



**WARREN TOWNSHIP
JEFFERSON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001-2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

WARREN TOWNSHIP
JEFFERSON COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Warren Township
Jefferson County
302 Walden Avenue
Tiltonsville, Ohio 43963

To the Board of Trustees:

We have audited the accompanying financial statements of Warren Township, Jefferson County (the Township) as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Warren Township as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2002 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the audit committee, management, the Board and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

February 7, 2002

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WARREN TOWNSHIP
JEFFERSON COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Types</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Non-Expendable Trust</u>	
Cash Receipts:				
Local Taxes	\$13,508	\$76,517		\$90,025
Intergovernmental	46,724	64,218		110,942
Licenses, Permits, and Fees	40,001			40,001
Gifts and Donations			6,000	6,000
Earnings on Investments	9,383			9,383
Other Revenue	<u>78</u>			<u>78</u>
 Total Cash Receipts	 <u>109,694</u>	 <u>140,735</u>	 <u>6,000</u>	 <u>256,429</u>
Cash Disbursements:				
Current:				
General Government	79,951			79,951
Public Safety	6,500	26,504		33,004
Public Works		86,999		86,999
Health	<u>30,688</u>	<u>5,438</u>		<u>36,126</u>
 Total Cash Disbursements	 <u>117,139</u>	 <u>118,941</u>		 <u>236,080</u>
 Total Receipts Over/(Under) Disbursements	 <u>(7,445)</u>	 <u>21,794</u>	 <u>6,000</u>	 <u>20,349</u>
 Fund Cash Balances, January 1 (Restated)	 <u>120,936</u>	 <u>139,031</u>	 <u>79,993</u>	 <u>339,960</u>
 Fund Cash Balances, December 31	 <u>\$113,491</u>	 <u>\$160,825</u>	 <u>\$85,993</u>	 <u>\$360,309</u>

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

WARREN TOWNSHIP
JEFFERSON COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Non-Expendable Trust</u>	
Cash Receipts:				
Local Taxes	\$17,408	\$68,524		\$85,932
Intergovernmental	47,168	64,859		112,027
Fines, Forfeitures, and Penalties	157			157
Licenses, Permits, and Fees	25,898			25,898
Gifts and Donations			\$3,000	3,000
Earnings on Investments	14,303		49	14,352
Other Revenue	510	990		1,500
	<u>105,444</u>	<u>134,373</u>	<u>3,049</u>	<u>242,866</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	76,314			76,314
Public Safety	8,140	22,944		31,084
Public Works		102,005		102,005
Health	25,933	1,262		27,195
Miscellaneous		5,531		5,531
Debt Service:				
Redemption of Principal		1,776		1,776
Capital Outlay		1,277		1,277
	<u>110,387</u>	<u>134,795</u>		<u>245,182</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>(4,943)</u>	<u>(422)</u>	<u>3,049</u>	<u>(2,316)</u>
Fund Cash Balances, January 1 (Restated)	<u>125,879</u>	<u>139,453</u>	<u>76,944</u>	<u>342,276</u>
Fund Cash Balances, December 31	<u>\$120,936</u>	<u>\$139,031</u>	<u>\$79,993</u>	<u>\$339,960</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, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Warren Township, Jefferson County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Tiltonsville, Yorkville, Rayland, and Glen Robbins Volunteer Fire Departments to provide fire protection and emergency medical services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash and Investments

Investments are included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposits are valued 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:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

**WARREN TOWNSHIP
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Road and Bridge Fund - This fund receives property tax money to construct, maintain and repair Township roads and bridges.

Gasoline Tax Fund - This fund receives gasoline tax money to construct, maintain and repair Township roads.

Emergency Medical Services Fund - This fund receives property tax money to pay for emergency medical services.

3. Fiduciary Funds (Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following significant fiduciary fund:

Cemetery Bequest Fund - This fund was established by a donation. The interest from this fund can be spent on the upkeep on the 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 level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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 also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**WARREN TOWNSHIP
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Accumulated Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2001	2000
Demand deposits	\$287,309	\$272,960
Certificates of deposit	73,000	67,000
Total deposits	\$360,309	\$339,960

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by pledged collateral.

3. RESTATEMENT OF FUND BALANCES

At January 1, 2000 the beginning balances were restated due to a prior period adjustment.

	General	Non-Expendable
Fund Balance as previously stated at January 1, 2000	\$133,879	\$68,944
Adjustment	(8,000)	8,000
Restated Fund Balance at January 1, 2000	\$125,879	\$76,944

4. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$99,755	\$109,694	\$9,939
Special Revenue	138,984	140,735	1,751
Fiduciary	600	6,000	5,400
Total	\$239,339	\$256,429	\$17,090

**WARREN TOWNSHIP
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

4. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$220,857	\$117,139	\$103,718
Special Revenue	278,278	118,941	159,337
Fiduciary	80,593	0	80,593
Total	\$579,728	\$236,080	\$343,648

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$90,733	\$105,444	\$14,711
Special Revenue	124,598	134,373	9,775
Fiduciary	10,000	3,049	(6,951)
Total	\$225,331	\$242,866	\$17,535

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$224,612	\$110,387	\$114,225
Special Revenue	264,051	134,795	129,256
Fiduciary	78,944	0	78,944
Total	\$567,607	\$245,182	\$322,425

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31.

The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**WARREN TOWNSHIP
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

6. RETIREMENT SYSTEMS

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000. The Township has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

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

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

Warren Township
Jefferson County
302 Walden Avenue
Tiltonsville, Ohio 43963

To the Board of Trustees:

We have audited the accompanying financial statements of Warren Township, Jefferson County (the Township) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated February 7, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2001-41241-001. We noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated February 7, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated February 7, 2002.

Warren Township
Jefferson County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of the audit committee, management, and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

February 7, 2002

WARREN TOWNSHIP
JEFFERSON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000

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

FINDING NUMBER 2001-41241-001

Ohio Revised Code § 5705.41 (D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the Clerk is attached. The Clerk must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The amount so certified shall be recorded against the applicable appropriation account.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's 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.
- B. If the amount involved is less than one thousand dollars the Clerk issues a certificate, but may authorize it to be paid without the affirmation of the Board.

During fiscal year 2001, 24% of the expenditures tested and during fiscal year 2000, 32% of the expenditures tested were not certified by the Clerk prior to the purchase and were not encumbered until the time of payment and none of the above mentioned exceptions were used.

Failure to certify the availability of funds could result in overspending and negative cash balances. The Township should obtain approved purchase orders which include the Clerk's certification that the amount required to meet the obligation has been lawfully appropriated and authorized prior to making a commitment.



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OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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
MARCH 12, 2002**