

**MARION TOWNSHIP  
MARION COUNTY**

**AUDIT REPORT**

**JANUARY 1, 2016 - DECEMBER 31, 2017**





# Dave Yost • Auditor of State

Board of Trustees  
Marion Township  
1228 E Fairground St.  
Marion, OH 43302

We have reviewed the *Independent Auditors' Report* of Marion Township, Marion County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2016 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Marion Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

June 19, 2018

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**MARION TOWNSHIP  
MARION COUNTY  
JANUARY 1, 2016 - DECEMBER 31, 2017**

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.  
1100 BRANDYWINE BLVD. BUILDING G  
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT**

Marion Township  
Marion County  
1228 East Fairground Road  
Marion, Ohio 43302

To the Township Trustees:

**Report on the Financial Statements**

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type and related notes of Marion Township, Marion County, as of and for the years ended December 31, 2017 and 2016.

**Management's Responsibility For the Financial Statements**

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

**Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonable determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

#### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Marion Township, Marion County as of December 31, 2017 and 2016, or changes in financial position thereof for the years then ended.

#### **Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Marion Township, Marion County as of December 31, 2017 and 2016, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated May 17, 2018, on our consideration of Marion Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

***Wilson, Phillips & Agin, CPA's, Inc.***

Zanesville, Ohio

May 17, 2018



**MARION TOWNSHIP  
MARION COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$ 313,104	\$ 1,882,022	\$ 2,195,126
Charges for Services	-	318,028	318,028
Licenses, Permits and Fees	36,827	-	36,827
Intergovernmental	92,303	332,779	425,082
Special Assessments	-	6,710	6,710
Earnings on Investments	1,150	5	1,155
Miscellaneous	11,320	30,255	41,575
<b>Total Cash Receipts</b>	<u>454,704</u>	<u>2,569,799</u>	<u>3,024,503</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	234,871	-	234,871
Public Safety	-	2,318,977	2,318,977
Public Works	-	334,534	334,534
Health	75,351	-	75,351
Capital Outlay	344,405	308,940	653,345
Debt Service:			
Principal Retirement	2,868	78,802	81,670
<b>Total Cash Disbursements</b>	<u>657,495</u>	<u>3,041,253</u>	<u>3,698,748</u>
<b>Excess of Receipts Over/(Under) Disbursements</b>	(202,791)	(471,454)	(674,245)
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In	-	456,700	456,700
Advances In	60,000	60,000	120,000
Other Financing Sources	1,880	33,380	35,260
Transfers Out	(456,700)	-	(456,700)
Advances Out	(60,000)	(60,000)	(120,000)
<b>Total Other Financing Receipts (Disbursements)</b>	<u>(454,820)</u>	<u>490,080</u>	<u>35,260</u>
<b>Net Change in Fund Cash Balance</b>	(657,611)	18,626	(638,985)
<b>Fund Cash Balances, January 1, restated</b>	<u>1,465,902</u>	<u>433,152</u>	<u>1,899,054</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	451,778	451,778
Assigned	808,291	-	808,291
<b>Fund Cash Balances, December 31</b>	<u>\$ 808,291</u>	<u>\$ 451,778</u>	<u>\$ 1,260,069</u>

See notes to financial statements.

**MARION TOWNSHIP  
MARION COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**1. REPORTING ENTITY**

**Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Marion Township, Marion County, (the Township) as a body corporate and politic. A publically-elected three-member Board of Trustees directs the Township. The Township provides general government services, road and bridge maintenance, cemetery services, fire protection and emergency medical services.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

**B. Fund Accounting**

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

**General Fund**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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

**Fire District Fund** – This fund receives property tax monies and local government funding for the equipping, maintaining and general operations of the Township fire department.

**MARION TOWNSHIP  
MARION COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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

**C. Budgetary Process**

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

**Appropriations**

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

**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 approve estimated resources.

**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 in the subsequent year.

A summary of 2017 appears in Note 3.

**D. Deposits and Investments**

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

**E. Capital Assets**

The Township records disbursements for acquisitions of property, plant and equipment when paid. The accompanying financial statements do not report these items as assets.

**F. 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.

**MARION TOWNSHIP  
MARION COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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

**G. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**Nonspendable**

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**Committed**

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**MARION TOWNSHIP  
MARION COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 464,635	\$ 456,584	\$ (8,051)
Special Revenue	3,213,770	3,059,879	(153,891)
Total	\$ 3,678,405	\$ 3,516,463	\$ (161,942)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,474,650	\$ 1,114,195	\$ 360,455
Special Revenue	3,430,050	3,041,253	388,797
Total	\$ 4,904,700	\$ 4,155,448	\$ 749,252

Contrary to ORC 5705.41(D), the Township made expenditures without prior certification.

