



Mary Taylor, CPA  
Auditor of State



WARREN TOWNSHIP  
JEFFERSON COUNTY

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# Mary Taylor, CPA

Auditor of State

Warren Township  
Jefferson County  
302 Walden Avenue  
PO Box 42  
Tiltonville, Ohio 43963

To the Board of Trustees:

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 a February 2, 2005 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 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 cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

March 19, 2007

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

Warren Township  
Jefferson County  
302 Walden Avenue  
PO Box 42-  
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, 2005 and 2004. 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 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township 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.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, 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, 2005 and 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2005 and 2004, 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 of Warren Township, Jefferson County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Township 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 March 19, 2007, 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. 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.



**Mary Taylor, CPA**  
Auditor of State

March 19, 2007



**WARREN TOWNSHIP  
JEFFERSON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Funds</u>		<u>Fiduciary Fund</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Private Purpose Trust</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$20,040	\$75,241		\$95,281
Intergovernmental	64,079	553,377		617,456
Licenses, Permits, and Fees	32,857			32,857
Earnings on Investments	4,501			4,501
Other Revenue		700	\$4,000	4,700
Total Cash Receipts	<u>121,477</u>	<u>629,318</u>	<u>4,000</u>	<u>754,795</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	56,573			56,573
Public Safety	10,599	19,217		29,816
Public Works	18,317	130,735		149,052
Health	34,589	72		34,661
Conservation - Recreation	6,575	8,296		14,871
Capital Outlay		413,005		413,005
Total Cash Disbursements	<u>126,653</u>	<u>571,325</u>		<u>697,978</u>
Total Receipts Over/(Under) Disbursements	<u>(5,176)</u>	<u>57,993</u>	<u>4,000</u>	<u>56,817</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Transfers-In	9,036			9,036
Transfers-Out		(9,036)		(9,036)
Total Other Financing Receipts/(Disbursements)	<u>9,036</u>	<u>(9,036)</u>		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	3,860	48,957	4,000	56,817
Fund Cash Balances, January 1	<u>46,714</u>	<u>141,977</u>	<u>90,093</u>	<u>278,784</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$50,574</b></u>	<u><b>\$190,934</b></u>	<u><b>\$94,093</b></u>	<u><b>\$335,601</b></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, 2004**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund</u>	<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Non-Expendable Trust</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$15,715	\$79,415		\$95,130
Intergovernmental	53,889	153,700		207,589
Licenses, Permits, and Fees	28,422			28,422
Earnings on Investments	2,795			2,795
Other Revenue	313	100	\$10,000	10,413
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	101,134	233,215	10,000	344,349
<b>Cash Disbursements:</b>				
Current:				
General Government	67,572			67,572
Public Safety	8,777	21,991		30,768
Public Works		145,985		145,985
Health	34,455	1,708		36,163
Conservation - Recreation	8,425			8,425
Capital Outlay		58,967		58,967
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	119,229	228,651		347,880
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	(18,095)	4,564	10,000	(3,531)
<b>Other Financing Receipts and (Disbursements):</b>				
Other Sources	108			108
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	108			108
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	(17,987)	4,564	10,000	(3,423)
Fund Cash Balances, January 1	64,701	137,413	80,093	282,207
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b>\$46,714</b>	<b>\$141,977</b>	<b>\$90,093</b>	<b>\$278,784</b>

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

**WARREN TOWNSHIP  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

**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 Tiltonsville, Yorkville, Rayland Dillonvale, Mount Pleasant and Glen Robbins Volunteer Fire Departments to provide fire services 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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**C. Cash and Investments**

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Township values certificates of deposit at cost.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

These funds 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, 2005 AND 2004  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

*FEMA C Fund* – This fund receives grant monies for repairs to flood damaged roads.

*FEMA Connerville Fund* – This fund receives grant monies to pay for hazard mitigation to property owners.

**3. Fiduciary Funds (Trust Fund)**

These funds account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary fund:

*Cemetery Bequest* – 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. 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 2005 and 2004 budgetary activity appears in Note 3.

**WARREN TOWNSHIP  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. 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.

**G. 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 CASH AND INVESTMENTS**

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

	2005	2004
Demand deposits	\$247,601	\$194,784
Certificates of deposit	88,000	84,000
Total deposits	\$335,601	\$278,784

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$61,061	\$130,513	\$69,452
Special Revenue	384,592	629,318	244,726
Permament	6,000	4,000	(2,000)
Total	\$451,653	\$763,831	\$312,178

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$107,775	\$126,653	(\$18,878)
Special Revenue	526,572	580,361	(53,789)
Permament	96,092	0	96,092
Total	\$730,439	\$707,014	\$23,425

**WARREN TOWNSHIP  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$63,638	\$101,242	\$37,604
Special Revenue	234,471	233,215	(1,256)
Fiduciary	6,000	10,000	4,000
Total	\$304,109	\$344,457	\$40,348

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$118,505	\$119,229	(\$724)
Special Revenue	300,278	228,651	71,627
Fiduciary	90,093	0	90,093
Total	\$508,876	\$347,880	\$160,996

Contrary to Ohio Revised Code Section 5705.41(B), budgetary expenditures exceeded appropriation authority in the General Fund by \$18,878 and in the FEMA Connerville Fund by \$222,006 for the year ended December 31, 2005. Also contrary to Ohio Revised Code Section 5705.41(D), the Township did not properly certify all township expenditures.

