

MARSEILLES TOWNSHIP
WYANDOT COUNTY, OHIO

AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2006 AND 2005



Mary Taylor, CPA

Auditor of State

Board of Trustees
Marseilles Township
20472 State Highway 37
Larue, Ohio 43332

We have reviewed the *Independent Auditor's Report* of Marseilles Township, Wyandot County, prepared by E.S. Evans and Company, for the audit period January 1, 2005 through December 31, 2006. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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. Marseilles Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 10, 2007

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MARSEILLES TOWNSHIP
WYANDOT COUNTY, OHIO

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MARSEILLES TOWNSHIP
WYANDOT COUNTY, OHIO

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E.S. Evans and Company

Certified Public Accountants and Consultants

205 West Elm Street • Lima, Ohio 45801 • Phone: (419) 223-3075

P.O. Box 298 • Lima, Ohio 45802 • Fax: (419) 222-8507 • E-mail: askus@esevans.com

Robert E. Wendel, CPA • Dan F. Clifford, CPA • E.S. Evans, CPA, PFS (1930-1999)

August 15, 2007

INDEPENDENT AUDITOR'S REPORT

Marseilles Township
Wyandot County, Ohio

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Marseilles Township, Wyandot County, Ohio (the Township) as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. The basic financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

As discussed in Note 2, the Township has prepared these financial statements using the cash basis of accounting. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund and the aggregate remaining fund information of Marseilles Township, Wyandot County, Ohio, as of December 31, 2006 and 2005, and the respective changes in cash basis financial position, thereof and the respective budgetary comparisons for the General, Gasoline Tax, and Fire District Funds for the years then ended in conformity with the basis of accounting described in Note 2.

Management's Discussion and Analysis and the respective budgetary comparison for the General, Gasoline Tax, and Fire District Fund are not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion on it.

As discussed in Note 3, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.

In accordance with Government Auditing Standards, we have also issued a report dated August 15, 2007 on our consideration of Marseilles 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 and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in red ink, appearing to read "E. J. Green and Company".

MARSEILLES TOWNSHIP
WYANDOT COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Years Ended December 31, 2006 and 2005

This discussion and analysis of Marseilles Township's financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2006 and 2005, within the limitations of the Township's cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2006 are as follows:

Net assets of governmental activities increased \$33,555, or 21.43 percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund, which realized the greatest increase in 2006.

The Township's general receipts are primarily property taxes. These receipts represent 27.10 percent of the total general receipts for governmental activities during the year. In addition, \$47,969 was received in 2006 in Estate taxes.

Key highlights for 2005 are as follows:

Net assets of governmental activities decreased \$144,398, or 47.98 percent, a significant change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the General Fund, due to the construction of a new Township fire station.

The Township's general receipts are primarily property taxes. These receipts represent 49.70 percent of the total general receipts for governmental activities during the year. Property tax receipts for 2005 changed very little compared to 2004 as development within the Township is slow.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

MARSEILLES TOWNSHIP
WYANDOT COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Years Ended December 31, 2006 and 2005

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2006 and 2005, within the limitations of the cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Township year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Township's general receipts.

MARSEILLES TOWNSHIP
WYANDOT COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Years Ended December 31, 2006 and 2005

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other non-financial factors as well as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, the Township discloses a single type of activity:

Governmental activities - Most of the Township's basic services are reported here, including State and federal grants; and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are contained in one category: Governmental.

Governmental Funds - Most of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Township fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's only major governmental funds are the General Fund, the Gasoline Tax Fund and the Fire District Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

MARSEILLES TOWNSHIP
WYANDOT COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Years Ended December 31, 2006 and 2005

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2006 compared to 2005 on the cash basis:

(Table 1)
Net Assets

	Governmental Activities	
	2006	2005
Assets		
Cash and Cash Equivalents \$	\$ 190,124	\$ 156,569
Net Assets		
Restricted for:		
Other Purposes	\$ 145,306	\$ 132,690
Unrestricted	44,818	23,879
Total Net Assets	\$ 190,124	\$ 156,569

As mentioned previously, net assets of governmental activities decreased \$144,398 or 47.98 percent during 2005. The primary reasons contributing to the decreases in cash balances are as follows:

- Construction of a new Township fire station
- Increase in salaries of 3% based on current negotiated agreements
- The purchase of a new salt spreader, mower deck and tractor
- The resurfacing of Township roads
- A contribution to the Fire Department for a new tanker

As mentioned previously, net assets of governmental activities increased \$33,555 or 21.43 percent during 2006. The primary reasons contributing to the increases in cash balances are as follows:

- Receipt of estate taxes in the amount of \$47,969

MARSEILLES TOWNSHIP
WYANDOT COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Years Ended December 31, 2006 and 2005

Table 2 reflects the changes in net assets in 2006 and 2005.

