



Mary Taylor, CPA
Auditor of State

WARREN TOWNSHIP
JEFFERSON COUNTY

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Mary Taylor, CPA
Auditor of State

Warren Township
Jefferson County
P.O. Box 42
Tiltonsville, 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 an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

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Auditor of State

August 13, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Warren Township
Jefferson County
P.O. 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, 2009 and 2008. 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 Section 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code Section 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. 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 GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 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, 2009 and 2008, or its changes in financial position for the years then ended.

Ohio Revised Code Section 5705.10(C) requires that all revenue derived from a special levy shall be credited to a special fund for the purpose for which the levy was made. During 2008 and 2009, Homestead and Rollback tax revenue generated by special levies was credited to the General Fund rather than the Road and Bridge, Road District and Emergency Medical Services funds, which were established for the special levies.

The adjustments required to correctly record the Homestead and Rollback tax revenue in the General, Road and Bridge, Road District Levy and the Emergency Service funds for the audit period follows:

	General Fund	Road and Bridge Fund	Road District Levy Fund	Emergency Medical Service Fund
2008 revenue increase/(decrease)	\$(13,587)	\$7,193	\$3,676	\$2,718
2009 revenue increase/(decrease)	<u>(13,531)</u>	<u>7,163</u>	<u>3,661</u>	<u>2,707</u>
Effect on December 31, 2009 fund balance	<u>(\$27,118)</u>	<u>\$14,356</u>	<u>\$7,337</u>	<u>\$5,425</u>

Also, in our opinion, because of the effects of the matter referred to in the preceding paragraph, the financial statements referred to above do not present fairly, in all material respects, the combined fund cash balances of Warren Township, Jefferson County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 August 13, 2010, 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

August 13, 2010

**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, 2009**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
Cash Receipts:					
Property and Other Local Taxes	\$32,407	\$83,959			\$116,366
Licenses, Permits, and Fees	26,872				26,872
Fines and Forfeitures	456				456
Intergovernmental	64,800	101,166	\$49,000		214,966
Earnings on Investments	949			\$1,756	2,705
Miscellaneous		686		10,000	10,686
Total Cash Receipts	125,484	185,811	49,000	11,756	372,051
Cash Disbursements:					
Current:					
General Government	75,615			1,756	77,371
Public Safety	5,900	20,063			25,963
Public Works		156,004			156,004
Health	36,325				36,325
Capital Outlay		535	49,000		49,535
Total Cash Disbursements	117,840	176,602	\$49,000	1,756	345,198
Total Receipts Over/(Under) Disbursements	7,644	9,209		10,000	26,853
Other Financing Receipts / (Disbursements):					
Other Financing Sources	97				97
Total Other Financing Receipts / (Disbursements)	97				97
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	7,741	9,209		10,000	26,950
Fund Cash Balances, January 1	5,585	227,711		110,392	343,688
Fund Cash Balances, December 31	\$13,326	\$236,920		\$120,392	\$370,638

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 FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Property and Other Local Taxes	\$35,977	\$85,083		\$121,060
Licenses, Permits, and Fees	25,939			25,939
Fines and Forfeitures	456			456
Intergovernmental	39,177	94,318		133,495
Earnings on Investments	2,786		\$4,204	6,990
Miscellaneous	46		375	421
Total Cash Receipts	<u>104,381</u>	<u>179,401</u>	<u>4,579</u>	<u>288,361</u>
Cash Disbursements:				
Current:				
General Government	97,270		8,704	105,974
Public Safety	5,900	20,129		26,029
Public Works	2,400	120,017		122,417
Health	29,024			29,024
Conservation - Recreation	3,200			3,200
Capital Outlay		5,918		5,918
Total Cash Disbursements	<u>137,794</u>	<u>146,064</u>	<u>8,704</u>	<u>292,562</u>
Total Receipts Over/(Under) Disbursements	<u>(33,413)</u>	<u>33,337</u>	<u>(4,125)</u>	<u>(4,201)</u>
Other Financing Receipts / (Disbursements):				
Other Financing Sources	1,100			1,100
Total Other Financing Receipts / (Disbursements)	<u>1,100</u>			<u>1,100</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	(32,313)	33,337	(4,125)	(3,101)
Fund Cash Balances, January 1	<u>37,898</u>	<u>194,374</u>	<u>114,517</u>	<u>346,789</u>
Fund Cash Balances, December 31	<u>\$5,585</u>	<u>\$227,711</u>	<u>\$110,392</u>	<u>\$343,688</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, 2009 AND 2008**

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 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 with the Mt. Pleasant, Dillonvale, Tiltonsville, and Yorkville Emergency Services to provide ambulance services.