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopt rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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.

**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 this plans benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2005 and 2004, the Township contributed an amount equaling 13.55 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2005.

**WARREN TOWNSHIP  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

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

**7. LEGAL COMPLIANCE**

In accordance with Ohio Revised Code Section 117.28, findings for recovery are being issued against two fiscal officers and three trustees, who were over compensated during the audit period.

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' 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  
PO Box 42  
Tiltonsville, Ohio 43963

To the Board of Trustees:

We have audited the financial statements of the Warren Township (the Township) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated March 19, 2007, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted that the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 Township's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Township's management dated March 19, 2007, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

#### **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, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2005-001 through 2005-007. In a separate letter to the Township's management dated March 19, 2007, we reported other matters related to noncompliance that we deemed immaterial.

Warren Township  
Jefferson County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

We intend this report solely for the information and use of the audit committee, management, and the Board of Trustees. It is not intended for anyone other than these specified parties.

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

**Mary Taylor, CPA**  
Auditor of State

March 19, 2007

**WARREN TOWNSHIP  
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2005 AND 2004**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
----------------------------------------------------------------------------------------------------------

**Finding Number 2005-001**

**Finding for Recovery - Overpayment of Compensation**

**Ohio Revised Code Section 507.09** states that for 2004, a Township Fiscal Officer shall be entitled to annual compensation of \$11,548 (\$962 per month) when the Township's annual budget is between \$250,001 and \$500,000. The Township's annual budget was in this range from January 1, 2004 to August 31, 2004 and Elaine Hogan served as Fiscal Officer from January 1, 2004 through March 31, 2004. Ms. Hogan was overcompensated as follows:

Name	# of Months	Monthly Salary	Amount Due	Amount Paid	Overpayment
Elaine Hogan	3	\$962.33	\$2,886.99	\$3,095.25	\$208.26

In accordance with the foregoing facts, and pursuant to Ohio Revised Code Section 117.28, a finding for recovery for public money illegally expended is hereby issued against Elaine Hogan, former Fiscal Officer, and her surety company, American Motorists Insurance Company, jointly and severally, in the amount of \$208.65 and in favor of the General Fund of Warren Township.

**Officials' Response**

This finding for recovery has been fully repaid under audit.

**Finding Number 2005-002**

**Finding for Recovery - Overpayment of Compensation**

**Ohio Revised Code Section 507.09** states that for 2004, a Township Fiscal Officer shall be entitled to annual compensation of \$11,548 (\$962 per month) when the Township's annual budget is between \$250,001 and \$500,000. The Township's Fiscal Officer shall be entitled to compensation in the amount of \$12,830 (\$1,069 per month) when the Township's annual budget is between \$500,001 and \$750,000.

The Township's annual budget was in the \$250,001 to \$500,000 range from January 1, 2004 to August 31, 2004. The budget increased to the \$500,001 to \$750,000 for the period dated September 1, 2004 to December 31, 2004. Robert Fetty served as Fiscal Officer from April 1, 2004 through December 31, 2004. Mr. Fetty was overcompensated in 2004 as follows:

Name	# of Months	Monthly Salary	Amount Due	Amount Paid	Overpayment
Robert Fetty	5	\$962.33	\$4,811.65	\$5,345.85	\$534.20
	4	\$1,069.17	<u>\$4,276.68</u>	<u>\$4,276.68</u>	<u>0</u>
Total			\$9,088.33	\$9,622.53	\$534.20

**Ohio Revised Code Section 507.09** states that for 2005, a Township Fiscal Officer shall be entitled to annual compensation of \$13,138 when the Township's annual budget is between \$500,001 and \$750,000.

The Township's annual budget was in this range for the period of January 1, 2005 through December 31, 2005. Robert Fetty served as Fiscal Officer for the period. Robert Fetty, Fiscal Officer was undercompensated during this period as follows:

**Ohio Revised Code Section 507.09** states that for 2005, a Township Fiscal Officer shall be entitled to annual compensation of \$13,138 when the Township's annual budget is between \$500,001 and \$750,000.

