



**MARION TOWNSHIP
ALLEN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

MARION TOWNSHIP
ALLEN COUNTY

JANUARY 1, 1998 THROUGH DECEMBER 31, 1999
TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
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, 1999	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance – Fiduciary Fund Type For the Year Ended December 31, 1999	4
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, 1998	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance – Fiduciary Fund Type For the Year Ended December 31, 1998	6
Notes to the Financial Statements	7
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	13
Schedule of Findings	15

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Marion Township
Allen County
5405 Kiggins Road
Delphos, Ohio 45833

To the Board of Trustees:

We have audited the accompanying financial statements of Marion Township, Allen County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. 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 generally accepted auditing standards 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. 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 of the Township as of December 31, 1999 and 1998, 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 May 19, 2000 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.

This report is intended solely for the information and use of management and the Board and other officials authorized to receive this report under § 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, appearing to read "Jim Petro".

Jim Petro
Auditor of State

May 19, 2000

This page intentionally left blank.

**MARION TOWNSHIP
ALLEN 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, 1999**

	<u>Governmental Fund Types</u>		<u>Fiduciary Funds</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Local Taxes	\$17,607	\$130,716	\$0	\$148,323
Intergovernmental	103,600	81,853		185,453
Licenses, Permits, and Fees	550			550
Earnings on Investments	8,842	3,453		12,295
Other Revenue	60,207	1,432		61,639
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	190,806	217,454		408,260
Cash Disbursements:				
Current:				
General Government	93,750			93,750
Public Safety		90,284		90,284
Public Works	20,815	113,269		134,084
Health	13,156			13,156
Capital Outlay	54,121	13,430		67,551
Debt Service:				
Redemption of Principal		2,051		2,051
Interest and Fiscal Charges		43		43
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	181,842	219,077		400,919
	<hr/>	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	8,964	(1,623)		7,341
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	44,901	137,555	44,278	226,734
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$53,865	\$135,932	\$44,278	\$234,075
	<hr/>	<hr/>	<hr/>	<hr/>

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

MARION TOWNSHIP
ALLEN COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
Non-Operating Cash Receipts:	
Other Non-Operating Receipts	<u>\$20,035</u>
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	<u>19,719</u>
Net Receipts Over/(Under) Disbursements	316
Fund Cash Balance, January 1	<u>1,162</u>
Fund Cash Balance, December 31	<u>\$1,478</u>

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

**MARION TOWNSHIP
ALLEN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		<u>Fiduciary Funds</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Local Taxes	\$16,779	\$169,325	\$0	\$186,104
Intergovernmental	78,275	83,133		161,408
Licenses, Permits, and Fees	1,800			1,800
Earnings on Investments	7,712	3,433		11,145
Other Revenue	42,912	2,822		45,734
	<u>147,478</u>	<u>258,713</u>		<u>406,191</u>
Cash Disbursements:				
Current:				
General Government	81,520			81,520
Public Safety		93,328		93,328
Public Works	9,471	101,607		111,078
Health	12,499			12,499
Capital Outlay	55,000	13,991		68,991
Debt Service:				
Redemption of Principal		3,978		3,978
Interest and Fiscal Charges		209		209
	<u>158,490</u>	<u>213,113</u>		<u>371,603</u>
Total Receipts Over/(Under) Disbursements	<u>(11,012)</u>	<u>45,600</u>		<u>34,588</u>
Fund Cash Balances, January 1	<u>55,913</u>	<u>91,955</u>	<u>44,278</u>	<u>192,146</u>
Fund Cash Balances, December 31	<u>\$44,901</u>	<u>\$137,555</u>	<u>\$44,278</u>	<u>\$226,734</u>

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

MARION TOWNSHIP
ALLEN COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>Fiduciary Fund Type</u>
	<u>Agency</u>
Non-Operating Cash Receipts:	
Other Non-Operating Receipts	<u>\$23,137</u>
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	22,986
Net Receipts Over/(Under) Disbursements	<u>151</u>
Fund Cash Balance, January 1	<u>1,011</u>
Fund Cash Balance, December 31	<u><u>\$1,162</u></u>

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

**MARION TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Marion Township, Allen 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. The Township provides general governmental services, including road and bridge maintenance, fire protection and emergency medical services. The Township contracts with the Elida Community Fire Company, Inc. to provide fire services and the City of Delphos to provide ambulance services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting 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

Certificates of deposit are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of the sale are recorded as receipts or disbursements, respectfully.

