



Mary Taylor, CPA  
Auditor of State



WARREN TOWNSHIP  
WASHINGTON COUNTY

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Mary Taylor, CPA  
Auditor of State

Warren Township  
Washington County  
95 Coffman Road  
Marietta, Ohio 45750

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*

**Mary Taylor, CPA**  
Auditor of State

August 27, 2010

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# Mary Taylor, CPA

Auditor of State

## 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, 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 § 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.

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.

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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.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Warren Township, Washington 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 27, 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 27, 2010



**WARREN TOWNSHIP  
WASHINGTON 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**

	<u>Governmental Fund Types</u>					<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent</u>	
<b>Cash Receipts:</b>						
Property and Other Local Taxes	\$ 237,842	\$ 284,317	\$	\$	\$	\$ 522,159
Intergovernmental	192,995	460,964		40,142		694,101
Charges for Services	703					703
Licenses, Permits, and Fees		12,850				12,850
Earnings on Investments	4,639	499			10	5,148
Miscellaneous	3,884	36,745				40,629
<b>Total Cash Receipts</b>	<u>440,063</u>	<u>795,375</u>	<u>0</u>	<u>40,142</u>	<u>10</u>	<u>1,275,590</u>
<b>Cash Disbursements:</b>						
Current:						
General Government	214,237					214,237
Public Safety	6,812	86,539				93,351
Public Works	17,375	484,661		40,142		542,178
Health	13,710	16,740				30,450
Conservation - Recreation	13,095					13,095
Capital Outlay	17,291	20,680				37,971
Debt Service:						
Redemption of Principal		64,063	20,600			84,663
Interest and Fiscal Charges		8,696	8,429			17,125
<b>Total Cash Disbursements</b>	<u>282,520</u>	<u>681,379</u>	<u>29,029</u>	<u>40,142</u>	<u>0</u>	<u>1,033,070</u>
Total Cash Receipts Over/(Under) Cash Disbursements	157,543	113,996	(29,029)	0	10	242,520
<b>Other Financing Receipts/(Disbursements):</b>						
Transfers-In			28,948			28,948
Transfers-Out	(28,948)					(28,948)
Other Financing Sources		3,004				3,004
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(28,948)</u>	<u>3,004</u>	<u>28,948</u>	<u>0</u>	<u>0</u>	<u>3,004</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	128,595	117,000	(81)	0	10	245,524
Fund Cash Balances, January 1	311,926	480,225	81	0	1,296	793,528
<b>Fund Cash Balances, December 31</b>	<u>\$ 440,521</u>	<u>\$ 597,225</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,306</u>	<u>\$ 1,039,052</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 FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Permanent</u>	
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$ 157,275	\$ 325,905	\$	\$	\$ 483,180
Intergovernmental	143,983	421,289			565,272
Charges for Services	400				400
Licenses, Permits, and Fees		11,925			11,925
Earnings on Investments	16,570	2,318		27	18,915
Miscellaneous	3,025	20,200			23,225
<b>Total Cash Receipts</b>	<u>321,253</u>	<u>781,637</u>	<u>0</u>	<u>27</u>	<u>1,102,917</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	205,829				205,829
Public Safety	4,662	101,453			106,115
Public Works		513,789			513,789
Health	12,230	13,564			25,794
Conservation - Recreation	8,334				8,334
Capital Outlay	44,275	435,439			479,714
Debt Service:					
Redemption of Principal		68,677	20,100		88,777
Interest and Fiscal Charges		10,892	9,372		20,264
<b>Total Cash Disbursements</b>	<u>275,330</u>	<u>1,143,814</u>	<u>29,472</u>	<u>0</u>	<u>1,448,616</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	45,923	(362,177)	(29,472)	27	(345,699)
<b>Other Financing Receipts and (Disbursements):</b>					
Proceeds from Sale of Public Debt:					
Sale of Bonds		202,500			202,500
Transfers-In		3,000	29,553		32,553
Transfers-Out	(32,553)				(32,553)
Other Financing Sources		783			783
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(32,553)</u>	<u>206,283</u>	<u>29,553</u>	<u>0</u>	<u>203,283</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	13,370	(155,894)	81	27	(142,416)
<b>Fund Cash Balances, January 1</b>	<u>298,556</u>	<u>636,119</u>	<u>0</u>	<u>1,269</u>	<u>935,944</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 311,926</u>	<u>\$ 480,225</u>	<u>\$ 81</u>	<u>\$ 1,296</u>	<u>\$ 793,528</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, 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, Washington 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'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. Deposits and Investments**

Money market mutual funds (including STAROhio) are recorded at share values the mutual funds report.

**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 Funds:

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

Fire Equipment Special Levy Fund - This fund receives property tax money for the purpose of maintaining and purchasing equipment used in providing fire protection services to the residents of Warren Township.

**WARREN TOWNSHIP  
WASHINGTON COUNTY**

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

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**3. Debt Service Fund**

These funds account for resources the Township accumulates to pay bond and note debt. The Township had the following significant Debt Service Fund:

Inman Liberty N.W.E.T (Morris) Fund - This fund receives general fund money used to retire principal and interest due for the purchase of real estate acquisition bonds used for the site of a new fire station, as well as walking trail and park facility.

**4. Capital Projects Fund**

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 Projects Fund:

Public Works Projects Fund - The Township received a grant from the Ohio Public Works Commission for a landslip repair project.