Name	Annual Salary	Amount Due	Amount Paid	Underpayment
Robert Fetty	\$13,138	\$13,138.	\$12,855.70	\$282.30

The net effect of the compensation errors is:

2004 Overcompensation	\$534.20
2005 Undercompensation	<u>282.30</u>
Total Overcompensation	<u>\$251.90</u>

In accordance with the foregoing facts, and pursuant to Ohio Revised Code Section 117.28, a finding for recovery for public money illegally expended is hereby issued against Robert Fetty, Fiscal Officer, and his surety company, Hartford Fire Insurance Company, jointly and severally, in the amount of \$251.90 and in favor the General Fund of Warren Township.

**Officials' Response**

This finding for recovery has been fully repaid under audit.

**Finding Number 2005-003**

**Finding for Recovery – Overpayment of Compensation**

**Ohio Revised Code Section 505.24** states that for 2004, a Township Trustee shall be entitled to annual compensation of \$7,698.00 when the Township's annual budget is between \$250,001 and \$500,000. A Township Trustee shall be entitled to annual compensation of \$8,164.00 when the Township's annual budget is between \$500,001 and \$750,000.

The Township's annual budget was in the \$250,001 to \$500,000 range from January 1, 2004 to August 31, 2003. For the time period September 1, 2004 to December 31, 2004, the budget was in the \$500,001 to \$750,000 range. Frank Litva, Township Trustee, was over compensated in 2004 as follows:

Name	# of Months	Monthly Salary	Amount Due	Amount Paid	Overpayment
Frank Litva	8	\$641.50	\$5,132.00	\$5,442.70	\$310.70
	4	\$680.33	<u>\$2,721.32</u>	<u>\$2,721.32</u>	<u>0</u>
Total			\$7853.32	\$8,164.02	\$310.70

**Ohio Revised Code Section 505.24** states that for 2005, a Township Trustee shall be entitled annual compensation of \$8,360.00 when the Township's annual budget is between \$500,001 and \$750,000. The Township's annual budget was within this range for the period of January 1, 2005 through December 31, 2005. Frank Litva, Township Trustee, was under compensated in 2005 as follows:

Name	Annual Salary	Amount Due	Amount Paid	Underpayment
Frank Litva	\$8,360.00	\$8,360.00	\$8,180.30	\$179.70

The net effect of the compensation errors is:

2004 Overcompensation	\$310.70
2005 Undercompensation	<u>179.70</u>
Total Overcompensation	<u>\$131.00</u>

In accordance with the foregoing facts, and pursuant to Ohio Revised Code Section 117.28, a finding for recovery for public money illegally expended is hereby issued against Frank Litva, Trustee, Robert Fetty, Fiscal Officer and their surety company, Hartford Fire Insurance Company, jointly and severally, in the amount of \$131.00 and in favor of the Road & Bridge Fund of Warren Township.

**Officials' Response**

This finding for recovery has been fully repaid under audit.

**Finding Number 2005-004**

**Finding for Recovery – Overpayment of Compensation**

**Ohio Revised Code Section 505.24** states that for 2004, a Township Trustee shall be entitled to annual compensation of \$7,698.00 when the Township's annual budget is between \$250,001 and \$500,000. A Township Trustee shall be entitled to annual compensation of \$8,164.00 when the Township's annual budget is between \$500,001 and \$750,000.

The Township's annual budget was in the \$250,001 to \$500,000 range from January 1, 2004 to August 31, 2003. For the time period September 1, 2004 to December 31, 2004, the budget was in the \$500,001 to \$750,000 range. Daniel Meeker, Township Trustee, was over compensated in 2004 as follows:

Name	# of Months	Monthly Salary	Amount Due	Amount Paid	Overpayment
Daniel Meeker	8	\$641.50	\$5,132.00	\$5,442.70	\$310.70
	4	\$680.33	<u>\$2,721.32</u>	<u>\$2,721.32</u>	<u>0</u>
Total			\$7853.32	\$8,164.02	\$310.70

**Ohio Revised Code Section 505.24** states that for 2005, a Township Trustee shall be entitled annual compensation of \$8,360.00 when the Township's annual budget is between \$500,001 and \$750,000. The Township's annual budget was within this range for the period of January 1, 2005 through December 31, 2005. Daniel Meeker, Township Trustee, was under compensated in 2005 as follows:

Name	Annual Salary	Amount Due	Amount Paid	Underpayment
Daniel Meeker	\$8,360.00	\$8,360.00	\$8,180.30	\$179.70

The net effect of the compensation errors is:

2004 Overcompensation	\$310.70
2005 Undercompensation	<u>179.70</u>
Total Overcompensation	<u>\$131.00</u>

In accordance with the foregoing facts, and pursuant to Ohio Revised Code Section 117.28, a finding for recovery for public money illegally expended is hereby issued against Daniel Meeker, Trustee, Lumbermen's Mutual Casualty Company, his surety company, Robert Fetty, Fiscal Officer and Hartford Fire Insurance Company, his surety company, jointly and severally, in the amount of \$131.00 and in favor of the Motor Vehicle License Fund of Warren Township.

