



Dave Yost • Auditor of State

WARREN TOWNSHIP
JEFFERSON COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types FYE 12/31/2017	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types FYE 12/31/2016	4
Notes to the Financial Statements FYE 12/31/2017 and 12/31/2016	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
Summary Schedule of Prior Audit Findings (Prepared by Management).....	21

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Warren Township
Jefferson County
302 Walden Avenue
Tiltonsville, Ohio 43963

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Warren Township, Jefferson County, Ohio (the Township) as of and for the years ended December 31, 2017 and 2016.

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 such 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 opinions.

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 (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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, 2017 and 2016, and the respective 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 cash balances, receipts and disbursements by fund type, and related notes of the Warren Township, Jefferson County as of December 31, 2017 and 2016, 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 October 2, 2018, 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

October 2, 2018

Warren Township
Jefferson County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2017

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$11,695	\$96,080		\$107,775
Licenses, Permits and Fees	21,965			21,965
Intergovernmental	37,033	101,342		138,375
Earnings on Investments	512			512
Miscellaneous	393,948		\$5,000	398,948
<i>Total Cash Receipts</i>	<u>465,153</u>	<u>197,422</u>	<u>5,000</u>	<u>667,575</u>
Cash Disbursements				
Current:				
General Government	107,357			107,357
Public Safety	6,267	32,097		38,364
Public Works	6,143	117,499		123,642
Health	29,877			29,877
Capital Outlay	0	70,799		70,799
<i>Total Cash Disbursements</i>	<u>149,644</u>	<u>220,395</u>	<u>0</u>	<u>370,039</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>315,509</u>	<u>(22,973)</u>	<u>5,000</u>	<u>297,536</u>
Other Financing Receipts (Disbursements)				
Transfers In		3,170		3,170
Transfers Out	(3,170)			(3,170)
Other Financing Sources	3,147			3,147
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(23)</u>	<u>3,170</u>	<u>0</u>	<u>3,147</u>
<i>Net Change in Fund Cash Balances</i>	315,486	(19,803)	5,000	300,683
<i>Fund Cash Balances, January 1</i>	<u>105,154</u>	<u>390,732</u>	<u>199,870</u>	<u>695,756</u>
Fund Cash Balances, December 31				
Nonspendable	0	0	204,870	204,870
Restricted	0	370,929	0	370,929
Unassigned	420,640	0	0	420,640
<i>Fund Cash Balances, December 31</i>	<u>\$420,640</u>	<u>\$370,929</u>	<u>\$204,870</u>	<u>\$996,439</u>

See accompanying notes to the basic financial statements

Warren Township
Jefferson County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2016

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$9,601	\$109,414		\$119,015
Licenses, Permits and Fees	24,788			24,788
Intergovernmental	33,933	109,203		143,136
Earnings on Investments	660		\$1	661
Miscellaneous	4,202	300	1,501	6,003
<i>Total Cash Receipts</i>	<u>73,184</u>	<u>218,917</u>	<u>1,502</u>	<u>293,603</u>
Cash Disbursements				
Current:				
General Government	84,773			84,773
Public Safety	4,994	29,935		34,929
Public Works	9,365	134,410		143,775
Health	21,197			21,197
Capital Outlay		6,667		6,667
<i>Total Cash Disbursements</i>	<u>120,329</u>	<u>171,012</u>	<u>0</u>	<u>291,341</u>
<i>Net Change in Fund Cash Balances</i>	(47,145)	47,905	1,502	2,262
<i>Fund Cash Balances, January 1</i>	<u>152,299</u>	<u>342,827</u>	<u>198,368</u>	<u>693,494</u>
Fund Cash Balances, December 31				
Nonspendable	0	0	199,870	199,870
Restricted	0	390,732	0	390,732
Assigned	105,154	0	0	105,154
<i>Fund Cash Balances, December 31</i>	<u>\$105,154</u>	<u>\$390,732</u>	<u>\$199,870</u>	<u>\$695,756</u>

See accompanying notes to the basic financial statements

WARREN TOWNSHIP
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR DECEMBER 31, 2017 AND DECEMBER 31, 2016

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, Tiltonsville, Rayland and Yorkville Volunteer Fire Departments to provide fire services and emergency medical services.

The Township participates in the Ohio Township Association Risk Management Authority, a public entity risk pool. Note 7 to the financial statements provide additional information for this entity. This organization is:

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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-203(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-203(D) permit.

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 invests in Public Funds Savings for Cemetery Bequests.

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
FOR DECEMBER 31, 2017 AND DECEMBER 31, 2016

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 Service Fund - 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 significant permanent fund:

Cemetery Bequest 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. Unencumbered 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
FOR DECEMBER 31, 2017 AND DECEMBER 31, 2016

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.

