

**Marion Township
Hardin County, Ohio
Financial Statements
December 31, 2009 and 2008**



Mary Taylor, CPA

Auditor of State

Board of Trustees
Marion Township
8315 State Route 195
Alger, Ohio 45812

We have reviewed the *Independent Auditors' Report* of Marion Township, Hardin County, prepared by Taylor, Applegate, Hughes & Associates, Ltd., for the audit period January 1, 2008 through December 31, 2009. 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 Auditors' 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 Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Noncompliance – Finding For Adjustment

Ohio Rev. Code §505.24(C) permits trustees to receive annual salaries instead of per diem payments. For salaries not paid from the general fund, 2004 Op. Atty. Gen. No. 2004-036 requires trustees to establish administrative procedures to document the proportionate amount chargeable to other township funds based on the type of services rendered. The “administrative procedures” can be timesheets or a similar method of record keeping, as long as Trustees document all time spent on township business and the type of service performed, in a manner similar to Trustees paid per diem compensation. If trustees do not document their time, then no part of their salaries may be paid from funds other than the General Fund.

The Township was notified of this requirement in a management letter dated January 10, 2007 that was provided to the management of the Township for the 1/1/05 – 12/31/06 audit period.

Marion Township had resolutions for 2009, 2008, and 2007 that specified percentages of salaries to allocate to various funds, however, the percentages were not based on documentation in these years. For 2009 and 2008, Trustee salaries and taxes in the amount \$17,271 for each year were Marion Township, Hardin County

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paid from the Motor Vehicle, Gasoline and Cemetery Funds. For 2007, Trustee salaries and taxes in the amount of \$17,316 were paid from the Motor Vehicle, Gasoline and Cemetery Funds. The Township did not make the following adjustments to the financial statements.

2009

Fund	Function	Debit	Credit
General	General Government	\$17,271	
Motor Vehicle	Public Works		\$ 2,430
Gasoline	Public Works		14,031
Cemetery	Health		810

2008

Fund	Function	Debit	Credit
General	General Government	\$17,271	
Motor Vehicle	Public Works		\$ 2,430
Gasoline	Public Works		14,031
Cemetery	Health		810

2007

Fund	Function	Debit	Credit
General	General Government	\$17,316	
Motor Vehicle	Public Works		\$ 2,340
Gasoline	Public Works		13,964
Cemetery	Health		1,012

Resolutions to pay Trustees by salary should specify how the Township will allocate salaries based on documentation the Trustees submit, not based only on percentages the resolution specifies. In addition, the Trustees should submit, documentation indicating the hours and types of service performed to support their salary allocation.

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



Mary Taylor, CPA
Auditor of State

July 30, 2010

Marion Township
Hardin County, Ohio

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INDEPENDENT AUDITORS' REPORT

Marion Township
8315 State Route 195
Alger, Ohio 45812

To the Board of Trustees:

We have audited the accompanying financial statements of Marion Township, Hardin County, Ohio, (the Township), as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Government's larger (i.e. major) funds separately. While the Government does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Governments to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effect of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2009 and 2008, or its changes in financial position for the years then ended.

In 2008, the Township improperly posted \$17,271 of the Trustees' salary and employer payroll taxes to the Motor Vehicle, Gasoline, and Cemetery Funds. This disbursement amount was due to be paid from the General Fund. Had the adjustments been posted to the Township's accounting records, the 2008 General Fund expenditures would have increased \$17,271 and the December 31, 2008 cash balance would have decreased \$17,271. The 2008 Special Revenue Fund Expenditures would have decreased \$17,271 and the December 31, 2008 Special Revenue cash balance would have increase \$17,271.

In 2009, the Township improperly posted \$17,271 of the Trustees' salary and employer payroll taxes to the Motor Vehicle, Gasoline, and Cemetery Funds. This disbursement amount was due to be paid from the General Fund. Had the adjustments been posted to the Township's accounting records, the 2009 General Fund expenditures would have increased \$17,271 and the December 31, 2009 cash balance would have decreased \$17,271. The 2009 Special Revenue Fund Expenditures would have decreased \$17,271 and the December 31, 2009 Special Revenue cash balance would have increased \$17,271.

