



Dave Yost • Auditor of State

WARREN TOWNSHIP
JEFFERSON COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2013	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2012	4
Notes to the Financial Statements	5
Independent Auditor's 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	21

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Warren Township
Jefferson County
P.O. Box 42
Tiltonsville, OH 43963

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Warren Township, Jefferson County (the Township) as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Warren Township, Jefferson County as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

September 12, 2014

**WARREN TOWNSHIP
JEFFERSON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts				
Property and Other Local Taxes	\$21,018	\$82,137		\$103,155
Licenses, Permits and Fees	25,001			25,001
Intergovernmental	85,291	102,895		188,186
Earnings on Investments	1,006			1,006
Miscellaneous	4,665		\$7,000	11,665
<i>Total Cash Receipts</i>	<u>136,981</u>	<u>185,032</u>	<u>7,000</u>	<u>329,013</u>
Cash Disbursements				
Current:				
General Government	120,796			120,796
Public Safety	7,227	20,555		27,782
Public Works	2,200	97,723		99,923
Health	37,459		24	37,483
Conservation-Recreation	1,065			1,065
Capital Outlay	10,000	46,420		56,420
<i>Total Cash Disbursements</i>	<u>178,747</u>	<u>164,698</u>	<u>24</u>	<u>343,469</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(41,766)</u>	<u>20,334</u>	<u>6,976</u>	<u>(14,456)</u>
 Special Item	 1,937			 1,937
<i>Net Change in Fund Cash Balances</i>	<u>(39,829)</u>	<u>20,334</u>	<u>6,976</u>	<u>(12,519)</u>
<i>Fund Cash Balances, January 1</i>	<u>373,561</u>	<u>232,595</u>	<u>189,892</u>	<u>796,048</u>
Fund Cash Balances, December 31				
Nonspendable	0	0	196,868	196,868
Restricted	0	252,929	0	252,929
Committed	0	0	0	0
Assigned	0	0	0	0
Unassigned (Deficit)	333,732	0	0	333,732
<i>Fund Cash Balances, December 31</i>	<u>\$333,732</u>	<u>\$252,929</u>	<u>\$196,868</u>	<u>\$783,529</u>

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

**WARREN TOWNSHIP
JEFFERSON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$17,310	\$80,826		\$98,136
Licenses, Permits and Fees	23,869			23,869
Intergovernmental	39,721	106,720		146,441
Earnings on Investments	724			724
Miscellaneous		200		200
<i>Total Cash Receipts</i>	<u>81,624</u>	<u>187,746</u>	<u>0</u>	<u>269,370</u>
Cash Disbursements				
Current:				
General Government	101,296	18,041		119,337
Public Safety	5,900	39,198		45,098
Public Works		97,491		97,491
Health	44,790	404		45,194
Conservation-Recreation	1,820			1,820
Capital Outlay	15,000	8,475		23,475
<i>Total Cash Disbursements</i>	<u>168,806</u>	<u>163,609</u>	<u>0</u>	<u>332,415</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(87,182)</u>	<u>24,137</u>	<u>0</u>	<u>(63,045)</u>
Other Financing Receipts (Disbursements)				
Other Financing Sources	449,381		10,500	459,881
Other Financing Uses				0
<i>Total Other Financing Receipts (Disbursements)</i>	<u>449,381</u>	<u>0</u>	<u>10,500</u>	<u>459,881</u>
Special Item	0			0
Extraordinary Item				0
<i>Net Change in Fund Cash Balances</i>	<u>362,199</u>	<u>24,137</u>	<u>10,500</u>	<u>396,836</u>
<i>Fund Cash Balances, January 1</i>	<u>11,362</u>	<u>208,458</u>	<u>179,392</u>	<u>399,212</u>
Fund Cash Balances, December 31				
Nonspendable	0	0	189,892	189,892
Restricted	0	232,595	0	232,595
Committed	0	0	0	0
Assigned	0	0	0	0
Unassigned (Deficit)	373,561	0	0	373,561
<i>Fund Cash Balances, December 31</i>	<u>\$373,561</u>	<u>\$232,595</u>	<u>\$189,892</u>	<u>\$796,048</u>

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

**WARREN TOWNSHIP
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

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 Warren Township, Jefferson County, (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, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Dillonvale, Tittltonsville, Rayland and Yorkville Volunteer Fire Departments to provide ambulance services.

The Township participates in the Ohio Township Association Risk Management Authority a public entity risk pool. Note 6 to the financial statements provides additional information for these entities.

Public Entity Risk Pool:

Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its 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's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Township values 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:

**WARREN TOWNSHIP
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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

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

Emergency Medical Services- This fund receives property tax money for ambulance service within the Township.

3. Permanent Funds

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following permanent fund:

Cemetery Endowment Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's 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. 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 approve estimated resources.