(Table 2)
Changes in Net Assets

	<u>Governmental Activities 2006</u>	<u>Governmental Activities 2005</u>
Receipts:		
Program Receipts:		
Operating Grants and Contributions	\$ 103,454	\$ 104,808
Capital Grants and Contributions	14,471	41,389
Total Program Receipts	<u>117,925</u>	<u>146,197</u>
General Receipts:		
Property and Other Local Taxes	26,943	26,111
Other Taxes	60,135	11,798
Grants and Entitlements Not Restricted to Specific Programs	6,712	7,634
Interest	1,741	2,310
Miscellaneous	3,876	4,679
Total General Receipts	<u>99,407</u>	<u>52,532</u>
Total Receipts	<u>217,332</u>	<u>198,729</u>
Disbursements:		
General Government	34,943	29,660
Public Safety	16,663	13,396
Public Works	40,685	43,470
Health	8,618	9,553
Capital Outlay	82,868	247,048
Total Disbursements	<u>183,777</u>	<u>343,127</u>
Increase (Decrease) in Net Assets	33,555	(144,398)
Net Assets, January 1st	<u>156,569</u>	<u>300,967</u>
Net Assets, December 31st	<u><u>\$190,124</u></u>	<u><u>\$156,569</u></u>

MARSEILLES TOWNSHIP
WYANDOT COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Years Ended December 31, 2006 and 2005

Program receipts represent 54.26 percent of total receipts for 2006 and 73.57 percent for 2005 and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, as well as fire protection contracts for nearby Townships.

General receipts represent 45.74 percent of the Township's total receipts for 2006 and 26.43 percent for 2005, and of these amounts, 87.60 and 72.16 percent are local and estate taxes for 2006 and 2005, respectively. State and federal grants and entitlements as well as interest and other miscellaneous receipts make up the balance of the Township's general receipts (12.40 percent for 2006 and 27.84 percent for 2005). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for the Township represent the overhead costs of running the Township and the support services provided for the other Township's activities. These include the costs of trustees and fiscal officer and their associated benefits. Since these costs do not represent direct services to residents, we try to limit these costs to 50% of General Fund unrestricted receipts.

Capital Outlay costs consist of the cost of maintaining the roads.

Governmental Activities

If you look at the Statements of Activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for Public Works and Capital Outlay, which account for 22 and 45 percent of disbursements in 2006 and 13 and 72 percent of disbursements in 2005, respectively. The next three columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The Net Receipt (Disbursement) column compares the program receipts to the cost of the service. The "net cost" amount represents the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost and services and the net cost is presented in Table 3.

MARSEILLES TOWNSHIP
WYANDOT COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Years Ended December 31, 2006 and 2005

(Table 3)

Governmental Activities

	Total Cost Of Services 2005	Net Cost of Services 2005	Total Cost Of Services 2006	Net Cost of Services 2006
General Government	\$ 29,660	\$ 29,660	\$ 34,943	\$ 34,943
Public Safety	(4,604)	(4,604)	(3,337)	(3,337)
Public Works	(84,727)	(84,727)	(56,940)	(56,940)
Health	9,553	9,553	8,318	8,318
Capital Outlay	247,048	247,048	82,868	82,868
Total Expenses	\$ <u>196,930</u>	\$ <u>196,930</u>	\$ <u>65,852</u>	\$ <u>65,852</u>

The dependence upon state funding is apparent as 36% in 2006 and 57% in 2005 of governmental activities are supported through these general receipts.

The Township's Funds

Total governmental funds had receipts of \$217,332 in 2006 and \$198,729 in 2005 and disbursements of \$183,777 in 2006 and \$343,127 in 2005, which means there was an excess of revenue over expenditures in 2006 and a deficit of revenue in compared to expenditures for 2005.

General Fund receipts were less than disbursements by \$83,526 in 2005 indicating that the General Fund is in a deficit spending situation. It was the recommendation of the trustees to allocate more of this type of expenditure to the Gasoline Fund. In 2006, general fund receipts were \$20,939 more than disbursements.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2006, the Township amended its General Fund budget once to reflect changing circumstances. The budget was not amended for 2005. Final budgeted receipts were the same as original budgeted receipts in both 2005 and 2006 in total. The difference between final budgeted receipts and actual receipts was not significant.

MARSEILLES TOWNSHIP
WYANDOT COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Years Ended December 31, 2006 and 2005

Final disbursements were budgeted at \$142,905 while actual disbursements were \$119,853 in 2005. Final disbursements were budgeted at \$60,579 while actual disbursements were \$63,094 in 2006. Although receipts failed to live up to expectations, appropriations were not reduced. The Township spending was very closely monitored.

Capital Assets and Debt Administration

Capital Assets

The Township's financial statements are prepared on the cash basis of accounting and thus, capital assets acquired by the district are recorded as disbursements and have not been capitalized.

