



**Auditor of State
Betty Montgomery**

WARREN TOWNSHIP
WASHINGTON COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Warren Township
Washington County
95 Coffman Road
Marietta, Ohio 45750

To the Board of Trustees:

We have audited the accompanying financial statements of Warren Township, Washington County, Ohio (the Township), as of and for the years ended December 31, 2003 and 2002. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

The Township's financial transactions were processed using 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 conduct the audit of 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 Sections 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments.

We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Warren Township, Washington County, as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2004 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

Betty Montgomery
Auditor of State

April 13, 2004

**WARREN TOWNSHIP
WASHINGTON 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, 2003**

	<u>Governmental Fund Types</u>					Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
Cash Receipts:						
Local Taxes	\$ 201,910	\$ 606,783	\$ 39,830	\$	\$	\$ 848,523
Intergovernmental	47,720	107,027				154,747
Charges for Services	403					403
Licenses, Permits, and Fees		10,250				10,250
Earnings on Investments	2,404	630			5	3,039
Other Revenue	3,108	7,453				10,561
	<u>255,545</u>	<u>732,143</u>	<u>39,830</u>	<u>0</u>	<u>5</u>	<u>1,027,523</u>
Total Cash Receipts						
Cash Disbursements:						
Current:						
General Government	173,999					173,999
Public Safety	13,948	60,744				74,692
Public Works		537,415				537,415
Health	47,848	13,355				61,203
Conservation - Recreation	3,437			17,500		20,937
Debt Service:						
Redemption of Principal			23,000			23,000
Interest and Fiscal Charges			7,999			7,999
Capital Outlay		38,831				38,831
	<u>239,232</u>	<u>650,345</u>	<u>30,999</u>	<u>17,500</u>	<u>0</u>	<u>938,076</u>
Total Cash Disbursements						
Total Cash Receipts Over/(Under) Cash Disbursements	<u>16,313</u>	<u>81,798</u>	<u>8,831</u>	<u>(17,500)</u>	<u>5</u>	<u>89,447</u>
Other Financing Receipts/(Disbursements):						
Transfers-In		14,795				14,795
Advances-In	6,000	26,000	7,000	17,500		56,500
Transfers-Out			(14,795)			(14,795)
Advances-Out	(30,500)	(26,000)				(56,500)
Other Uses	(147)					(147)
	<u>(24,647)</u>	<u>14,795</u>	<u>(7,795)</u>	<u>17,500</u>	<u>0</u>	<u>(147)</u>
Total Other Financing Receipts/(Disbursements)						
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(8,334)	96,593	1,036	0	5	89,300
Fund Cash Balances, January 1	30,114	383,852	17,664	0	1,141	432,771
Fund Cash Balances, December 31	<u>\$ 21,780</u>	<u>\$ 480,445</u>	<u>\$ 18,700</u>	<u>\$ 0</u>	<u>\$ 1,146</u>	<u>\$ 522,071</u>
Reserve for Encumbrances, December 31	<u>\$ 0</u>	<u>\$ 59,408</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 59,408</u>

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

WARREN TOWNSHIP
WASHINGTON 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, 2002**

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Fiduciary Funds	
Cash Receipts:						
Local Taxes	\$ 142,157	\$ 498,647	\$ 132,734	\$	\$	\$ 773,538
Intergovernmental	44,986	107,818				152,804
Licenses, Permits, and Fees		4,850				4,850
Earnings on Investments	3,801	825			10	4,636
Other Revenue	4,929	16,006		10,000		30,935
Total Cash Receipts	<u>195,873</u>	<u>628,146</u>	<u>132,734</u>	<u>10,000</u>	<u>10</u>	<u>966,763</u>
Cash Disbursements:						
Current:						
General Government	225,507					225,507
Public Safety	6,650	47,644				54,294
Public Works		314,658				314,658
Health	47,668	4,724				52,392
Conservation - Recreation	18,049					18,049
Debt Service:						
Redemption of Principal			169,660			169,660
Interest and Fiscal Charges			14,457			14,457
Capital Outlay		69,511		26,391		95,902
Total Cash Disbursements	<u>297,874</u>	<u>436,537</u>	<u>184,117</u>	<u>26,391</u>	<u>0</u>	<u>944,919</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(102,001)	191,609	(51,383)	(16,391)	10	21,844
Fund Cash Balances, January 1	132,115	192,243	69,047	16,391	1,131	410,927
Fund Cash Balances, December 31	<u>\$ 30,114</u>	<u>\$ 383,852</u>	<u>\$ 17,664</u>	<u>\$ 0</u>	<u>\$ 1,141</u>	<u>\$ 432,771</u>
Reserve for Encumbrances, December 31	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

**WARREN TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Warren Township, Washington County (the Township), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees and a publicly-elected Clerk. The Township provides general governmental services, including road and bridge maintenance (public works), cemetery maintenance (health), and fire protection (public safety).

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

B. Basis of Accounting

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

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

C. Cash and Investments

The Township Clerk invests all available funds of the Township in an interest-bearing checking account.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. 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.

Special Levy Fire Fund (Operating) – This fund receives property tax money to provide fire protection for the residents of the Township.