A summary of 2017 and 2016 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
FOR DECEMBER 31, 2017 AND DECEMBER 31, 2016

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:

	2017	2016
Demand deposits	<u>\$996,439</u>	<u>\$695,756</u>

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 December 31, 2017 and 2016 follows:

2017 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$483,266	\$468,302	(\$14,964)
Special Revenue	\$215,772	\$200,592	(\$15,180)
Permanent	\$0	\$5,000	\$5,000
Total	\$699,038	\$673,894	(\$25,144)

WARREN TOWNSHIP
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR DECEMBER 31, 2017 AND DECEMBER 31, 2016

3. BUDGETARY ACTIVITY (Continued)

2017 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$204,645	\$152,814	\$51,831
Special Revenue	\$603,149	\$220,395	\$382,754
Permanent	\$197,000	\$0	\$197,000
Total	\$1,004,794	373,209	\$631,585

2016 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$92,640	\$73,184	(\$19,456)
Special Revenue	\$220,961	\$218,917	(\$2,044)
Permanent	\$3,000	\$1,502	(\$1,498)
Total	\$316,601	\$293,603	\$22,998

2016 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$244,893	\$123,328	\$121,565
Special Revenue	\$570,156	\$171,012	\$399,144
Permanent	\$195,000	\$0	\$195,000
Total	\$1,010,049	\$294,340	\$715,709

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 the second half payment is due the following June 20.

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 plans' benefits, which include postretirement healthcare and survivor and disability benefits.

WARREN TOWNSHIP
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR DECEMBER 31, 2017 AND DECEMBER 31, 2016

5. RETIREMENT SYSTEMS (Continued)

The Ohio Revised Code also prescribes contribution rates. For 2017 and 2016, 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, 2017.

6. POST EMPLOYMENT BENEFITS

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016, and 1.0 percent during calendar year 2017.

7. 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, 2017 and 2016, 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.

WARREN TOWNSHIP
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR DECEMBER 31, 2017 AND DECEMBER 31, 2016

7. RISK MANAGEMENT (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, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Assets	\$40,010,732	\$38,473,283
Liabilities	8,675,465	8,244,140
Net Position	\$31,335,267	\$30,229,143

At December 31, 2017 and 2016, respectively, the liabilities above include approximately \$8.0 and \$7.4 million of estimated incurred claims payable, respectively. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,016 and 1,010 member governments in the future, as of December 31, 2017 and 2016, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017 and 2016, 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>2017</u>	<u>2016</u>
\$6,691	\$6,472

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.

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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
302 Walden Avenue
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 the cash balances, receipts, and disbursements by fund type of the Warren Township, Jefferson County, (the Township) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated October 2, 2018 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 Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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 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 Township'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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2017-001 and 2017-002 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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 report is not suitable for any other purpose.

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

Dave Yost
Auditor of State
Columbus, Ohio

October 2, 2018

**WARREN TOWNSHIP
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016**

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

FINDING NUMBER 2017-001

Material Weakness – Posting of Authorized Budgetary Measures

Sound accounting practices require accurately posting appropriations to the ledgers to provide information for budget versus actual comparison and to allow the board of trustees to make informed decisions regarding budgetary matters. All local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means using the accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

The Township did not have procedures in place to accurately post authorized budgetary measures to the accounting ledgers in 2017 and 2016. The following variances were identified:

2017:

Fund	Approved Appropriations	Appropriations per Accounting System	Variance	% of Variance
General	\$204,645	\$178,347	\$26,298	13%
Gasoline Tax Special Revenue	236,001	235,809	192	1
Cemetery Bequest Permanent	197,000	0	197,000	100

2016:

Fund	Approved Appropriations	Appropriations per Accounting System	Variance	% of Variance
General	\$244,893	\$242,350	\$2,543	1%
Special Revenue:				
Road and Bridge	153,310	146,030	7,280	5
Road District	104,685	101,045	3,640	3
Emergency Medical Services	29,901	29,936	35	1
Cemetery Bequest	6,367	0	6,367	100
Cemetery Bequest Permanent	195,000	3,000	192,000	98

2017:

Fund	Estimated Receipts per Amended Certificate	Estimated Receipts per Accounting System	Variance	% of Variance
General	\$483,266	\$66,968	\$416,298	86%
Special Revenue:				
Road and Bridge	58,701	60,517	1,816	3
Cemetery	300	800	500	62
Road District	29,350	30,258	908	3
Emergency Medical Services	24,921	25,692	771	3
Cemetery Bequest	0	500	500	100

FINDING NUMBER 2017-001 (Continued)

The appropriation resolution and subsequent amendments establish the legal spending authority of the Township and the appropriation ledger provides the process by which the Township controls spending, it is therefore necessary the amounts appropriated by the Board are precisely stated and accurately posted to the appropriation ledger. The original certificate and amendments establish the amounts available for expenditures in the Township and the receipt ledger provides the process by which the Township controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

When authorized budgetary measures are not accurately posted to the ledgers, the budget versus actual information generated by the Township's accounting system is not an accurate reflection of the intentions of the Board of Trustees.

Failure to accurately post the appropriations the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

To effectively control the budgetary cycle and to help maintain accountability over Township disbursements and receipt, the Fiscal Officer should post to the ledgers, on a timely basis, appropriation amounts as passed by the Board and estimated resources as certified by the budget commission. The Board should also monitor budget versus actual reports to help ensure supplemental and amended appropriations and amended certificates of resources have been properly posted.