Debt

The Township did not have any outstanding at the end of 2005 or 2006.

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. We rely on agriculture/residential taxes to support our General Fund. The trustees are cognizant of this fact and are controlling costs.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Kathy J. Hensel, Fiscal Officer, Marseilles Township, Wyandot County, 20472 State Highway 37, LaRue, OH 43332.

MARSEILLES TOWNSHIP
WYANDOT COUNTY, OHIO

STATEMENTS OF NET ASSETS - CASH BASIS

December 31, 2006

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$ <u>190,124</u>
Total Assets	<u><u>190,124</u></u>
<u>Net Assets:</u>	
Restricted For:	
Capital Projects	-
Debt Service	-
Other Purposes	145,306
Cemetery -	
Expendable	-
Non-Expendable	-
Unrestricted	<u>44,818</u>
Total Net Assets	\$ <u><u>190,124</u></u>

The accompanying notes are an integral part of these financial statements.

MARSEILLES TOWNSHIP
WYANDOT COUNTY, OHIO

STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended December 31, 2006

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets	
	Cash Disbursements	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
<u>Governmental Activities:</u>					
General Government	\$ 34,943	\$ -	\$ -	\$ (34,943)	\$ (34,943)
Public Safety	16,663	20,000	-	3,337	3,337
Public Works	40,685	83,154	14,471	56,940	56,940
Health	8,618	300	-	(8,318)	(8,318)
Capital Outlay	82,868	-	-	(82,868)	(82,868)
Total Governmental Activities	<u>\$ 183,777</u>	<u>\$ 103,454</u>	<u>\$ 14,471</u>	<u>(65,852)</u>	<u>(65,852)</u>
<u>General Receipts:</u>					
Property Taxes Levied for General Purposes				26,943	26,943
Other Taxes				60,135	60,135
Grants Not Restricted				6,712	6,712
Interest				1,740	1,740
Miscellaneous				3,877	3,877
Total General Receipts				<u>99,407</u>	<u>99,407</u>
Change in Net Assets				33,555	33,555
Net Assets Beginning of Year				156,569	156,569
Net Assets End of Year				<u>\$ 190,124</u>	<u>\$ 190,124</u>

The accompanying notes are an integral part of these financial statements.

MARSEILLES TOWNSHIP
 WYANDOT COUNTY, OHIO

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
 December 31, 2006

	<u>General</u>	<u>Gasoline Tax</u>	<u>Fire District</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	\$ 44,818	\$ 96,723	\$ 24,107	\$ 24,476	\$ 190,124
Total Assets	<u>44,818</u>	<u>96,723</u>	<u>24,107</u>	<u>24,476</u>	<u>190,124</u>
<u>Fund Balances:</u>					
Unreserved, Reported in:					
General Fund	44,818	-	-	-	44,818
Special Revenue Funds	-	96,723	24,107	24,476	145,306
Capital Projects Funds	-	-	-	-	-
Total Fund Balances	<u>\$ 44,818</u>	<u>\$ 96,723</u>	<u>\$ 24,107</u>	<u>\$ 24,476</u>	<u>\$ 190,124</u>

The accompanying notes are an integral part of these financial statements.

MARSEILLES TOWNSHIP
WYANDOT COUNTY, OHIO

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS
FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2006

	<u>General</u>	<u>Gasoline Tax</u>	<u>Fire District</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
<u>Receipts:</u>					
Property and Other Local Taxes	\$ 25,065	\$ -	\$ 6,554	\$ 10,492	\$ 42,111
Charges for Services	-	-	20,000	-	20,000
Fines, Licenses and Permits	-	-	-	3,770	3,770
Intergovernmental	57,898	75,570	912	14,925	149,305
Interest	981	690	-	69	1,740
Miscellaneous	89	-	-	317	406
Total Receipts	<u>84,033</u>	<u>76,260</u>	<u>27,466</u>	<u>29,573</u>	<u>217,332</u>
<u>Disbursements:</u>					
Current:					
General Government	33,242	-	-	1,700	34,942
Public Safety	-	-	16,663	-	16,663
Public Works	295	40,390	-	-	40,685
Health	8,618	-	-	-	8,618
Capital Outlay	20,939	34,123	11,122	16,685	82,869
Total Disbursements	<u>63,094</u>	<u>74,513</u>	<u>27,785</u>	<u>18,385</u>	<u>183,777</u>
Excess of Receipts Over (Under) Disbursements	<u>20,939</u>	<u>1,747</u>	<u>(319)</u>	<u>11,188</u>	<u>33,555</u>
Net Change in Fund Balances	20,939	1,747	(319)	11,188	33,555
Fund Balances Beginning of Year	<u>23,879</u>	<u>94,976</u>	<u>24,426</u>	<u>13,288</u>	<u>156,569</u>
Fund Balances End of Year	<u>\$ 44,818</u>	<u>\$ 96,723</u>	<u>\$ 24,107</u>	<u>\$ 24,476</u>	<u>\$ 190,124</u>

The accompanying notes are an integral part of these financial statements.