In 2007, the Township improperly posted \$17,316 of the Trustees' salary and employer payroll taxes to the Motor Vehicle, Gasoline, and Cemetery Funds. This disbursement amount was due to be paid from the General Fund. Had the adjustments been posted to the Township's accounting records, the January 1, 2008 General Fund cash balance would have decreased \$17,316 The January 1, 2008 Special Revenue Fund cash balance would have increased \$17,316.

Also, in our opinion, because of the effect of the matters discussed in the preceding three paragraphs, the financial statements referred to above do not present fairly, in all material respects the combined fund cash balances and reserves for encumbrances of Marion Township, Hardin County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Government has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 28, 2010, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Taylor, Applegate, Hughes & Assoc., Ltd.

Taylor, Applegate, Hughes and Associates, Ltd.
May 28, 2010

MARION TOWNSHIP

HARDIN COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND

CASH BALANCES - ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Governmental Fund Types</u>			<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>(Memorandum Only)</u>
Cash Receipts:				
Property and other local taxes	\$ 26,334	\$ 43,455	\$ -	\$ 69,789
Charges for Services	-	5,846	-	5,846
Licenses, permits and fees	-	13,800	-	13,800
Intergovernmental	49,567	98,422	19,883	167,872
Earnings on investments	469	316	-	785
Miscellaneous	-	6,451	-	6,451
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	76,370	168,290	19,883	264,543
Cash Disbursements:				
Current:				
General government	42,948	820	-	43,768
Public safety	10,239	-	-	10,239
Public works	-	62,349	-	62,349
Health	-	31,995	-	31,995
Conservation-Recreation	-	-	-	-
Capital Outlay	-	49,037	19,883	68,920
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	53,187	144,201	19,883	217,271
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	23,183	24,089	-	47,272
Other Financing Receipts/(Disbursements):				
Sale of Fixed Assets	-	-	-	-
Other Financing Uses	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	-	-	-	-
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	23,183	24,089	-	47,272
Fund cash balances January 1, 2009	\$ 100,991	\$ 255,568	\$ -	\$ 356,559
Fund cash balances, December 31, 2009	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 124,174	\$ 279,657	\$ -	\$ 403,831
Reserve for encumbrance, December 31, 2009	<hr/>	<hr/>	<hr/>	<hr/>
	\$ -	\$ -	\$ -	\$ -

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

MARION TOWNSHIP

HARDIN COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND

CASH BALANCES - ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Governmental Fund Types</u>		<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Cash Receipts:			
Property and other local taxes	\$ 23,615	\$ 43,246	\$ 66,861
Charges for Services	-	7,905	7,905
Licenses, permits and fees	-	17,700	17,700
Intergovernmental	22,711	106,000	128,711
Earnings on investments	606	898	1,504
Miscellaneous	54	12,251	12,305
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	46,986	188,000	234,986
Cash Disbursements:			
Current:			
General government	42,596	882	43,478
Public safety	10,164	-	10,164
Public works	-	69,026	69,026
Health	-	30,979	30,979
Conservation-Recreation	-	-	-
Capital Outlay	-	88,422	88,422
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	52,760	189,309	242,069
Total Receipts Over/(Under) Disbursements	<hr/> (5,774)	<hr/> (1,309)	<hr/> (7,083)
Other Financing Receipts/(Disbursements):			
Sale of Fixed Assets	-	-	-
Other Financing Uses	-	-	-
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	-	-	-
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/> (5,774)	<hr/> (1,309)	<hr/> (7,083)
Fund cash balances January 1, 2008	\$ 106,765	\$ 256,877	\$ 363,642
Fund cash balances, December 31, 2008	<u>\$ 100,991</u>	<u>\$ 255,568</u>	<u>\$ 356,559</u>
Reserve for encumbrance, December 31, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

**MARION TOWNSHIP
HARDIN COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2008 AND 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Marion Township, Hardin County, (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township also has an elected Township Fiscal Officer. The Township provides road and bridge maintenance and cemetery maintenance. The Township contracts with the Alger Fire Association and the McGuffey Fire Department to provide fire services to its residents.