**WARREN TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Special Levy Fire Fund (Equipment) – This fund receives property tax money for the purchase of equipment for the fire department.

3. Debt Service Fund

The debt service fund is used to accumulate resources for the payment of note indebtedness. The Township had the following Debt Service Funds:

Morris Real Estate Fund – This fund receives property tax money and receives the proceeds from other governmental funds to retire the principal and interest due on bonds.

Fire Station 1 Bond Retirement Fund – This fund receives property tax money and receives the proceeds from other governmental entities to retire the principal and interest due on bonds.

Squad 3/Engine 1 Retirement Fund – This fund receives property tax money and receives the proceeds from other governmental entities to retire the principal and interest due on a lease for a fire truck and ambulance.

4. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through trust funds). The Township had the following significant Capital Project Fund:

Public Works Project – The Township received a grant from the State of Ohio for road and bridge repairs for the Township.

5. Fiduciary Funds (Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements. The Township has the following significant Fiduciary Fund:

McNary Cemetery Bequest Fund – This fund maintains the trust corpus and receives the interest income earned and is classified as a nonexpendable trust fund. The income is to be used for perpetual care of the cemetery.

E. Budgetary Process

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

**WARREN TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered 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 carried over, and need not be reappropriated.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

2. EQUITY IN POOLED CASH

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

	<u>2003</u>	<u>2002</u>
Demand deposits	\$ 522,071	\$ 432,771

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Township.

**WARREN TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 251,477	\$ 261,545	\$ 10,068
Special Revenue	775,248	772,938	(2,310)
Debt Service	29,800	46,830	17,030
Capital Projects	30,000	17,500	(12,500)
Nonexpendable Trust	30	5	(25)
Total	\$ 1,086,555	\$ 1,098,818	\$ 12,263

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 275,947	\$ 269,879	\$ 6,068
Special Revenue	1,153,244	735,753	417,491
Debt Service	32,669	45,794	(13,125)
Capital Projects	0	17,500	(17,500)
Nonexpendable Trust	371	0	371
Total	\$ 1,462,231	\$ 1,068,926	\$ 393,305

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 204,046	\$ 195,873	\$ (8,173)
Special Revenue	627,723	628,146	423
Debt Service	132,734	132,734	0
Capital Projects	10,000	10,000	0
Nonexpendable Trust	30	10	(20)
Total	\$ 974,533	\$ 966,763	\$ (7,770)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 412,689	\$ 297,874	\$ 114,815
Special Revenue	821,706	436,537	385,169
Debt Service	186,328	184,117	2,211
Capital Projects	16,392	26,391	(9,999)
Nonexpendable Trust	255	0	255
Total	\$ 1,437,370	\$ 944,919	\$ 492,451

**WARREN TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

Contrary to Ohio law, estimated resources exceeded actual revenue plus January unencumbered cash and appropriations were greater than actual revenue plus January 1 unencumbered cash in several funds for the years ended December 31, 2003 and 2002. Contrary to Ohio law, appropriations exceeded estimated resources in several funds for the year ended December 31, 2002. Contrary to Ohio law, disbursements exceeded appropriations in several funds for the years ended December 31, 2003 and 2002.

4. PROPERTY TAX

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

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. DEBT

Debt outstanding at December 31, 2003 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bond - Real Estate	\$ 37,900	6.0%
General Obligation Bond - Fire Station	39,500	6.0%
Total	<u>\$ 77,400</u>	

The General Obligation Bonds were issued in 2000 to finance the purchase of real estate and for the construction and renovation of a fire station. The bond issues were for \$110,000 and \$120,000, respectively. The full faith and credit of the Township has been pledged to repay this debt.

**WARREN TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

5. DEBT (Continued)

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	General Obligation Bond Real Estate	General Obligation Bond Fire Station
2004	\$ 13,506	\$ 14,378
2005	14,066	14,914
2006	14,016	14,416
2007	472	
Total	\$ 42,060	\$ 43,708

6. RETIREMENT SYSTEM

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, members of PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all employer contributions required through December 31, 2003.

7. RISK MANAGEMENT

Risk Pool Membership

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. OTARMA is a member of the American Public Entity Excess Pool (APEEP). 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 Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

**WARREN TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

7. RISK MANAGEMENT (Continued)

Risk Pool Membership (Continued)

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$10,000 on any specific loss with an annual aggregate of \$700,000 for 2001 and \$1,250,000 for 2002. The Travelers Indemnity Company reinsures losses exceeding \$10,000 if the annual aggregate is reached and all specific losses exceeding \$100,000. APEEP's Operating Fund and Guarantee Fund pay for losses and loss adjustment expenses should they exceed operating contributions.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

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, 2002 and 2001 (the latest information available):

<u>Casualty Coverage</u>	<u>2002</u>	<u>2001</u>
Assets	\$ 23,757,036	\$ 23,707,776
Liabilities	<u>(9,197,512)</u>	<u>(9,379,003)</u>
Retained Earnings	<u>\$ 14,559,524</u>	<u>\$ 14,328,773</u>
<u>Property Coverage</u>	<u>2002</u>	<u>2001</u>
Assets	\$ 6,596,996	\$ 5,011,131
Liabilities	<u>(1,204,326)</u>	<u>(647,667)</u>
Retained Earnings	<u>\$ 5,392,670</u>	<u>\$ 4,363,464</u>