MARSEILLES TOWNSHIP
WYANDOT COUNTY, OHIO

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND

For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Over <u>(Under)</u>
<u>Receipts:</u>				
Property and Other Local Taxes	\$ 27,500	\$ 24,740	\$ 25,065	\$ 325
Intergovernmental	56,369	58,729	57,898	(831)
Interest	800	1,200	981	(219)
Miscellaneous	-	-	89	89
Total Receipts	<u>84,669</u>	<u>84,669</u>	<u>84,033</u>	<u>(636)</u>
<u>Disbursements:</u>				
Current:				
General Government	29,079	29,079	33,242	(4,163)
Public Safety	700	700	-	700
Public Works	300	300	295	5
Health	8,500	8,500	8,618	(118)
Capital Outlay	22,000	22,000	20,939	1,061
Total Disbursements	<u>60,579</u>	<u>60,579</u>	<u>63,094</u>	<u>(2,515)</u>
Excess of Receipts Over (Under) Disbursements	<u>24,090</u>	<u>24,090</u>	<u>20,939</u>	<u>(3,151)</u>
<u>Other Financing Sources (Uses):</u>				
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	24,090	24,090	20,939	(3,151)
Fund Balance at Beginning of Year	23,879	23,879	23,879	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance at End of Year	<u>\$ 47,969</u>	<u>\$ 47,969</u>	<u>\$ 44,818</u>	<u>\$ (3,151)</u>

The accompanying notes are an integral part of these financial statements.

MARSEILLES TOWNSHIP
WYANDOT COUNTY, OHIO

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GASOLINE TAX FUND
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		(Under)
<u>Receipts:</u>				
Intergovernmental	\$ 79,000	\$ 77,200	\$ 75,570	\$ (1,630)
Interest	1,000	1,100	690	(410)
Miscellaneous	-	1,700	-	(1,700)
Total Receipts	80,000	80,000	76,260	(3,740)
<u>Disbursements:</u>				
Current:				
Public Works	97,976	97,976	40,390	57,586
Capital Outlay	77,000	77,000	34,123	42,877
Total Disbursements	174,976	174,976	74,513	100,463
Excess of Receipts Over (Under) Disbursements	(94,976)	(94,976)	1,747	96,723
<u>Other Financing Sources (Uses):</u>				
Other Financing Sources (Uses)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(94,976)	(94,976)	1,747	96,723
Fund Balance at Beginning of Year	94,976	94,976	94,976	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance at End of Year	\$ -	\$ -	\$ 96,723	\$ 96,723

The accompanying notes are an integral part of these financial statements.

MARSEILLES TOWNSHIP
WYANDOT COUNTY, OHIO

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
FIRE DISTRICT FUND
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		(Under)
<u>Receipts:</u>				
Property and Other Local Taxes	\$ 6,100	\$ 7,000	\$ 6,554	\$ (446)
Charges for Service	20,000	18,000	20,000	2,000
Intergovernmental	900	1,000	912	(88)
Miscellaneous	-	1,000	-	(1,000)
Total Receipts	27,000	27,000	27,466	466
<u>Disbursements:</u>				
Current:				
Public Safety	41,426	35,210	16,663	18,547
Capital Outlay	10,000	16,216	11,122	5,094
Total Disbursements	51,426	51,426	27,785	23,641
Excess of Receipts Over (Under) Disbursements	(24,426)	(24,426)	(319)	24,107
<u>Other Financing Sources (Uses):</u>				
Other Financing Sources (Uses)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(24,426)	(24,426)	(319)	24,107
Fund Balance at Beginning of Year	24,426	24,426	24,426	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance at End of Year	\$ -	\$ -	\$ 24,107	\$ 24,107

The accompanying notes are an integral part of these financial statements.

MARSEILLES TOWNSHIP
WYANDOT COUNTY, OHIO

STATEMENTS OF NET ASSETS - CASH BASIS

December 31, 2005

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$ 156,569
Total Assets	<u>156,569</u>
<u>Net Assets:</u>	
Restricted For:	
Capital Projects	-
Debt Service	-
Other Purposes	132,690
Cemetery -	-
Expendable	-
Non-Expendable	-
Unrestricted	<u>23,879</u>
Total Net Assets	<u>\$ 156,569</u>

The accompanying notes are an integral part of these financial statements.