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 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. Deposit 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 and 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 private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Fund:

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

**WARREN TOWNSHIP
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Road and Bridge Fund – This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Project Fund:

Issue II Fund - The Township received a grant from the State of Ohio for a road resurfacing project.

4. Permanent Funds

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Township's programs. The Township had the following significant permanent fund:

Cemetery Endowment Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. 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 2009 and 2008 budgetary activity appears in Note 3.

**WARREN TOWNSHIP
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(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 DEPOSITS

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:

	2009	2008
Demand deposits	\$256,638	\$239,688
Certificates of deposit	114,000	104,000
Total deposits	\$370,638	\$343,688

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, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$110,000	\$125,581	\$15,581
Special Revenue	181,000	185,811	4,811
Capital Projects	49,000	49,000	0
Permanent	0	11,756	11,756
Total	\$340,000	\$372,148	\$32,148

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$117,840	(\$117,840)
Special Revenue	0	176,602	(176,602)
Capital Projects	0	49,000	(49,000)
Permanent	0	1,756	(1,756)
Total	\$0	\$345,198	(\$345,198)

**WARREN TOWNSHIP
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

3. BUDGETARY ACTIVITY - (Continued)

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$105,000	\$105,481	\$481
Special Revenue	194,636	179,401	(15,235)
Permanent	0	4,579	4,579
Total	\$299,636	\$289,461	(\$10,175)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$179,635	\$137,774	\$41,861
Special Revenue	359,974	146,064	213,910
Permanent	0	8,704	(8,704)
Total	\$539,609	\$292,542	\$247,067

Contrary to Ohio Revised Code Section 5705.38, the Township did not adopt an appropriation resolution in 2009, therefore, all budgetary expenditures exceeded appropriation authority in all funds by \$345,198, which is contrary to Ohio Revised Code Section 5705.41(B).

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 June 20.

Public utilities are also taxed on personal and real property located within the Township.

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

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, 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, 2009.

**WARREN TOWNSHIP
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(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.

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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
P.O. Box 42
Tiltonsville, Ohio 43963

To the Board of Trustees:

We have audited the financial statements of Warren Township, (the Township) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated August 13, 2010, wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted 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. 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 also rendered an adverse opinion on these financial statements because the Township did not credit all receipts derived from special levies to special funds for which the levies were made, as required by Ohio Revised Code Section 5705.10(C). Homestead and Rollback revenue, which had been derived from special levies, was credited to the General Fund rather than the Road and Bridge, Road District Levy and the Emergency Medical Service funds. 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 as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-001 described in the accompanying schedule of findings to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2009-004 and 2009-005 described in the accompanying schedule of findings to be significant deficiencies.

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 or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-001 through 2009-003.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated August 13, 2010.

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's response, and, accordingly, we express no opinion on it.

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



Mary Taylor, CPA
Auditor of State

August 13, 2010

**WARREN TOWNSHIP
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

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

FINDING NUMBER 2009-001

Finding for Adjustment/Noncompliance Citation/Material Weakness

Ohio Revised Code Section 5705.10(C) requires that all receipts derived from a special levy are to be credited to a special fund for the purpose for which the levy was made. This applies to other intergovernmental revenue received in the form of property tax rollback reimbursements.

In 2008 and 2009, the Township credited all homestead and rollback reimbursement monies to the General Fund, rather than crediting appropriate amounts accordingly to Road and Bridge, Road District Levy, and Emergency Medical Service funds.

The adjustments required to credit the Homestead and Rollback revenue to the Road and Bridge, Road District and the Emergency Medical Service funds are as follows:

	General Fund	Road and Bridge Fund	Road District Levy Fund	Emergency Medical Service Fund
2008 revenue increase/(decrease)	\$(13,587)	\$7,193	\$3,676	\$2,718
2009 revenue increase/(decrease)	<u>(13,531)</u>	<u>7,163</u>	<u>3,661</u>	<u>2,707</u>
Effect on December 31, 2009 fund balance	<u>(\$27,118)</u>	<u>\$14,356</u>	<u>\$7,337</u>	<u>\$5,425</u>

In accordance with the foregoing facts, we hereby issue a finding for adjustment to decrease intergovernmental revenue in the General Fund in the amount of \$27,118 and increase the intergovernmental revenue in the Road and Bridge, Road District Levy and Emergency Medical Service funds in the amount of **\$14,356**, \$7,337 and \$5,425, respectively.

The fund balance of the General Fund did not have resources available to record the adjustments while the audit was in progress, therefore the adjustments were not posted to the accounting records and are not reflected in the accompanying financial statements.