**4. EQUITY IN POOLED CASH**

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

	2017
Demand Deposits	\$ 1,260,069
Total Deposits	\$ 1,260,069

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

**5. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Township Trustees. 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.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**MARION TOWNSHIP  
MARION COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**6. RISK MANAGEMENT**

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and Omissions

**7. DEFINED BENEFIT PENSION PLANS**

*Ohio Public Employees Retirement System*

Some of the Township's full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2017, OPERS members contributed 10.0% of their gross wages and the Township contributed an amount equal to 14.0% of participant's gross salaries. The Township has paid all contributions required through December 31, 2017.

*Ohio Police and Fire Retirement*

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25% of their wages. The Township contributed to OP&F and amount equal to 24.00% of full-time fire fighter's wages. The Township has paid all contributions required through December 31, 2017.

**8. POSTEMPLOYMENT BENEFITS**

Both OPERS and OP&F offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

**9. DEBT**

Debt outstanding at December 31, 2017, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
1997 OPWC Storm Drain Project	\$ 1,429	0.00%
Total	<u>\$ 1,429</u>	

**MARION TOWNSHIP  
MARION COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

**9. DEBT (Continued)**

The Ohio Public Works Commission loans were issued in 1997 finance a storm sewer drainage project for a housing development within the Township.

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

<u>Year Ending December 31:</u>	<u>Storm Drain</u>
2018	1,429
<u>Total</u>	<u>\$ 1,429</u>

**10. RESTATEMENT**

Fund balances in the Special Revenue Funds have been restated for the year beginning January 1, 2017 as voided checks were added back:

	<u>Special Revenue</u>
Fund Balance at December 31, 2016	\$ 432,252
Adjustments	900
Fund Balance at January 1, 2017	<u>\$ 433,152</u>

**MARION TOWNSHIP  
MARION COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$ 294,959	\$ 1,921,357	\$ 2,216,316
Charges for Services	-	303,072	303,072
Licenses, Permits and Fees	94,403	-	94,403
Intergovernmental	93,313	290,856	384,169
Special Assessments	-	6,399	6,399
Earnings on Investments	1,398	7	1,405
Miscellaneous	16,150	28,145	44,295
<b>Total Cash Receipts</b>	<u>500,223</u>	<u>2,549,836</u>	<u>3,050,059</u>
<b>Cash Disbursements:</b>			
Current:			
General Government	275,222	-	275,222
Public Safety	-	2,701,464	2,701,464
Public Works	-	221,431	221,431
Health	61,762	-	61,762
Capital Outlay	-	205,170	205,170
Debt Service:			
Principal Retirement	2,868	78,802	81,670
<b>Total Cash Disbursements</b>	<u>339,852</u>	<u>3,206,867</u>	<u>3,546,719</u>
<b>Excess of Receipts Over/(Under) Disbursements</b>	160,371	(657,031)	(496,660)
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In	-	303,203	303,203
Advances In	-	61,173	61,173
Sale of Assets	-	19,665	19,665
Other Financing Sources	-	4,389	4,389
Transfers Out	(303,203)	-	(303,203)
Advances Out	(61,173)	-	(61,173)
<b>Total Other Financing Receipts (Disbursements)</b>	<u>(364,376)</u>	<u>388,430</u>	<u>24,054</u>
<b>Net Change in Fund Cash Balance</b>	(204,005)	(268,601)	(472,606)
<b>Fund Cash Balances, January 1, restated</b>	<u>1,669,907</u>	<u>700,853</u>	<u>2,370,760</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	432,252	432,252
Assigned	1,465,902	-	1,465,902
<b>Fund Cash Balances, December 31</b>	<u>\$ 1,465,902</u>	<u>\$ 432,252</u>	<u>\$ 1,898,154</u>

See notes to financial statements.



**MARION TOWNSHIP  
MARION COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**1. REPORTING ENTITY**

**Description of the Entity**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Presentation**

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**MARION TOWNSHIP  
MARION COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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

**C. Budgetary Process**

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

**Appropriations**

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

**Estimated Resources**

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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 in the subsequent year.

A summary of 2016 appears in Note 3.

**D. Deposits and Investments**

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

**E. Capital Assets**

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**F. Accumulated Leave**

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**MARION TOWNSHIP  
MARION COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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

**G. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

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The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**Committed**

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**MARION TOWNSHIP  
MARION COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 482,495	\$ 500,223	\$ 17,728
Special Revenue	3,261,731	2,877,093	(384,638)
Total	\$ 3,744,226	\$ 3,377,316	\$ (366,910)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 753,348	\$ 643,055	\$ 110,293
Special Revenue	3,542,286	3,206,867	335,419
Total	\$ 4,295,634	\$ 3,849,922	\$ 445,712

Contrary to ORC 5705.41(D), the Township made expenditures without prior certification.  
 Contrary to ORC 5705.39, the Township's Gasoline Tax Fund had appropriations greater than estimated resources.