**5. 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 Funds: Anderson Cemetery Bequest, Finch Cemetery Bequest, McNary Cemetery Bequest, and the Ormiston Cemetery Bequest. These funds receive interest earned on the nonexpendable corpus from a trust agreement. These earnings can be used for the general maintenance and upkeep of the Township 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 object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. 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.

**WARREN TOWNSHIP  
WASHINGTON COUNTY**

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

**1. Summary of Significant Accounting Policies (Continued)**

**E. Budgetary Process (Continued)**

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

**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 and Investments**

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

	2009	2008
Demand deposits	\$ 788,911	\$ 393,777
Certificates of deposit	200,000	-
Total deposits	988,911	393,777
 STAROhio	 50,141	 399,751
Total investments	50,141	399,751
Total deposits and investments	\$ 1,039,052	\$ 793,528

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

**Investments:** Investments in STAROhio are not evidenced by securities that exist in physical or book-entry form.

**WARREN TOWNSHIP  
WASHINGTON COUNTY**

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

**3. Budgetary Activity**

Budgetary activity for the years ending 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$284,997	\$440,063	\$155,066
Special Revenue	771,983	798,379	26,396
Debt Service	29,482	28,948	(534)
Capital Projects	40,142	40,142	0
Permanent	35	10	(25)
Total	\$1,126,639	\$1,307,542	\$180,903

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$596,923	\$311,468	\$285,455
Special Revenue	1,249,704	681,379	568,325
Debt Service	29,563	29,029	534
Capital Projects	40,142	40,142	0
Permanent	1,331	0	1,331
Total	\$1,917,663	\$1,062,018	\$855,645

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$329,953	\$321,253	(\$8,700)
Special Revenue	991,258	987,920	(3,338)
Debt Service	29,553	29,553	0
Permanent	42	27	(15)
Total	\$1,350,806	\$1,338,753	(\$12,053)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$628,005	\$307,883	\$320,122
Special Revenue	1,564,382	1,143,814	420,568
Debt Service	29,553	29,472	81
Permanent	1,311	0	1,311
Total	\$2,223,251	\$1,481,169	\$742,082

**WARREN TOWNSHIP  
WASHINGTON COUNTY**

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

**4. Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following 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, 2009 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Dump Truck Capital Lease - R107	\$59,356	4.45%
Pumper Fire Truck Capital Lease	124,233	3.95%
2007 Real Estate Acquisition Bonds	<u>154,200</u>	4.85%
Total	<u><u>\$337,789</u></u>	

The Township entered into a lease purchase agreement in 2007 in the amount of \$93,992 for the purchase of a dump truck to be used for Township road maintenance. The note is collateralized by the vehicle and the Township's taxing authority. The notes will be repaid from the Gasoline Tax fund in bi-annual installments of \$10,677, which includes interest.

The Real Estate Acquisition Bonds Series 2007 relate to the purchase of land to be used for the site of a new fire station, as well as, a walking trail and park facility. The bonds will be repaid in annual payments of approximately \$19,500, with a lump sum last payment of \$103,697 due on December 1, 2016. These bonds are collateralized by the Township's taxing authority.

The Township entered into a lease purchase agreement in 2008 in the amount of \$202,500 for the purchase of a pumper fire truck to be used for Township fire protection. The note is collateralized by the vehicle and the Township's taxing authority. The note will be repaid from the Fire District Equipment fund in bi-annual installments of \$22,299, which includes interest.

**WARREN TOWNSHIP  
WASHINGTON COUNTY**

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

**5. Debt (Continued)**

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

Year ending December 31:	Dump Truck Capital Lease - R107	Pumper Fire Truck Capital Lease - 2008	Real Estate Acquisition Bonds - 2007
2010	\$21,354	\$44,596	\$19,549
2011	21,354	44,597	19,610
2012	21,354	44,597	19,543
2013			19,551
2014			19,530
2015-2016			103,277
Total	\$64,062	\$133,790	\$201,060

**6. Retirement System**

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 plan's 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.

**7. Risk Management**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2009, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.



**WARREN TOWNSHIP  
WASHINGTON COUNTY**

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

**7. Risk Management (Continued)**

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

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, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Assets	\$38,982,088	\$40,737,740
Liabilities	(12,880,766)	(12,981,818)
Net Assets	<u>\$26,101,322</u>	<u>\$27,755,922</u>

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$12.0 and \$12.1 million of estimated incurred claims payable. The assets above also include approximately \$11.5 and \$10.9 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2009, the Township's share of these unpaid claims collectible in future years is approximately \$24,900.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
<u>2009</u>	<u>2008</u>
\$23,307	\$26,498

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

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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  
Washington County  
95 Coffman Road  
Marietta, Ohio 45750

To the Board of Trustees:

We have audited the financial statements of Warren Township, Washington County, Ohio (the Township), as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated August 27, 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 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.

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 combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated August 27, 2010.

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

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

August 27, 2010

**WARREN TOWNSHIP  
WASHINGTON 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; <b><i>Explain</i></b>
2007-001	Ohio Rev. Code Section 5705.41(B) – Disbursements exceeded appropriations at December 31, 2007 and 2006.	Yes	
2007-002	Material Weakness - Appropriations as approved by the Board of Trustees and estimated resources as approved by the Budget Commission did not agree to amounts posted in the Township's ledgers at December 31, 2007 and 2006.	No	Not Corrected; Re-issued in the Management Letter.
2007-003	Ohio Admin. Code 117-2-02(A) – Improper posting of receipts and disbursements at December 31, 2007 and 2006.	Yes	





**Mary Taylor, CPA**  
Auditor of State

**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  
SEPTEMBER 21, 2010**