The Township participates in two jointly governed organizations and the Ohio Township Association Risk Management Authority public entity risk pool. Notes 6 and 7 to the financial statements provide additional information for these entities. These organizations are:

Jointly Governed Organizations:

Hardin County Regional Planning Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions and services of the County.

Upper Scioto Valley Ambulance District is a jointly governed organization that provides emergency medical services within the District.

Public Entity Risk Pool:

Ohio Township Association Risk Management Authority – provides property and casualty coverage

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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**MARION TOWNSHIP
HARDIN COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2008 AND 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Cash and Investments

Demand deposits are valued at cost.

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 used for reporting 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 expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

Motor Vehicle License Tax Fund - This fund receives tax money for maintaining and repairing township roads.

Cemetery Fund - This fund is receives money and fees from the sale of lots, grave openings and grave closings for the purpose of maintaining and operating the Township cemeteries.

Fire District – This fund receives money from a special levy for the purpose of fire protection for the Township.

3. Capital Projects

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project funds:

Township Road 84 Countywide Cold Mix Issue II Project - This fund received an Ohio Public Works Commission Grant for reconstruction of Township Road 84. The Township was required to pay matching funds.

**MARION TOWNSHIP
HARDIN COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2008 AND 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board 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 commitments are made.

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

F. Property, Plant and Equipment

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

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>2009</u>	<u>2008</u>
Demand deposits	<u>\$ 356,559</u>	<u>\$ 403,831</u>
	<u>\$ 356,559</u>	<u>\$ 403,831</u>

**MARION TOWNSHIP
HARDIN COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2008 AND 2009**

2. EQUITY IN POOLED CASH AND INVESTMENTS, Continued

Deposits

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

3. BUDGETARY ACTIVITY

2009 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted</u> <u>Receipts</u>	<u>Actual</u> <u>Receipts</u>	<u>Variance</u>
General	\$ 45,946	\$ 76,370	\$ 30,424
Special Revenue	178,033	168,290	(9,743)
Capital Projects	<u>0</u>	<u>19,883</u>	<u>19,883</u>
Total	<u>\$ 223,979</u>	<u>\$ 264,543</u>	<u>\$ 40,564</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation</u> <u>Authority</u>	<u>Budgetary</u> <u>Expenditures</u>	<u>Variance</u>
General	\$ 150,010	\$ 53,187	\$ 96,823
Special Revenue	427,827	144,201	283,626
Capital Projects	<u>0</u>	<u>19,883</u>	<u>(19,883)</u>
Total	<u>\$ 577,837</u>	<u>\$ 217,271</u>	<u>\$ 360,566</u>

2008 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted</u> <u>Receipts</u>	<u>Actual</u> <u>Receipts</u>	<u>Variance</u>
General	\$ 49,336	\$ 46,986	(\$ 2,350)
Special Revenue	<u>181,982</u>	<u>188,000</u>	<u>6,018</u>
Total	<u>\$ 231,318</u>	<u>\$ 234,986</u>	<u>\$ 3,668</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation</u> <u>Authority</u>	<u>Budgetary</u> <u>Expenditures</u>	<u>Variance</u>
General	\$ 159,460	\$ 52,760	\$ 106,700
Special Revenue	<u>431,450</u>	<u>189,309</u>	<u>242,141</u>
Total	<u>\$ 590,910</u>	<u>\$ 242,069</u>	<u>\$ 348,841</u>

The excess of expenditures over appropriation authority in the Capital Projects Fund of \$19,883 in 2009 resulted from failing to report capital projects payments made on behalf of Marion Township.

Appropriations exceeded actual resources in the General Fund by \$1,260 for the year ended December 31, 2008. Appropriations exceeded actual resources in the Gasoline Fund by \$7,807 and Cemetery Fund by \$4,260 for the year ended December 31, 2009.

**MARION TOWNSHIP
HARDIN COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2008 AND 2009**

4. PROPERTY TAXES

Real property taxes become a lien on January 1 proceeding the October 1 date for which rates are adopted by the Board. 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 payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed 10 percent, respectively, of their gross salaries. The Township contributed an amount equaling 14 percent, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2009.