The Uniform Accounting Network Manual in the Appendix provides a Township Chart of Accounts which details the revenue codes, name of the source information, and a brief description of the type of revenue that relates to the code to be used for the accounting of those transactions.

The Township should use the UAN Accounting Manual and UAN crosswalk table of revenues as a guide for proper recording of receipts. The Township should post the adjustments as listed above when the balance is available in the General Fund.

FINDING NUMBER 2009-002

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 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. This certificate need be signed only by the subdivision's fiscal officer. 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 a 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 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.

If the amount involved is less than \$3,000 the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Township Board of Trustees if such expenditure is otherwise valid.

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 extent beyond the current year. More than one super blanket may be outstanding a particular time for any line item appropriation.

The Township did not certify or record the amount against the applicable appropriation accounts for 21% and 76% of tested expenditures for 2008 and 2009, respectively. The Township did not properly utilize the certification exceptions described above for those expenditures lacking prior certification.

**FINDING NUMBER 2009-002
 (Continued)**

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, prior certification is not only required by statute but is 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 Fiscal Officer 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.

The Township should certify purchases to which section Ohio Revised Code § 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language which Ohio Revised Code § 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of Ohio Revised Code § 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

FINDING NUMBER 2009-003

Noncompliance Citation

Ohio Revised Code Section 5705.38 requires, in part, that on or about the first day of the fiscal year, an appropriation measure be passed. **Ohio Revised Code Section 5705.41(B)** states that no subdivision or taxing unit is to expend money unless it has been appropriated.

The Township did not adopt an appropriation measure for 2009. As township expenditures are limited by the appropriations established for each fund; all expenditures totaling \$345,198 in 2009 were not in compliance with the Ohio Revised Code.

Failure to pass an appropriation measure, which serves as a tool by which expenditures can be monitored could result in overspending. The Township should pass an appropriation measure as required so that expenditures can be monitored and compliance with the Ohio Revised Code provisions can be attained. Expenditures should be limited to established appropriation limitations.

FINDING NUMBER 2009-004

Significant Deficiency

Posting Receipts

The Township did not correctly code and classify the receipts in 2009, which resulted in a reclassification to the financial statements. The Fiscal Officer has agreed to the reclassification and the corrected amounts are reflected in the accompanying financial statements.

2009

Fund Name	Account Type	Amount	Description
Reclassification			
Issue II	Intergovernmental receipts	\$49,000	Issue II funds posted as miscellaneous revenue

**FINDING NUMBER 2009-004
(Continued)**

Failure to post all receipts and all disbursements to the ledgers increases the possibility that the Township will not be able to identify, assemble, analyze, classify, record, and report its transactions correctly or to document compliance with finance-related legal and contractual requirements. The Fiscal Officer should refer to Auditor of State Bulletin 2000-008, which provides guidance on accounting for on-behalf-of programs when a local government or its residents are beneficiaries of the program. The Township 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. In addition, the Township should adopt procedures for the review of posting of transactions and subsequent posting to the financial statements.

FINDING NUMBER 2009-005

Significant Deficiency

Posting Appropriations and Estimated Resources:

The Fiscal Officer did not accurately post the amounts of appropriations approved by the Board of Trustees or the amounts of estimated resources as certified by the budget commission. In 2009, the Board did not approve an appropriation resolution and the Fiscal Officer recorded appropriations of \$638,689. In both years of the audit period, the Township obtained a certificate of estimated resources in amounts of \$573,297 and \$536,409 for 2009 and 2008, respectively and the Fiscal Officer did not record any of the estimated resources.

As the appropriation resolution and subsequent amendments establish the legal spending authority of the Township and the appropriation ledger provides the process by which the Township controls spending, it is necessary that the amounts appropriated by the Board are precisely stated and accurately posted to the appropriation ledger. As the original certificate and amendments establish the amounts available for expenditures in the Township and the receipt ledger provides the process by which the Township controls what is available, it is necessary that the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger. Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

To effectively control the budgetary cycle and to maintain accountability over Township expenditures and revenues, the Township Fiscal Officer should post to the ledgers, on a timely basis, appropriation amounts as passed by Board and estimated resources as certified by the budget commission.

**WARREN TOWNSHIP
JEFFERSON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Ohio Revised Code Section 5705.41 (B)	No	Cited in report as finding 2009-003
2007-002	Ohio Revised Code Section 5705.38 & 5705.41(B)	No	Cited in report as finding 2009-003
2007-003	Proper classification of receipts	No	Cited in report as finding 2009-004
2007-004	Proper posting of appropriations and estimated resources	No	Cited in report as finding 2009-005

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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
NOVEMBER 9, 2010**