FINDING NUMBER 2017-002

Material Weakness – Accurate Posting of Transactions

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The Fiscal Officer did not abide by the adopted chart of account in coding and classifying various transactions in 2017 and 2016. This resulted in adjustments and reclassifications to the financial statements. The Township Fiscal Officer and management have agreed to and posted the adjustments to the Township's accounting records. The corrected amounts are reflected in the accompanying financial statements.

FINDING NUMBER 2017-002 (Continued)

2017 Reclassifications:

Fund	Reclassified From	Amount	Reclassified To:
General	Licenses, Permits and Fees Revenue	\$390,794	Miscellaneous Revenue
General	Special Item	2,533	Miscellaneous Revenue
General	Miscellaneous Revenue	7,137	Intergovernmental Revenue
General	Property Tax	4,139	Intergovernmental Revenue
Gasoline Tax Special Revenue	General Government Expense	7,982	Public Works Expense
Road and Bridge Special Revenue	Public Works Expense	45,000	Capital Outlay Expense
Cemetery Bequest Permanent	Restricted Fund Balance	204,870	Nonspendable Fund Balance

2017 Adjustments:

Fund	Adjusted to:	Amount	Original Posting
Road and Bridge Special Revenue	Intergovernmental Revenue and Restricted Fund Balance	\$5,464	General Property and Other Local Taxes Revenue
Road District Special Revenue	Intergovernmental Revenue and Restricted Fund Balance	2,648	General Property and Other Local Taxes Revenue
Emergency Medical Service Special Revenue	Intergovernmental Revenue and Restricted Fund Balance	4,304	General Property and Other Local Taxes Revenue
Cemetery Bequest Permanent	Miscellaneous Revenue and Nonspendable Fund Balance	5,000	General Fund Miscellaneous Revenue

FINDING NUMBER 2017-002 (Continued)

2016 Reclassifications:

Fund	Reclassified From	Amount	Reclassified To:
General	Unassigned Ending Fund Balance	\$105,154	Assigned Ending Fund Balance
General	Special Item Revenue	1,100	Intergovernmental Revenue
General	Special Item Revenue	702	Miscellaneous Revenue
General	Property and Other Local Tax Revenue	5,000	Intergovernmental Revenue
General	Property and Other Local Tax Revenue	2,075	Intergovernmental Revenue
Gasoline Tax Special Revenue	General Government Disbursement	17,624	Public Works Disbursement
Road and Bridge Special Revenue	Property and Other Local Tax Revenue	3,638	Intergovernmental Revenue
Road District Special Revenue	Property and Other Local Tax Revenue	1,819	Intergovernmental Revenue
Emergency Medical Service Special Revenue	Property and Other Local Tax Revenue	1,405	Intergovernmental Revenue
Cemetery Bequest Permanent	Restricted Fund Balance	199,870	Nonspendable Fund Balance

2016 Adjustments:

Fund	Adjusted to:	Amount	Original Posting
Road and Bridge Special Revenue	Intergovernmental Revenue and Restricted Fund Balance	\$2,739	General Property and Other Local Taxes Revenue
Road District Special Revenue	Intergovernmental Revenue and Restricted Fund Balance	1,328	General Property and Other Local Taxes Revenue
Emergency Medical Service Special Revenue	Intergovernmental Revenue and Restricted Fund Balance	2,158	General Property and Other Local Taxes Revenue

Other mispostings were identified, however were not material and the Township decided not to make the adjustments.

FINDING NUMBER 2017-002 (Continued)

Adjustments to the Financial Statement Notes which were reflected:

- The 2017 and 2016 Notes had the following errors:
 - The total demand deposits within the Equity in Pooled Deposits and Investments Note did not agree to the ending fund balance within the financial statements;
 - The figures within the funds of the Budgetary Activity Note did not agree to the amounts authorized by the Township Trustees, Budget Commission and actual receipts and expenditures;
 - The Risk Management Note did not reflect the most current information;
 - The Post-Employment Benefits Note was omitted; and
 - The Township presented one set of Notes to the Basic Financial Statements for 2017 and 2016 as opposed to a separate set of Notes for each year.

The Township did not have procedures in place to record transactions properly.

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' Response: We did not receive a response from Officials to these findings.

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WARREN TOWNSHIP TRUSTEES

DANIEL MEEKER

CARL SGALLA

LARRY DELUCA

302 WALDEN AVENUE
TILTONSVILLE, OHIO 43963

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2017 AND 2016

Finding Number	Finding Summary	Status	Additional Information
2015-001	Ohio Revised Code 5705.41 (B)	Corrected	
2015-002	The fiscal officer did not correctly code and classify receipts and disbursements due the lack of procedures in place to properly record financial transactions which resulted in the reclassification and adjustments to the financial statements.	Not Corrected	Reviewing the UAN manual to help ensure amounts are properly posted and classified
2015-003	The township did not have procedures in place to properly classify fund balances	Not Corrected	Reviewing the UAN manual to help ensure amounts are properly posted and classified

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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
NOVEMBER 8, 2018