



Dave Yost • Auditor of State

WARREN TOWNSHIP
JEFFERSON COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Warren Township
Jefferson County
P. O Box 43
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 Warren Township, Jefferson County, (the Township) as of and for the years ended December 31, 2015 and 2014.

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 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 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, 2015 and 2014, 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, 2015 and 2014, 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 December 28, 2016, 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

December 28, 2016

**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, 2015**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$9,552	\$102,466			\$112,018
Licenses, Permits and Fees	31,073				31,073
Intergovernmental	31,895	114,835	70,538		217,268
Earnings on Investments	404				404
Miscellaneous	1,069	1,230			2,299
<i>Total Cash Receipts</i>	<u>73,993</u>	<u>218,531</u>	<u>70,538</u>	<u>0</u>	<u>363,062</u>
Cash Disbursements					
Current:					
General Government	97,119	2,221			99,340
Public Safety	12,003	45,771			57,774
Public Works	1,500	143,866			145,366
Health	42,747				42,747
Capital Outlay	3,000	9,714	70,538		83,252
<i>Total Cash Disbursements</i>	<u>156,369</u>	<u>201,572</u>	<u>70,538</u>	<u>0</u>	<u>428,479</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(82,376)</u>	<u>16,959</u>	<u>0</u>	<u>0</u>	<u>(65,417)</u>
Other Financing Receipts (Disbursements)					
Other Financing Sources	4,634			1,500	6,134
<i>Total Other Financing Receipts (Disbursements)</i>	<u>4,634</u>	<u>0</u>	<u>0</u>	<u>1,500</u>	<u>6,134</u>
<i>Net Change in Fund Cash Balances</i>	<u>(77,742)</u>	<u>16,959</u>	<u>0</u>	<u>1,500</u>	<u>(59,283)</u>
<i>Fund Cash Balances, January 1</i>	<u>230,041</u>	<u>325,868</u>	<u>0</u>	<u>196,868</u>	<u>752,777</u>
Fund Cash Balances, December 31					
Nonspendable				198,368	198,368
Restricted		342,827			342,827
Unassigned	152,299				152,299
<i>Fund Cash Balances, December 31</i>	<u>\$152,299</u>	<u>\$342,827</u>	<u>\$0</u>	<u>\$198,368</u>	<u>\$693,494</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, 2014**

	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts				
Property and Other Local Taxes	\$18,000	\$78,871		\$96,871
Licenses, Permits and Fees	26,888			26,888
Intergovernmental	29,430	114,111		143,541
Earnings on Investments	712			712
Miscellaneous	8,919			8,919
<i>Total Cash Receipts</i>	<u>83,949</u>	<u>192,982</u>	<u>0</u>	<u>276,931</u>
Cash Disbursements				
Current:				
General Government	140,064			140,064
Public Safety	612	450		1,062
Public Works		112,753		112,753
Health	44,780			44,780
Conservation-Recreation	2,184			2,184
Capital Outlay		6,840		6,840
<i>Total Cash Disbursements</i>	<u>187,640</u>	<u>120,043</u>	<u>0</u>	<u>307,683</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(103,691)</u>	<u>72,939</u>	<u>0</u>	<u>(30,752)</u>
<i>Net Change in Fund Cash Balances</i>	(103,691)	72,939		(30,752)
<i>Fund Cash Balances, January 1</i>	<u>333,732</u>	<u>252,929</u>	<u>196,868</u>	<u>783,529</u>
Fund Cash Balances, December 31				
Nonspendable			196,868	196,868
Restricted		325,868		325,868
Unassigned	230,041			230,041
<i>Fund Cash Balances, December 31</i>	<u>\$230,041</u>	<u>\$325,868</u>	<u>\$196,868</u>	<u>\$752,777</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, 2015 AND 2014**

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 6 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 117-2-03(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 117-2-03(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 Certificates of Deposit.

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, 2015 AND 2014
(Continued)**

1. General Fund (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. Capital Project Fund

This fund accounts for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.. The Township had the following significant capital project fund:

Issue II Fund - The Township received a grant from the State of Ohio to resurface township roads.

4. 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.

WARREN TOWNSHIP
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)

1. **AA5 FMC: G B 5 BH 577 CI BHB; DC @ 7 9 G** (Continued)

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.

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 2015 and 2014 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.

**WARREN TOWNSHIP
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. GENERAL FUND: (Continued)

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.

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:

	2015	2014
Demand deposits	\$693,494	\$737,277
Certificates of deposit		15,500
Total deposits	693,494	752,777

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

**WARREN TOWNSHIP
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$91,556	\$78,627	(\$12,929)
Special Revenue	207,614	218,531	10,917
Capital Projects	85,000	70,538	(14,462)
Permanent		1,500	1,500
Total	\$384,170	\$369,196	(\$14,974)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$321,596	\$156,369	\$165,227
Special Revenue	511,942	201,572	310,370
Capital Projects	85,000	70,538	14,462
Permanent	196,892		196,892
Total	\$1,115,430	\$428,479	\$686,951

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$90,999	\$83,949	(\$7,050)
Special Revenue	184,249	192,982	8,733
Permanent	27,500		(27,500)
Total	\$302,748	\$276,931	(\$25,817)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$424,732	\$187,640	\$237,092
Special Revenue	437,178	120,043	317,135
Permanent	206,892		206,892
Total	\$1,068,802	\$307,683	\$761,119

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Emergency Medical Service fund by \$20,974 for the year ended December 31, 2015.