MARSEILLES TOWNSHIP
WYANDOT COUNTY, OHIO

STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended December 31, 2005

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets	
	Cash Disbursements	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
<u>Governmental Activities:</u>					
General Government	\$ 29,660	\$ -	\$ -	\$ (29,660)	\$ (29,660)
Public Safety	13,396	18,000	-	4,604	4,604
Public Works	43,470	86,808	41,389	84,727	84,727
Health	9,553	-	-	(9,553)	(9,553)
Capital Outlay	247,048	-	-	(247,048)	(247,048)
Total Governmental Activities	<u>\$ 343,127</u>	<u>\$ 104,808</u>	<u>\$ 41,389</u>	<u>(196,930)</u>	<u>(196,930)</u>
<u>General Receipts:</u>					
Property Taxes Levied for General Purposes				26,111	26,111
Other Taxes				11,798	11,798
Grants Not Restricted				7,634	7,634
Interest				2,310	2,310
Miscellaneous				4,679	4,679
Total General Receipts				<u>52,532</u>	<u>52,532</u>
Change in Net Assets				(144,398)	(144,398)
Net Assets Beginning of Year				300,967	300,967
Net Assets End of Year				<u>\$ 156,569</u>	<u>\$ 156,569</u>

The accompanying notes are an integral part of these financial statements.

MARSEILLES TOWNSHIP
 WYANDOT COUNTY, OHIO

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
 December 31, 2005

	<u>General</u>	<u>Gasoline Tax</u>	<u>Fire District</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents \$	23,879	\$ 94,976	\$ 24,426	\$ 13,288	\$ 156,569
Total Assets	<u>23,879</u>	<u>94,976</u>	<u>24,426</u>	<u>13,288</u>	<u>156,569</u>
<u>Fund Balances:</u>					
Unreserved, Reported in:					
General Fund	23,879	-	-	-	23,879
Special Revenue Funds	-	94,976	24,426	13,288	132,690
Capital Projects Funds	-	-	-	-	-
Total Fund Balances	<u>\$ 23,879</u>	<u>\$ 94,976</u>	<u>\$ 24,426</u>	<u>\$ 13,288</u>	<u>\$ 156,569</u>

The accompanying notes are an integral part of these financial statements.

MARSEILLES TOWNSHIP
WYANDOT COUNTY, OHIO

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS
FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2005

	<u>General</u>	<u>Gasoline Tax</u>	<u>Fire District</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
<u>Receipts:</u>					
Property and Other Local Taxes	\$ 24,261	\$ -	\$ 6,352	\$ 10,149	\$ 40,762
Charges for Services	-	-	18,000	-	18,000
Fines, Licenses and Permits	-	-	-	1,900	1,900
Intergovernmental	10,765	79,482	900	41,831	132,978
Interest	1,201	1,063	-	46	2,310
Miscellaneous	103	1,737	924	15	2,779
Total Receipts	<u>36,330</u>	<u>82,282</u>	<u>26,176</u>	<u>53,941</u>	<u>198,729</u>
<u>Disbursements:</u>					
Current:					
General Government	27,012	-	-	2,648	29,660
Public Safety	-	-	13,396	-	13,396
Public Works	283	34,188	-	9,000	43,471
Health	9,553	-	-	-	9,553
Capital Outlay	83,008	90,042	32,608	41,389	247,047
Total Disbursements	<u>119,856</u>	<u>124,230</u>	<u>46,004</u>	<u>53,037</u>	<u>343,127</u>
Excess of Receipts Over (Under) Disbursements	<u>(83,526)</u>	<u>(41,948)</u>	<u>(19,828)</u>	<u>904</u>	<u>(144,398)</u>
Net Change in Fund Balances	(83,526)	(41,948)	(19,828)	904	(144,398)
Fund Balances Beginning of Year	107,405	136,924	44,254	12,384	300,967
Fund Balances End of Year	<u>\$ 23,879</u>	<u>\$ 94,976</u>	<u>\$ 24,426</u>	<u>\$ 13,288</u>	<u>\$ 156,569</u>

The accompanying notes are an integral part of these financial statements.

MARSEILLES TOWNSHIP
WYANDOT COUNTY, OHIO

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND

For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Receipts:</u>				
Property and Other Local Taxes	\$ 27,500	\$ 27,500	\$ 24,261	\$ (3,239)
Intergovernmental	7,200	7,200	10,765	3,565
Interest	800	800	1,201	401
Miscellaneous	-	-	103	103
Total Receipts	35,500	35,500	36,330	830
<u>Disbursements:</u>				
Current:				
General Government	33,055	33,055	27,012	6,043
Public Safety	-	-	-	-
Public Works	297	297	283	14
Health	9,553	9,553	9,553	-
Capital Outlay	100,000	100,000	83,008	16,992
Total Disbursements	142,905	142,905	119,856	23,049
Excess of Receipts Over (Under) Disbursements	(107,405)	(107,405)	(83,526)	23,879
<u>Other Financing Sources (Uses):</u>				
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(107,405)	(107,405)	(83,526)	23,879
Fund Balance at Beginning of Year	107,405	107,405	107,405	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance at End of Year	\$ -	\$ -	\$ 23,879	\$ 23,879

The accompanying notes are an integral part of these financial statements.