**4. EQUITY IN POOLED CASH**

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

	2016
Demand Deposits	\$ 1,898,154
Total Deposits	\$ 1,898,154

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

**5. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Township Trustees. 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.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

**MARION TOWNSHIP  
MARION COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**6. RISK MANAGEMENT**

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and Omissions

**7. DEFINED BENEFIT PENSION PLANS**

*Ohio Public Employees Retirement System*

Some of the Township's full-time employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2016, OPERS members contributed 10.0% of their gross wages and the Township contributed an amount equal to 14.0% of participant's gross salaries. The Township has paid all contributions required through December 31, 2016.

*Ohio Police and Fire Retirement*

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). OP&F 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. OP&F participants contributed 12.25% of their wages. The Township contributed to OP&F and amount equal to 24.00% of full-time fire fighter's wages. The Township has paid all contributions required through December 31, 2016.

**8. POSTEMPLOYMENT BENEFITS**

Both OPERS and OP&F offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

**9. DEBT**

Debt outstanding at December 31, 2016, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
1997 OPWC Storm Drain Project	\$ 4,297	0.00%
2012 OPWC Paving Project	78,802	0.00%
Total	<u>\$ 83,099</u>	

**MARION TOWNSHIP  
MARION COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**9. DEBT (Continued)**

The Ohio Public Works Commission loans were issued in 1997 and 2012 to finance a storm sewer drainage project for a housing development within the Township and to finance a Township paving project.

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

Year Ending December 31:	Storm Drain	Paving
2017	2,868	78,802
2018	1,429	-
Total	\$ 4,297	\$ 78,802

**10. RESTATEMENT**

Fund balances in the Special Revenue Funds have been restated for the year beginning January 1, 2016 as voided checks were added back:

	Special Revenue
Fund Balance at December 31, 2015	\$ 700,820
Adjustments	33
Fund Balance at January 1, 2016	\$ 700,853

**WILSON, PHILLIPS & AGIN, CPA'S, INC.  
1100 BRANDYWINE BLVD. BUILDING G  
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS.**

Marion Township  
Marion County  
1228 East Fairground Street  
Marion, Ohio 43302

To the Township Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Marion Township, Marion County as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated May 17, 2018 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered Marion Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. 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 Finding 2017-001 described in the accompanying schedule of findings to be a material weakness.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Marion Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance 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*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***Wilson, Phillips & Agin, CPA's, Inc.***  
Zanesville, Ohio  
May 17, 2018



**MARION TOWNSHIP  
MARION COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2017 AND 2016**

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

**FINDING NUMBER 2017-001**

**Material Weakness – Financial Reporting**

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

The following reclassifications were made to the December 31, 2017 and 2016 financial statements and the Township's records where applicable:

The following is related to 2017:

- Miscellaneous Receipts were increased by \$21, 926 and Intergovernmental Receipts were decreased in the Fire District Fund for a BWC Refund.
- Principal Retirement debt payments were reclassified from Other Expenses in the amount of \$2,868 in the General Fund.;
- Principal Retirement debt payments were reclassified from Interest and Fiscal Payments in the amount of \$78,802 in the Gasoline Tax Fund.
- Nonspendable Fund balance of \$3,340 was reclassified to Restricted in the Street Light Fund.

The following is related to 2015;

- Property and Other Local Taxes in the amount of \$14,009 and \$171,814 were reclassified to Intergovernmental Receipts in the General Fund and Fire District Fund, respectively;
- Principal Retirement debt payments were reclassified from Other Expenses in the amount of \$2,868 in the General Fund.;
- Principal Retirement debt payments were reclassified from Interest and Fiscal Payments in the amount of \$78,802 in the Gasoline Tax Fund.
- Sale of Capital Assets in the amount of \$8,550 and \$11,115 were reclassified from the Gasoline Tax Fund and Fire District Fund, respectively from Miscellaneous Receipts.
- Nonspendable Fund balance of \$3,340 was reclassified to Restricted in the Street Light Fund.

Sound financial reporting is the responsibility of the Township and is essential to help ensure the information provided to the readers of financial statements is complete and accurate. To help ensure the Township's financial statements and notes to the financial statements are complete and accurate, the Township should adopt policies and procedures to identify and correct errors and omissions. In addition, the Township should review the financial statements and notes prior to submission for audit.

Client Response: We have not received a response from the client.

**MARION TOWNSHIP  
MARION COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
YEARS ENDED DECEMBER 31, 2017**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2015-001	ORC 5705.41(D) Expenditures made prior to certification	No	Partially Corrected In Management Letter
2015-002	Material Weakness Financial Reporting	No	Not Corrected Deficiency Finding 2017-001



# Dave Yost • Auditor of State

**MARION TOWNSHIP**

**MARION 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  
JULY 3, 2018**