**WARREN TOWNSHIP
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (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 canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

**WARREN TOWNSHIP
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. 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.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

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:

	2013	2012
Demand deposits	\$503,811	\$523,352
Certificates of deposit	96,000	96,000
Money Market Savings	183,718	176,696
Total deposits and investments	\$783,529	\$796,048

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

3. Budgetary Activity

Budgetary activity for the years ending 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$89,556	\$138,918	\$49,362
Special Revenue	185,087	185,032	(55)
Permanent	10,000	7,000	(3,000)
Total	\$284,643	\$330,950	\$46,307

**WARREN TOWNSHIP
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

3. Budgetary Activity (Continued)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$89,556	\$178,747	(\$89,191)
Special Revenue	185,087	164,698	20,389
Permanent	10,000	24	9,976
Total	\$284,643	\$343,469	(\$58,826)

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$543,327	\$531,005	(\$12,322)
Special Revenue	185,867	187,746	1,879
Permanent	10,000	10,500	500
Total	\$739,194	\$729,251	(\$9,943)

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$93,946	\$168,806	(\$74,860)
Special Revenue	185,867	163,609	22,258
Permanent	0	0	0
Total	\$279,813	\$332,415	(\$52,602)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General fund by \$89,191 and Road and Bridge fund by \$14,618 for the year ended December 31, 2013; and budgetary expenditures exceed appropriation authority in the General fund by \$74,860 and Emergency Medical Service fund by \$17,203 for the year ended December 31, 2012.

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.

**WARREN TOWNSHIP
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

4. Property Tax (Continued)

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 is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14%, of participants' gross salaries. The Township has paid all contributions required through December 31, 2013.

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.

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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. 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

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2013, OTARMA retained \$350,000 for casualty claims and \$250,000 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 member's equity at December 31, 2013 and 2012.

**WARREN TOWNSHIP
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

6. Risk Management (Continued)

	<u>2013</u>	<u>2012</u>
Assets	\$34,954,286	\$34,771,270
Liabilities	8,486,363	9,355,082
Net Position	\$26,467,923	\$25,416,188

At December 31, 2013 and 2012, respectively, the liabilities above include approximately \$7.9 and \$8.7 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.8 million of unpaid claims to be billed to approximately 948 member governments in the future, as of December 31, 2013 and 2012, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, the Township's share of these unpaid claims collectible in future years is approximately \$3,000.

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>2013</u>	<u>2012</u>
\$6,127	\$5,350

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.

This page intentionally left blank.



Dave Yost • Auditor of State

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

Warren Township
Jefferson County
P.O. Box 42
Tiltonsville, Ohio 43963

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Warren Township, Jefferson County, (the Township) as of and for the year ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated September 12, 2014 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Townships internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Government's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Government's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-004 described in the accompanying schedule of findings to be a material weakness.

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, opining 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 2013-001 through 2013-003.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

September 12, 2014

WARREN TOWNSHIP
JEFFERSON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2013-001

Noncompliance Citation

Ohio Rev. Code § 5705.41(D) provides that no subdivision shall make any contract or give any order involving the expenditure 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 encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officers' certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively of the Ohio Revised Code.

1. **Then and Now Certificate** – If no certificate is furnished as required, upon receipt of the clerk/treasurers' certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the township may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.

If the amount involved is less than \$3,000 the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of Board of Trustees if such expenditure is otherwise valid.

2. **Blanket Certificate** – Fiscal Officer may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not be, limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket Certificate** – The Township may also make expenditures and contracts for any amount from a specific line item appropriation in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket may be outstanding a particular time for any line item appropriation.

The Fiscal Officer did not certify the amount against the applicable appropriation accounts for 47% of tested expenditures. The Fiscal Officer did not properly utilize the certification exception described above for those expenditures lacking prior certification. Failure to certify the availability of funds and encumber appropriations for the full amount of the expenditure could result in overspending and in negative cash balances, unless the exceptions noted above are used.

The Township should certify purchases to which section Ohio Revised Code Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language which Ohio Revised Code Section 5705.41(D) requires authorizing disbursements. The Fiscal Officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of Ohio Revised Code Section 5705.41(D) are satisfied. The Township should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

FINDING NUMBER 2013-002

Noncompliance Citation

Ohio Rev. Code § 5705.41(B), prohibits a subdivision from making an expenditure unless it has been properly appropriated.

The Township had disbursements which exceeded appropriations during fiscal year 2012 and 2013 in the following:

2012:

Fund Name	Appropriation	Expenditure	Variance	% Variance
General	93,946	139,957	(46,011)	33%
Gasoline Tax	91,000	112,184	(21,184)	19%
Emergency Medical Services	21,470	39,273	(17,803)	45%

2013:

Fund Name	Appropriation	Expenditure	Variance	% Variance
General	89,556	176,424	(86,868)	49%
Road and Bridge	45,580	60,197	(14,617)	24%

We recommend the Township verify that all expenditures have proper appropriation authority prior to expending funds and compare appropriations to expenditures in all funds which are legally required to be budgeted, at the legal level of control, to maintain compliance with the above requirements.