MARSEILLES TOWNSHIP
WYANDOT COUNTY, OHIO

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
GASOLINE TAX FUND
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Receipts:</u>				
Intergovernmental	\$ 54,500	\$ 54,500	\$ 79,482	\$ 24,982
Interest	400	400	1,062	662
Miscellaneous	100	100	1,738	1,638
Total Receipts	<u>55,000</u>	<u>55,000</u>	<u>82,282</u>	<u>27,282</u>
<u>Disbursements:</u>				
Current:				
Public Works	91,924	91,924	34,188	57,736
Capital Outlay	100,000	100,000	90,042	9,958
Total Disbursements	<u>191,924</u>	<u>191,924</u>	<u>124,230</u>	<u>67,694</u>
Excess of Receipts Over (Under) Disbursements	<u>(136,924)</u>	<u>(136,924)</u>	<u>(41,948)</u>	<u>94,976</u>
<u>Other Financing Sources (Uses):</u>				
Other Financing Sources (Uses)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(136,924)	(136,924)	(41,948)	94,976
Fund Balance at Beginning of Year	136,924	136,924	136,924	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,976</u>	<u>\$ 94,976</u>

The accompanying notes are an integral part of these financial statements.

MARSEILLES TOWNSHIP
WYANDOT COUNTY, OHIO

STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - BUDGET BASIS
FIRE DISTRICT FUND
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		(Under)
<u>Receipts:</u>				
Property and Other Local Taxes	\$ 7,000	\$ 7,000	\$ 6,352	\$ (648)
Charges for Service	11,400	11,400	18,000	
Intergovernmental	700	700	900	200
Miscellaneous	-	-	924	924
Total Receipts	19,100	19,100	26,176	476
<u>Disbursements:</u>				
Current:				
Public Safety	21,710	21,710	13,396	8,314
Capital Outlay	41,644	41,644	32,608	9,036
Total Disbursements	63,354	63,354	46,004	17,350
Excess of Receipts Over (Under) Disbursements	(44,254)	(44,254)	(19,828)	17,826
<u>Other Financing Sources (Uses):</u>				
Other Financing Sources (Uses)	-	-	-	-
<u>Total Other Financing Sources (Uses)</u>	-	-	-	-
Net Change in Fund Balances	(44,254)	(44,254)	(19,828)	17,826
Fund Balance at Beginning of Year	44,254	44,254	44,254	-
Prior Year Encumbrances Appropriated	-	-	-	-
Fund Balance at End of Year	\$ -	\$ -	\$ 24,426	\$ 17,826

The accompanying notes are an integral part of these financial statements.

MARSEILLES TOWNSHIP
WYANDOT COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006 and 2005

Note 1 - Reporting Entity

The Marseilles Township, Wyandot County, Ohio (the Township), is a body politic and corporate established in 1845 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 also has an elected Township Fiscal Officer.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, fire protection by a volunteer fire department, and cemetery maintenance. Police protection is provided by the Wyandot County Sheriff's Department.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Township is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Township in that the Township approves the budget, the issuance of debt, or the levying of taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township.

The Township has no component units.

C. Jointly Governed Organizations and Public Entity Risk Pools

The Township does not participate in any jointly governed organizations; however the Township contracts with Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool who provides property and casualty coverage for its members. Note 7 to the financial statements provides additional information for this entity.

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

MARSEILLES TOWNSHIP
WYANDOT COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006 and 2005

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets - cash basis and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions.

The statement of net assets presents the cash balance of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

MARSEILLES TOWNSHIP
WYANDOT COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006 and 2005

Note 2 - Summary of Significant Accounting Policies – (continued)

B. Fund Accounting

The Township uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the Township are all classified as governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Township's only major governmental funds are the General Fund, Gasoline Tax Fund and the Fire District Fund.

General Fund is used to account for all financial resources, except those required to be accounted for 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.

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

Fire District Fund receives contract money from neighboring Townships to provide fire protection services to those Townships.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

MARSEILLES TOWNSHIP
WYANDOT COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006 and 2005

Note 2 - Summary of Significant Accounting Policies – (continued)

D. Budgetary Process – (continued)

The appropriations ordinance is the Township's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents". Cash and cash equivalents that are held separately in accounts at a financial institution for retainage and bond reserves and debt service are reported as "Cash and Cash Equivalents with Fiscal Agents."

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. 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 sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2006 and 2005, the Township did not have any investments.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, Township directives or debt related restrictions. Interest receipts credited to the General Fund during 2006 and 2005 was \$981 and \$1,201, respectively.