**WARREN TOWNSHIP
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

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 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.

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, 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, 2015.

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, 2015, 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
DECEMBER 31, 2015 AND 2014
(Continued)**

6. 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, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Assets	\$37,313,311	\$35,970,263
Liabilities	8,418,518	8,912,432
Net Position	\$28,894,793	\$27,057,831

At December 31, 2015 and 2014, respectively, the liabilities above include approximately \$7.8 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.7 and \$7.2 million of unpaid claims to be billed to approximately 989 members and 957 member governments in the future, as of December 31, 2015 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Township's share of these unpaid claims collectible in future years is approximately \$3,370.

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>2015</u>	<u>2014</u>
6,358	6,166

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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 43
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 Townships) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated December 28, 2016 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 opinion 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.

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 certain deficiencies in internal control over financial reporting, that we consider a material weakness and 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 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. We consider finding 2015-002 described in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2015-003 described in the accompanying schedule of findings to be a significant deficiency.

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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2015-001.

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.

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

December 28, 2016

**WARREN TOWNSHIP
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

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

FINDING NUMBER 2015-001

Disbursement Exceeds Appropriation

Noncompliance Citation

Ohio Rev. Code § 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

Actual disbursements exceeded appropriations by 83% in the Emergency Medical Service Fund in 2015.

The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer should request that the Trustees approve increased disbursement levels by increasing appropriations in the minutes and amending estimated resources, if necessary and available.

FINDING NUMBER 2015-002

Posting Receipts and Disbursements

Material Weakness

Sound financial reporting is the responsibility of the Fiscal Officer and Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The Fiscal Officer did not correctly code and classify the following receipts and disbursements in 2014 and 2015 due to the lack of procedures in place to properly record financial transactions 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 and in the accompanying financial statements.

2014:

Fund	Account Type	Amount	Description
Adjustments:			
General	Interest Revenue	\$ 2	Not posted to ledger
Reclassifications:			
	Reclassified To:		Reclassified From:
Road and Bridge	Intergovernmental Revenue	9,804	Local Tax
Road District	Intergovernmental Revenue	4,902	Local Tax
Emergency Medical Services	Intergovernmental Revenue	5,044	Local Tax
General	Intergovernmental Revenue	3,000	Special Item Revenue
General	Miscellaneous Revenue	7,931	Special Item Revenue

**FINDING NUMBER 2015-002
 (Continued)**

2015:

Fund Name	Account Type	Amount	Description
Adjustments:			
General	Intergovernmental Revenue	\$ 2,813	Not posted to ledger
General	Interest Revenue	56	Not posted to ledger
General	Miscellaneous Revenue	12	Not posted to ledger
General	General Government Disbursement	294	Not posted to ledger
Road and Bridge	Intergovernmental Revenue	7,280	Not posted to ledger
Road District	Intergovernmental Revenue	3,640	Not posted to ledger
Emergency Medical Services	Intergovernmental Revenue	2,813	Not posted to ledger
Cemetery Bequest	Other Financing Sources	1,500	Not posted to ledger
Capital Projects	Intergovernmental Revenue	70,538	Not posted to ledger
Capital Projects	Capital Outlay	70,538	Not posted to ledger
Reclassifications:			
	Reclassified to:	Amount	Reclassified from:
General	Capital Outlay	3,000	General Government Disbursement
Motor Vehicle License Tax	Capital Outlay	2,000	Public Works Disbursement
Road and Bridge	Capital Outlay	6,676	Public Works Disbursement

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. The Fiscal Officer should refer to Auditor of State Bulletin 2000-008 which provides guidance on accounting for on-behalf-of programs when local government or its residents are beneficiaries of the program.

FINDING NUMBER 2015-003

Fund Balance Reclassifications

Significant Deficiency

Governmental Accounting Standards Board Statement 54 requires the Township to establish a fund balance policy to ensure expenditures are incurred for purposes intended. The Township did not have procedures in place to properly classify fund balances.

**FINDING NUMBER 2015-003
(Continued)**

The following Ending Equity fund balances were reclassified as follows:

2014:

Fund	Original Classification	Reclassified to	Amount
Cemetery Bequest	Restricted	Non Spendable	\$196,867

2015:

Fund	Original Classification	Reclassified To	Amount
Cemetery Bequest	Restricted	Non Spendable	\$198,367

The Township should adopt a fund balance policy and ensure fund balances are properly classified.

Official's response: No responses received from officials

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**WARREN TOWNSHIP
JEFFERSON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015-2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	Ohio Revised Code § 5705.41(D) - Proper certification of Disbursements	Yes	Verbal in current audit
2013-002	Ohio Revised Code § 5705.41 (B) - Disbursements Exceed Appropriations	No	Reissued as Finding 2015-001
2013-003	Ohio Revised Code § 505.24 – Trustees paid from funds other than General without support documentation	Yes	
2013-004	Posting Revenue and Disbursements- The township did not always post or properly classify receipts and disbursements	No	Reissued as Finding 2015-002

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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
JANUARY 26, 2017**