FINDING NUMBER 2013-003

Noncompliance Citation

Ohio Rev. Code § 505.24 allows the township, by unanimous vote, to pay the township trustees an annual salary that may not exceed the maximum amount detailed in the statute. This annual salary is paid in equal monthly installments, and may be paid from the township general fund or from other township funds in such proportions as the board may specify by resolution. In addition, the section requires township trustees paid by an annual salary method, that is compensated from funds other than the general fund, to certify the percentage of the time spent working on matters that are to be paid from funds other than the general fund.

The township trustees were compensated 100% from the Gas Tax Fund and Road and Bridge Funds in 2012 and January of 2013.

The township trustees did not specify by resolution the proportion of time spent from other township funds nor did they certify the percentage of time spent working on matters that are to be paid from funds other than the general fund for 2012 and 2013. The fiscal officer has agreed to and posted the following adjustments. The corrected amounts are reflected in the accompanying financial statements.

2012:

Fund/Line	Amount	Description
General/General Governments	\$28,848	To adjust Trustees compensation
Gasoline Tax/General Government	(\$26,597)	To adjust Trustees compensation
Road and Bridge/General Government	(\$2,251)	To adjust Trustees compensation

2013:

Fund/Line	Amount	Description
General/General Government	\$2,250	To adjust Trustees compensation
Road and Bridge/General Government	(\$2,250)	To adjust Trustees compensation

The township trustees should by resolution specify annually the proportions each fund shall pay for trustee compensation. Each township trustee that is compensated from funds other than the general fund must complete a certification of time spent from each fund prior to receiving his/her pay for that pay period. Lastly, where a township seeks to compensate from funds other than the general fund, the township must be able to demonstrate that the expenditures from the fund are consistent with the purpose of the fund and in proportion to the amount of time spent in the service of such fund.

FINDING NUMBER 2013-004

Material Weakness

Proper Coding and Classification of Receipts and Expenditures

The Fiscal Officer did not correctly code and classify the following receipts and expenditures in 2012 and 2013 which resulted in reclassifications and adjustments to the financial statements. The Township Fiscal Officer has agreed to the reclassifications and adjustments, and the adjustments have been posted to the accounting records. The corrected amounts are reflected in the accompanying financial statements.

2012:

Fund Name	Account Type	Amount	Description
Adjustments			
Cemetery Bequest	Other Financing Sources	\$10,500	Not posted to ledger
General	Interest Revenue	15	Not posted to ledger
Reclassifications:			
General	Capital Outlay	15,000	Posted as a Transfer Out
General	Intergovernmental Revenue	15,000	Posted as Other Sources
General	Ending Equity	373,561.10	Reclassified as Unassigned
Gasoline Tax	Ending Equity	57,204.23	Reclassified as Restricted
Road and Bridge	Intergovernmental Revenue	6,994	Posted as Local Tax
Road and Bridge	Ending Equity	81,620.83	Reclassified as Restricted
Road District	Intergovernmental Revenue	3,497	Posted as Local Tax
Emergency Medical Service	Intergovernmental Revenue	2,868	Posted as Local Tax
Cemetery Bequest	Ending Equity	189,891.67	Reclassified as Non-Spendable

2013:

Fund Name	Account Type	Amount	Description
Adjustments:			
Cemetery Bequest	Other Financing Sources	\$7,000	Not posted to ledger
Cemetery Bequest	General Government Expense	24	Not posted to ledger
General	Miscellaneous Revenue	24	Not posted
General	General Government	72	Not posted
General	Miscellaneous Revenue	66	Balancing entry
Reclassifications:			
General	Intergovernmental Revenue	10,000	Posted as Other Sources
Road and Bridge	Intergovernmental Revenue	7,273	Posted as Local Tax
Road District	Intergovernmental Revenue	3,636	Posted as Local Tax
General	Intergovernmental Revenue	3,018	Posted as Local Tax
Cemetery Bequest	Ending Equity	198,867.40	Reclassified as Non-spendable

Failure to consistently follow a uniform chart of accounts increases the possibility the Township will not be able to identify, assemble, classify, record, and report its transactions correctly or to document compliance with finance-related legal and contractual requirements.

The Fiscal Officer should maintain the accounting system to enable the Township to identify, assemble, analyze, classify, record, and report all transactions and to maintain accountability. All transactions should be properly coded and classified according to the UAN chart of accounts to help ensure that financial activity of the Township is accurately recorded and reported..

Officials did not respond to the Findings.

This page intentionally left blank.

**WARREN TOWNSHIP
JEFFERSON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-001	Ohio Revised Code 5705.39	Yes	
2011-002	Ohio Revised Code 5705.10 (C)	Yes	
2011-003	Ohio Revised Code 5705.41(D)	No	Reissued as finding 2013-001
2011-004	Failure to correctly post receipts and expenditures to ledger	No	Reissued as finding 2013-004

This page intentionally left blank.



Dave Yost • Auditor of State

WARREN TOWNSHIP

JEFFERSON 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
OCTOBER 21, 2014**