



Dave Yost • Auditor of State

**GREATER WARREN COUNTY DRUG TASK FORCE
WARREN COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2010.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2009.....	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	9
Schedule of Findings	11

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Dave Yost • Auditor of State

Greater Warren County Drug Task Force
Warren County
P.O. Box 898
Lebanon, Ohio 45036

To the Members of the Board:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

November 21, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Greater Warren County Drug Task Force
Warren County
P.O. Box 898
Lebanon, Ohio 45036

To the Members of the Board:

We have audited the accompanying financial statements of the Greater Warren County Drug Task Force, Warren County, Ohio (the Task Force), as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the Task Force's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Task Force has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Government's larger (i.e. major) funds separately. While the Task Force does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Governments to reformat their statements. The Task Force has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Task Force as of December 31, 2010 and 2009, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of The Greater Warren County Drug Task Force, Warren County, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Task Force has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2011, on our consideration of the Task Force'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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

November 21, 2011

**GREATER WARREN COUNTY DRUG TASK FORCE
WARREN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Fines & Forfeitures	\$37,027	\$227,124	\$264,151
Intergovernmental	461,803		461,803
Local Grants	10,000		10,000
Gifts and Donations	1,060		1,060
Fees	18		18
Sale of Seizures	47,079		47,079
Reimbursements and Refunds	254,205		254,205
Other	15,310		15,310
	<u>826,502</u>	<u>227,124</u>	<u>1,053,626</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Salaries	437,807	42,166	479,973
Supplies	78,193	2,763	80,955
Equipment	20,636	6,522	27,158
Contracts - Repair		393	393
Contracts - Services	32,006	7,015	39,021
Rentals	130,287		130,287
Utilities & Phone Services		6,603	6,603
Advertising & Printing		867	867
Training and Education		2,929	2,929
Workers Compensation	2,257		2,257
Training and Education	1,735	705	2,440
Other	47,689	98,856	146,545
	<u>750,609</u>	<u>168,818</u>	<u>919,427</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	<u>75,893</u>	<u>58,306</u>	<u>134,199</u>
Fund Cash Balances, January 1	<u>906,936</u>	<u>142,546</u>	<u>1,049,482</u>
Fund Cash Balances, December 31	<u>\$982,829</u>	<u>\$200,852</u>	<u>\$1,183,681</u>
Reserve for Encumbrances, December 31	<u>\$61,413</u>	<u>\$0</u>	<u>\$61,413</u>

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

**GREATER WARREN COUNTY DRUG TASK FORCE
WARREN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Fines & Forfeitures	\$56,224	\$187,642	\$243,866
Intergovernmental	349,177		349,177
Interest	0	1,602	1,602
Gifts and Donations	750		750
Fees	77		77
Sale of Seizures	50,169		50,169
Reimbursements and Refunds	279,245		279,245
Other	6,272		6,272
	<u>741,914</u>	<u>189,244</u>	<u>931,158</u>
Total Cash Receipts			
	<u>741,914</u>	<u>189,244</u>	<u>931,158</u>
Cash Disbursements:			
Current:			
Salaries	647,113	55,537	702,649
Supplies	77,451	5,700	83,151
Equipment	25,356	22,802	48,158
Capital Purchases	0	103,120	103,120
Contracts - Services	43,830	17,033	60,862
Rentals	122,385	0	122,385
Utilities & Phone Services	0	4,295	4,295
Advertising & Printing	0	6,318	6,318
Workers Compensation	1,796		1,796
Training and Education	895		895
Other	73,544	101,404	174,948
	<u>992,369</u>	<u>316,208</u>	<u>1,308,577</u>
Total Cash Disbursements			
	<u>992,369</u>	<u>316,208</u>	<u>1,308,577</u>
Total Receipts Over/(Under) Disbursements	<u>(250,455)</u>	<u>(126,964)</u>	<u>(377,419)</u>
Fund Cash Balances, January 1	<u>1,157,391</u>	<u>269,510</u>	<u>1,426,901</u>
Fund Cash Balances, December 31	<u><u>\$906,936</u></u>	<u><u>\$142,546</u></u>	<u><u>\$1,049,482</u></u>
Reserve for Encumbrances, December 31	<u><u>\$53,451</u></u>	<u><u>\$6,206</u></u>	<u><u>\$59,657</u></u>

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

**GREATER WARREN COUNTY DRUG TASK FORCE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Warren County Drug Task Force, Warren County, Ohio (the Task Force), is a multi-jurisdictional drug task force for the sharing of police service and equipment to undertake joint operations to stop the trafficking of illegal drugs. The Task Force was created under Section 167.01 of Ohio Revised Code which permits the establishment of regional councils of government. Member agencies include the Warren County Sheriff, Warren County Prosecutor, Cities of Lebanon, Mason, Franklin, Springboro, and Wilmington, Clinton County Sheriff's Office, Villages of Mainville and Waynesville, and Clearcreek Township.

Prior to the Task Force becoming its own regional council of governments, the Task Force was recorded as an agency fund of Warren County.

The Task Force's management believes these financial statements present all activities for which the Task Force is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. The basis is similar to the cash receipts and disbursements accounting basis. The Task Force recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

The Warren County Auditor serves as the fiscal agent of the Task Force. The Warren County Treasurer is the custodian for the Task Force's deposits. The County's deposit and investment pool holds the Task Force's assets, valued at the Treasurer's reported carrying amount.