MARSEILLES TOWNSHIP
WYANDOT COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006 and 2005

Note 2 - Summary of Significant Accounting Policies (continued)

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

G. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

K. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for capital projects and debt service obligations.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

MARSEILLES TOWNSHIP
WYANDOT COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006 and 2005

Note 2 - Summary of Significant Accounting Policies (continued)

L. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. The Township does not have any fund balance reserves.

Note 3 - Change in Basis of Accounting and Restatement of Fund Equity

For calendar year 2004, the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. For calendar years 2005 and 2006, the Township has implemented the cash basis of accounting as described in Note 2. The fund financial statements now present each major fund in a separate column with non-major funds aggregated and presented in a single column, rather than a column for each fund type.

Note 4 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance — Budget and Actual — Budgetary Basis are presented for the general fund and the gasoline tax fund and are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

Note 5 – Accountability and Noncompliance

- In 2006, expenditures exceeded appropriations in the general fund by \$2,515.
- In 2005, appropriations exceeded estimated resources in the road and bridge fund by \$149.
- In 2006, appropriations exceeded estimated resources in the road and bridge fund by \$24.
- In 2005 & 2006, the on-behalf of payments for Issue II was not recorded by the Township. However, these financial statements have been adjusted to properly account for these funds.

MARSEILLES TOWNSHIP
WYANDOT COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006 and 2005

Note 6 - Deposits and Investments

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

MARSEILLES TOWNSHIP
WYANDOT COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006 and 2005

Note 6 - Deposits and Investments – (continued)

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (I) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio)

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledged to the Township by the financial institution, or by a collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2006 and 2005, \$94,146 and \$71,504 of the Township's bank balances of \$194,146 and \$171,504 were exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

MARSEILLES TOWNSHIP
WYANDOT COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006 and 2005

Note 7 - Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2006 represent the collection of 2005 taxes, and real property tax receipts received in 2005 represent the collection of 2004 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, the lien date. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2006 represent the collection of 2005 taxes, and public utility property tax receipts received in 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 2005, and are collected with real property taxes. Public utility real and tangible personal property taxes received in 2005 became a lien on December 31, 2004, were levied after October 1, 2004, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2006 (other than public utility property) represent the collection of 2006 taxes, and tangible personal property receipts received in 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

MARSEILLES TOWNSHIP
WYANDOT COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006 and 2005

Note 7 - Property Taxes – (continued)

The full tax rate for all Township operations for the years ended December 31, 2006 and 2005, was \$2.60 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 and 2005 property tax receipts were as follows:

	2005		2006	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential	\$ 8,373,900	96.48 %	\$ 8,464,880	96.53 %
Industrial/Commercial	51,920	0.60	51,980	0.59
Public Utility	19,737	0.22	18,360	0.21
Tangible Personal	<u>234,080</u>	<u>2.70</u>	<u>234,450</u>	<u>2.67</u>
Total Assessed Value	<u>\$ 8,679,637</u>	<u>100.00 %</u>	<u>\$ 8,769,670</u>	<u>100.00 %</u>
Tax rate per \$1,000 of assessed valuation	\$ 2.00		\$ 2.00	

Note 8 - Risk Management

Risk Pool Membership

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. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

MARSEILLES TOWNSHIP
WYANDOT COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006 and 2005

Note 8 - Risk Management – (continued)

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. Townships can elect additional coverage, from \$2,000,000 to \$12,000,000 from the General Reinsurance Corporation.

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

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500,000,000 per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers' provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2005 was \$1,682,589.

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

MARSEILLES TOWNSHIP
 WYANDOT COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006 and 2005

Note 8 - Risk Management – (continued)

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, 2005 and 2004 (the latest information available):

<u>Casualty Coverage</u>		<u>2005</u>		<u>2004</u>
Assets	\$	30,485,638	\$	28,132,620
Liabilities		(12,344,576)		(11,086,379)
Retained Earnings	\$	<u>18,141,062</u>	\$	<u>17,046,241</u>
<u>Property Coverage</u>		<u>2005</u>		<u>2004</u>
Assets	\$	9,177,796	\$	7,588,343
Liabilities		(1,406,031)		(543,176)
Retained Earnings	\$	<u>7,771,765</u>	\$	<u>7,045,167</u>

At December 31, 2005 and 2004, respectively, casualty coverage liabilities noted above include approximately \$11.6 million and \$10.3 million of estimated incurred claims payable. The casualty coverage assets and retained earnings above also include approximately \$11.6 million and \$10.3 million of unpaid claims to be billed to approximately 950 member townships in the future, as of December 31, 2005 and 2004, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$20,000. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

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.