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

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Auditor of State Betty Montgomery

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

Warren Township
Washington County
95 Coffman Road
Marietta, Ohio 45750

To the Board of Trustees:

We have audited the accompanying financial statements of Warren Township, Washington County, Ohio (the Township), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated April 13, 2004, wherein we noted that the Township's financial transactions were processed using 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 conduct the audit of 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2003-001 to 2003-003. We also noted certain immaterial instances of noncompliance that we have reported to the management of the Township in a separate letter dated April 13, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the Township in a separate letter dated April 13, 2004.

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

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

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

Betty Montgomery
Auditor of State

April 13, 2004

**WARREN TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

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

FINDING NUMBER 2003-001

Noncompliance Citation

Ohio Rev. Code Section 5705.36 allows all subdivisions to request reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be less than the amount in the official certificate of estimated resources. The Township must request a reduced amended certificate when actual receipts plus January 1 unencumbered cash will be less than amounts appropriated.

Estimated resources exceeded actual revenue plus January 1 unencumbered cash and appropriations were greater than actual revenue plus January 1 unencumbered cash at December 31, 2002, as follows:

Fund	Total Estimated Resources	Actual Revenue Plus Unencumbered Cash	Appropriation Authority
General	\$ 336,006	\$ 327,833	\$ 412,689
Road and Bridge	414,980	413,570	428,086

Estimated resources exceeded actual revenue plus January 1 unencumbered cash and appropriations were greater than actual revenue plus January 1 unencumbered cash at December 31, 2003, as follows:

Fund	Total Estimated Resources	Actual Revenue Plus Unencumbered Cash	Appropriation Authority
Road and Bridge	\$ 483,471	\$ 450,970	\$ 483,471
Special Levy Fire (Operating)	161,593	147,947	161,593

This could cause the Township to spend more money than is available for expenditure.

We recommend the Township monitor and amend budgetary amounts to prevent the Township from appropriating more than what is available and received.

FINDING NUMBER 2003-002

Noncompliance Citation

Ohio Rev. Code Section 5705.39 provides that appropriations from each fund shall not exceed the estimated resources as certified by the County Budget Commission.

**WARREN TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002
(Continued)**

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

FINDING NUMBER 2003-002 (Continued)

Noncompliance Citation (Continued)

Ohio Rev. Code Section 5705.39 (Continued)

At December 31, 2002, appropriations exceeded estimated resources in the following funds:

Fund	Total Estimated Resources	Appropriation Authority	Variance
General	\$ 336,006	\$ 412,689	\$ (76,683)
Gasoline Tax	65,215	66,600	(1,385)
Road and Bridge	414,980	428,086	(13,106)
Permissive Sales Tax	29,573	69,454	(39,881)
Cemetery	14,807	17,912	(3,105)
Morris Real Estate Bond Retirement	56,829	62,329	(5,500)
Fire Station 1 Bond Retirement	42,018	46,718	(4,700)

This could result in the Township expending more money than is available.

We recommend appropriations for each fund not exceed the estimated resources as certified by the County Budget Commission.

FINDING NUMBER 2003-003

Noncompliance Citation

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

Actual disbursements exceeded appropriations, for the year ended December 31, 2003, as follows, due to amendments being posted to the UAN system without the approval of the Board of Trustees:

Fund	Appropriations	Actual Disbursements	Variance
Squad 3 / Fire Engine 1 Bond Retirement	\$ 0	\$ 14,795	\$ (14,795)
Township Park	0	17,500	(17,500)

WARREN TOWNSHIP
WASHINGTON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002
(Continued)

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

FINDING NUMBER 2003-003 (Continued)

Noncompliance Citation (Continued)

Ohio Rev. Code Section 5705.41(B) (Continued)

Actual disbursements exceeded appropriations, for the year ended December 31, 2002, as follows, due to amendments being posted to the UAN system without the approval of the Board of Trustees:

<u>Fund</u>	<u>Appropriations</u>	<u>Actual Disbursements</u>	<u>Variance</u>
Squad 3 / Fire Engine 1 Bond Retirement	\$ 77,282	\$ 88,139	\$ (10,857)
Township Park	0	10,000	(10,000)

This could result in the Township overspending available fund balances.

We recommend the Township review budgetary information on a regular basis to ensure disbursements have not exceeded appropriations and to seek amendments as needed from the Board of Trustees.

**WARREN TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-41084-001	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.41(D) for failure to obtain the prior certification of the Township Clerk when incurring an obligation.	No	Partially Corrected: This matter is no longer significant and is reported in the current audit Management Letter.
2001-41084-002	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.41(B) for expenditures exceeding appropriations.	No	Not Corrected: This matter is repeated in the current audit Schedule of Findings as item 2003-003.



**Auditor of State
Betty Montgomery**

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WARREN TOWNSHIP

WASHINGTON 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
JUNE 8, 2004**