**Officials' Response**

This finding for recovery has been fully repaid under audit.

**Finding Number 2005-005**

**Finding for Recovery – Overpayment of Compensation**

**Ohio Revised Code Section 505.24** states that for 2004, a Township Trustee shall be entitled to annual compensation of \$7,698.00 when the Township's annual budget is between \$250,001 and \$500,000. A Township Trustee shall be entitled to annual compensation of \$8,164.00 when the Township's annual budget is between \$500,001 and \$750,000.

The Township's annual budget was in the \$250,001 to \$500,000 range from January 1, 2004 to August 31, 2003. For the time period September 1, 2004 to December 31, 2004, the budget was in the \$500,001 to \$750,000 range. Carl Sgalla, Township Trustee, was over compensated in 2004 as follows:

Name	# of Months	Monthly Salary	Amount Due	Amount Paid	Overpayment
Carl Sgalla	8	\$641.50	\$5,132.00	\$5,442.70	\$310.70
	4	\$680.33	<u>\$2,721.32</u>	<u>\$2,721.32</u>	<u>0</u>
Total			\$7853.32	\$8,164.02	\$310.70

**Ohio Revised Code Section 505.24** states that for 2005, a Township Trustee shall be entitled annual compensation of \$8,360.00 when the Township's annual budget is between \$500,001 and \$750,000. The Township's annual budget was within this range for the period of January 1, 2005 through December 31, 2005. Carl Sgalla, Township Trustee, was under compensated in 2005 as follows:

Name	Annual Salary	Amount Due	Amount Paid	Underpayment
Carl Sgalla	\$8,360.00	\$8,360.00	\$8,180.30	\$179.70

The net effect of the compensation errors is:

2004 Overcompensation	\$310.70
2005 Undercompensation	<u>179.70</u>
Total Overcompensation	<u>\$131.00</u>

In accordance with the foregoing facts, and pursuant to Ohio Revised Code Section 117.28, a finding for recovery for public money illegally expended is hereby issued against Carl Sgalla, Trustee, Lumbermen's Mutual Casualty Company, his surety company, Robert Fetty, Fiscal Officer and Hartford Fire Insurance Company, his surety company, jointly and severally, in the amount of \$131.00 and in favor of the Road District Fund of Warren Township.

**Officials' Response**

This finding for recovery has been fully repaid under audit.

### Finding Number 2005-006

#### Noncompliance Citation

**Ohio Revised Code Section 5705.41(D)** provides that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision. The fiscal officer must certify that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

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

1. **Then and Now Certificate** – If the fiscal officer can certify that both at the time the contract or order was made ("then"), and at the time the fiscal officer is completing certification ("now"), that sufficient funds were available or in the process of collection to the credit of a proper fund, properly appropriated and free from any previous encumbrances, the Township may authorize the issuance of a warrant in payment of the amount due upon such contract or order. The Township has thirty days from receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement approval of expenditures by the Township.

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

The Township did not properly certify or record the amount against the applicable appropriation accounts for 18% of General Fund tested expenditures and 51% of Special Revenue Fund tested expenditures. The Township did not utilize the certification exceptions described above for those expenditures lacking prior certification.

Failure to certify the availability of funds and encumber appropriations could result in overspending and negative cash balances. Unless the exceptions noted above are used properly, prior certification is not only required by statute but it is also a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, the Township Clerk should certify that the funds are or will be available prior to obligation by the Township. When prior certification is not possible, "then and now" certification should be used.

**Finding Number 2005-007**

**Noncompliance Citation**

**Ohio Revised Code Section 5705.41(B)** states that no subdivision or taxing unit is to expend money unless it has been lawfully appropriated.

In 2005, expenditures exceeded appropriations in the following funds:

<b>Fund</b>	<b>Appropriations</b>	<b>Expenditures</b>	<b>Variance</b>
General	\$107,775	\$126,653	\$(18,878)
FEMA Connerville	\$0	\$222,006	\$(222,006)

The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request the Board of Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

**Officials' Response**

We did not receive responses to the findings 2005-006 and 2005-2007 presented above.



**WARREN TOWNSHIP  
JEFFERSON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2005 AND 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2003-001	Ohio Revised Code Section 507.09 Overpayment of compensation of clerk	No	Finding is unpaid
2003-002	Ohio Revised Code Section 505.24 Overpayment of compensation of trustees	No	Finding is unpaid
2003-003	Ohio Revised Code Section 5705.41 (D)	No	Reissued as finding 2005-006





**Mary Taylor, CPA**  
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  
MAY 29, 2007**