MARSEILLES TOWNSHIP
WYANDOT COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006 and 2005

Note 8 - Risk Management – (continued)

	Township Contributions to OTARMA
2003	\$ 9,635
2004	9,555
2005	9,424
2006	10,576

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA. They must provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent years contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses became the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

Note 9 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

MARSEILLES TOWNSHIP
WYANDOT COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006 and 2005

Note 9 - Defined Benefit Pension Plans – (continued)

A. Ohio Public Employees Retirement System – (continued)

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2006 and 2005, the members of all three plans were required to contribute 9.0 and 8.5 percent of their annual covered salaries, respectively. The Township's contribution rate for pension benefits for 2006 and 2005 were 13.70 and 13.55 percent, respectively. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional plan for the years ended December 31, 2006, 2005, and 2004 were \$4,825, \$4,285, and \$5,780 respectively. The full amount has been contributed for 2006, 2005 and 2004.

Note 10 - Post-employment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 and 2005 local government employer contribution rates were 13.70 and 13.55 percent of covered payroll; 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

MARSEILLES TOWNSHIP
WYANDOT COUNTY, OHIO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2006 and 2005

Note 10 - Post-employment Benefits – (continued)

A. Ohio Public Employees Retirement System – (continued)

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. Actual employer contributions for 2006 and 2005 which were used to fund post-employment benefits were \$1,409 and \$1,265. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006 and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

Note 11 -Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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E.S. Evans and Company

Certified Public Accountants and Consultants

205 West Elm Street • Lima, Ohio 45801 • Phone: (419) 223-3075

P.O. Box 298 • Lima, Ohio 45802 • Fax: (419) 222-8507 • E-mail: askus@esevans.com

Robert E. Wendel, CPA • Dan F. Clifford, CPA • E.S. Evans, CPA, PFS (1930-1999)

August 15, 2007

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

Marseilles Township
Wyandot County, Ohio

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Marseilles Township, Wyandot County, Ohio, (the Township) as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated August 15, 2007, wherein we noted the Township prepared its financial statements following the cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Marseilles Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Marseilles Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Marseilles Township's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Marseilles Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement of Marseilles Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control.

We consider the following deficiency described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting: 2006-001.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Marseilles Township's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above is not a material weakness.

We also noted certain internal control matters that we reported to Marseilles Township's management in separate letter dated August 15, 2007.

Compliance and Other Matters

As part of reasonably assuring whether Marseilles Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 an opinion. The results of our tests disclosed an instance of noncompliance or another matter that is required to be reported under Government Auditing Standards and is described in the accompanying schedule of findings as item 2006-001.

In a separate letter to Marseilles Township's management dated August 13, 2007, we reported other matters related to noncompliance.

We intend this report solely for the information and use of management of Marseilles Township and the Auditor of State of Ohio. It is not intended for anyone other than these specified parties.



MARSEILLES TOWNSHIP
WYANDOT COUNTY, OHIO

SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2006 and 2005

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2006-001 – Noncompliance Citation and Significant Deficiency

Chapter 5075 of the Revised Code sets forth a scheme that provides for a uniform budget and appropriation process in order to assure that a government entity expends no more than it expects to receive in revenue. In order to accomplish this end, all appropriations must be accounted to and from each appropriation fund. While federal and state loans and grants are deemed appropriated and in the process of collection so as to be available for expenditure, they must still be recorded. R.C. 5075.42. Thus, a mechanism is still required to account for receipt and expenditure. That mechanism is an amendment of, or a supplement to, the entity's estimated resources, or its appropriation measure, which shall comply with all provisions of law governing the taxing authority in making an original appropriation. R.C. 5705.40. An original appropriation measure must be passed by the taxing authority, and any amendment of, or supplement to, that measure also requires legislative action. R.C. 5705.38.

In 2005 the Township was the beneficiary of \$41,389 of Issue II money and in 2006, they received \$14,471 of Issue II money through the Wyandot County Auditor. This activity was not recorded on the ledgers of the Township. Since the County paid the invoices, the Township did not receive this cash. However, Auditor of State Bulletin 2000-008 and 2002-004 prescribe recording these transactions as receipts and disbursements when the Township applies for a project and has administrative responsibilities. The accompanying financial statements were adjusted to reflect these amounts. In addition, these funds were not appropriated causing expenditures to exceed appropriations, contrary to R.C. 5705.41(B) which requires all expenditures to be appropriated.

We recommend the Township record all benefits received from state or federal grants as a memo receipt and expenditure on the Township's records and appropriate funds for the expenditures. In addition, Township management should review Auditor of State Bulletins 2000-008 and 2002-004.

Township Response – The Township Fiscal Officer is currently working to correct this.

MARSEILLES TOWNSHIP
WYANDOT COUNTY, OHIO

SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2006 and 2005

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2005-001	Issue II Funding, receipts and disbursements	No	Repeated as current audit comment #2006-001



Mary Taylor, CPA
Auditor of State

MARSEILLES TOWNSHIP

WYANDOT COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 8, 2007**