capital Lease Agreement</u>	<u>Open-End Mortgage</u>
2000	\$ 88,139	\$ 16,370
2001	88,139	15,799
2002	88,139	15,240
2003	0	19,520
2004	0	18,346
Subsequent	<u>0</u>	<u>66,399</u>
Total	<u>\$ 264,417</u>	<u>\$ 151,674</u>

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. The plan provide 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 1999, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township had \$4,848 of unpaid contributions at December 31, 1999. This amount was paid in full in February 2000.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- General Liability
- Public Officials' Liability
- Vehicles
- Property

The Township also provides health insurance coverage to full-time employees and elected officials through a private carrier.

8. SUBSEQUENT EVENTS

On September 16, 1999, the Township entered into a \$200,000 promissory note agreement with Bank One to renovate Fire Station 1. Funds from this note were not received until January 27, 2000. The note period is for nine years at a rate of 5.85%. The note is collateralized by real estate purchased for the Township's use.

During 2000, the Prosecuting Attorney advised the Township that it could not enter into a mortgage agreement for the purchase of real estate. Consequently, the Township obtained notes from the Peoples Bank in the amount of \$110,000 to retire the open-end mortgage obtained in 1999 (see Note 5).

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

Warren Township
Washington County
Route 1, Box 17
Fleming, Ohio 45729

To the Board of Trustees:

We have audited the accompanying financial statement of Warren Township, Washington County, Ohio (the Township), as of and for the year ended December 31, 1999, and have issued our report thereon dated January 4, 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 statement is 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated January 4, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 material weaknesses. However, we 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 January 4, 2001.

Warren Township
Washington County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
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This report is intended for the information and use of the 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

January 4, 2001

**WARREN TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 1999**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
1998-41084-001	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.40 for amending appropriations without Board of Trustees approval.	Yes	N/A
1998-41084-002	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.41(B) for expenditures exceeding appropriations in the Fire Levy Fund (Equipment), Debt Service Fund and FEMA fund.	No	The Township had expenditures exceeding appropriations in the General Fund and Real Estate Debt Service Fund; however, the amounts were not material. This was repeated as a management letter issue.



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WARREN 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
JANUARY 30, 2001**