D. Fund Accounting

The Task Force uses fund accounting to segregate cash and investments that are restricted as to use. The Task Force classifies its funds into the following types:

General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Task Force had the following significant Special Revenue Funds:

State Grant Funds- This fund receives state grant money for the administration of the Task Force.

**GREATER WARREN COUNTY DRUG TASK FORCE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Federal Grant Money- This fund receives federal grant money for the assistance in investigations by using confidential informants.

2. Risk Management

The Task Force's vehicles and equipment are insured by Warren County. The County is a member of the County Risk Sharing Authority, Inc., (CORSA) which is a shared risk pool among thirty-nine counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self Insurance Program, a group primary and excess participation in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by CORSA. The coverage's include comprehensive general liability, certain property insurance and public officers' errors and omissions liability insurance.

Commercial Insurance

The Task Force has also obtained commercial insurance for the following risks:

- Comprehensive general liability



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

Greater Warren County Drug Task Force
Warren County
P.O. Box 898
Lebanon, Ohio 45036

To the Members of the Board:

We have audited the financial statements of the Greater Warren County Drug Task Force, Warren County, Ohio (the Task Force), as of and for the years ended December 31, 2010 and 2009 and have issued our report thereon dated November 21, 2011 wherein we noted the Task Force prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Task Force's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Task Force's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Task Force's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. 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 and another deficiency we consider to be a significant deficiency.

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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-01 described in the accompanying schedule of findings to be a material weakness.

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 2010-02 described in the accompanying schedule of findings to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Task Force'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, providing an opinion 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Task Force's management in a separate letter dated November 21, 2011.

We intend this report solely for the information and use of management, the Board, and others within the Task Force. We intend it for no one other than these specified parties.

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

Dave Yost
Auditor of State

November 21, 2011

**GREATER WARREN COUNTY DRUG TASK FORCE
WARREN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2010-01

Material Weakness

Classification of Receipts and Expenditures

The Task Force should maintain an accounting system and accounting records sufficient to enable them to identify, assemble, analyze, classify, record and report their transactions, maintain accountability for the related assets and liabilities, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Task Force did not accurately record transactions in the accounting records and related annual financial statements. The Task Force's fiscal agent, Warren County, prepared the annual financial statements for the Task Force. We noted the following conditions in the preparation of the annual financial statements:

- During 2010 and 2009, the Task Force posted \$195,430 and \$50,600 respectively as Grants passed through the County instead of Intergovernmental Revenue in the General Fund. During 2010 and 2009, the Task Force posted \$149,435 and \$122,658 respectively as Grants instead of Fines & Forfeitures in the Federal Fund. During 2010 and 2009, the Task Force posted \$77,689 and \$64,984 respectively as Grants instead of Fines & Forfeitures in the State Fund.
- During 2010 and 2009, the Task Force posted \$250,796 and \$279,245 respectively to Other Receipts instead of Reimbursements and Refunds in the General Fund.
- During 2010 and 2009, the Task Force posted \$298,577 and \$267,433 respectively as Gifts and Donations instead of Intergovernmental Revenue in the General Fund.
- The Task Force inaccurately posted the 2009 General Fund payroll totaling \$647,113 to Other Disbursements instead of Salaries.
- The Task Force posted all 2009 and 2010 Special Revenue Fund disbursements as Expenditures. During 2010 and 2009, the Task Force posted \$68,815 and \$59,865 respectively to Expenditures instead of the various classification of lines items in the Federal Fund and \$101,148 and \$164,939 respectively to Expenditures instead of the various classifications of lines items in the State Fund.
- The Task force did not accurately post in the State Fund receipts and disbursements for undercover drug buys for which the cash was recovered and redeposited into the Task Force's account. As a result, both receipts and disbursements were overstated by \$100,000 and \$90,000 in 2010 and 2009 respectively.
- The Task Force inaccurately posted auction revenues and related fees at the net amount received for each auction rather than recording gross auction receipts and a corresponding disbursement for auction fees. As a result Sale of Seizures receipts and Other Expenditures in the General Fund were both understated by \$3,409.
- The Task Force overstated General Fund Reserve for Encumbrances at December 31, 2010 and 2009 by \$42,723 and \$9,952 respectively.

**FINDING NUMBER 2010-01
(Continued)**

Failure to properly classify revenues and expenditures may result in improper fund balances and misleading financial statements. The Task Force corrected these inaccurate posting through audit adjustments to the accompanying financial statements.

We recommend that all receipts and disbursement be properly classified and reviewed for accuracy.

FINDING NUMBER 2010-02

Significant Deficiency

Auction/Sale of Seizures Receipts

The Task Force should maintain an accounting system and accounting records sufficient to enable them to identify, assemble, analyze, classify, record and report their transactions, maintain accountability for the related assets and liabilities, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Task Force had no accounting system or accounting records in place to maintain accountability for: assets to be auctioned or sold, assets actually auctioned or sold, amount and date of the sale, fees charged and amounts collected by Govdeals, and any items unsold. Since the auction revenue is only transferred approximately monthly from a Warren County holding fund to the Drug Task Force Fund, Fund 977, it is vital that the Task Force implement monitoring controls to reconcile the amount expected to be received with what is actually transferred to their account. Failure to properly monitor auction activity increases the risk that errors, theft or fraud may occur and not be detected in a timely manners.

We recommend the Task Force design controls to monitor assets sent to be auctioned and sold.

We did not receive a response from Officials to the findings above.



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WARREN COUNTY DRUG TASK FORCE

WARREN 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
DECEMBER 22, 2011**