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 (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

**MARION TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DEC EMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

Fire District Fund - This fund receives property tax money for fire protection within the Township.

3. Fiduciary Funds (Trust and Agency Funds)

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

Bellis Fund - This fund is used to account for the proceeds from the sale of the Bellis Farm. The monies are to be used for the benefit of the suffering poor of the Township.

Agency Fund - The Township has established this fund to be used as an escrow account for payroll deductions.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. 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 Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. The Township did not use the encumbrance method of accounting.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

**MARION TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

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. Unpaid Vacation and Sick Leave

The full-time employee is entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Township.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$31,915	\$38,528
Certificates of deposit	30,152	30,152
Total deposits	62,067	68,680
STAR Ohio	173,486	159,216
Total deposits and investments	\$235,553	\$227,896

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

Investments: Investments in STAR Ohio (the State Treasurer's investment pool) are not evidenced by securities that exist in physical or book entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$172,900	\$190,806	\$17,906
Special Revenue	213,900	217,454	3,554
Total	\$386,800	\$408,260	\$21,460

**MARION TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$226,925	\$181,842	\$45,083
Special Revenue	342,331	219,077	123,254
Fiduciary	44,278	0	44,278
Total	\$613,534	\$400,919	\$212,615

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$139,100	\$147,478	\$8,378
Special Revenue	252,100	258,713	6,613
Total	\$391,200	\$406,191	\$14,991

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$195,014	\$158,490	\$36,524
Special Revenue	344,055	213,113	130,942
Fiduciary	44,278	0	44,278
Total	\$583,347	\$371,603	\$211,744

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.

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.

**MARION TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Loan	\$0	N/A

Debt outstanding at December 31, 1998 was as follows:

	Principal	Interest Rate
Loan	\$2,051	4%

The loan was for the purchase of a 1996 Chevy Blazer for the police department. The Loan was retired during 1999.

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

Year ending December 31:	Loan
1998	\$4,187
1999	2,094
Total	\$6,281

6. RETIREMENT SYSTEMS

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 1999 and 1998, PERS members contributed 8.5 percent of their gross salaries. The Township contributed an amount equal to 13.55 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 1999 and 1998.

7. RISK MANAGEMENT

The Township is a member of the Ohio Township Association Risk Management Authority (the Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicle

The Township also provides health insurance coverage to the employees through a private carrier.

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

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

Marion Township
Allen County
5405 Kiggins Road
Delphos, Ohio 45833

To the Board of Trustees:

We have audited the financial statements of Marion Township, Allen County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated May 19, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 1999-40202-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 19, 2000.

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 statements 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 other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated May 19, 2000.

Marion Township
Allen County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of 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, appearing to read "Jim Petro". The signature is stylized with a large loop at the end.

Jim Petro
Auditor of State

May 19, 2000

**MARION TOWNSHIP
ALLEN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

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

Finding Number - 1999-40202-001	Finding for Adjustment
--	-------------------------------

Ohio Rev. Code Section 5705.10 states that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund for such purpose.

For both 1999 and 1998, the Township reported the Bellis expendable trust fund as a special revenue fund. Additionally, the Township did not properly distribute revenues derived from homestead and rollback revenues which resulted in the General Fund balance being overstated and the Police, Fire and Road and Bridge Fund balances being understated by the following amounts:

	<u>1998</u>	<u>1999</u>
General Fund	\$9,123	\$14,530
Special Revenue Fund Type:		
Police District Fund	(1,489)	(3,009)
Fire District Fund	(4,494)	(5,154)
Road and Bridge Fund	(3,140)	(6,367)

The balance of the Bellis expendable trust fund (\$44,278) was reclassified as an expendable trust fund from the special revenue fund type.

The financial statements have been adjusted to correct these errors. In order to avoid incorrect fund balances and monitor actual fund balances, the Township should appropriately distribute homestead and rollback revenues.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

MARION TOWNSHIP

ALLEN 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 19, 2000**