6. RISK MANAGEMENT

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

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation. The Township provides health coverage for an official through a private carrier.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York) functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO.

**MARION TOWNSHIP
HARDIN COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2008 AND 2009**

6. RISK MANAGEMENT, Continued

Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2008, OTARMA retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

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, 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$ 40,737,740	\$ 43,210,703
Liabilities	(12,981,818)	(13,357,837)
Net Assets	<u>\$ 27,755,922</u>	<u>\$ 29,852,866</u>

At December 31, 2008 and 2007, respectively, liabilities above include approximately \$12.1 and \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.9 and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2008 and 2007, 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 \$2,000.

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.

**MARION TOWNSHIP
HARDIN COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2008 AND 2009**

6. RISK MANAGEMENT, Continued

The Township's contributions to OTARMA for the past three years are as follows:

	<u>Contributions to OTARMA</u>
2007	\$2,327
2008	\$3,019
2009	\$2,661

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they 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 year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

7. JOINTLY GOVERNED ORGANIZATIONS

Upper Valley Scioto Valley Ambulance District - The Upper Scioto Valley Ambulance District (the District) is a jointly governed entity governed by a five-member Board of Trustees. Each political subdivision within the District appoints one member. Those subdivisions are Marion Township, McDonald Township, Roundhead Township, the Village of Alger, and the Village of McGuffey, in Hardin County. The District provides ambulance services within the District.

Hardin County Regional Planning Commission - The Hardin County Regional Planning Commission (the Commission) is a joint venture between the County, the Municipalities, and the Townships within the County. The degree of control exercised by any participating government is limited to its representation on the Board. The Board is comprised of twenty-seven members, any of which may hold any other public office.

The Commission makes studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions and services of the County. Each participating government may be required to contribute an assessment per capita, according to the latest federal census, in any calendar year in which the revenue is needed. Financial information can be obtained from Mark Doll, Director, One Courthouse Square, Suite 130, Kenton, Ohio 43326.

**MARION TOWNSHIP
HARDIN COUNTY, OHIO
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2008 AND 2009**

8. FUND BALANCES

The Fund Cash Balances at January 1, 2008 reflect an increase of \$26,427 in the General Fund and a \$26,427 decrease in the Special Revenue Fund from the Fund Cash Balance at December 31, 2007. The December 31, 2007 financial statements reflected adjusting entries for trustee compensation allocation for the years ending December 31, 2006 and 2007 that were not made by the Township.

9. RELATED PARTIES

The Township's Fiscal Officer and one of the Township Trustees are related. Two of the Township Trustees are related.

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**Independent Auditors' Report on Internal Control over Financial
Reporting and On Compliance and Other Matters Required By
*Government Auditing Standards***

Marion Township
8315 State Route 195
Alger, Ohio 45812

To the Township Board of Trustees:

We have audited the financial statements of Marion Township, Hardin County, (the Township) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated May 28, 2010, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider findings 2009-001 through 2009-002 described in the accompanying schedule of findings to be material weaknesses.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as discussed in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

Internal Control over Financial Reporting, Continued

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated May 28, 2010.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatements, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially effect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2009-001 and 2009-002.

We noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated May 28, 2010.

We intend this report solely for the information and use of management and the Board of Trustees. It is not intended for anyone other than these specified parties.

Taylor, Applegate, Hughes & Assoc., Ltd.

Taylor, Applegate, Hughes and Associates, Ltd.
May 28, 2010

**MARION TOWNSHIP
HARDIN COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2009 and 2008**

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

FINDING NUMBER 2009-001

Noncompliance/Material Weakness

During 2009, an Issue II grant in the amount of \$28,971 was received and disbursed by Hardin County on behalf of the Township. The grant was not recorded in the Township's accounting records. The Township should obtain the necessary documentation and record all transactions processed on their behalf for these types of grants. Additional reference should be made to Auditor of State Bulletins 2000-008, 2002-004, and 2002-005 regarding the accounting and recording of this type of on-behalf of grant. Auditor of State Bulletin 2000-008 states that a local government should include in its official or amended certificates of estimated resources that amount of Issue II monies anticipated to be received into the project fund during the year, along with its matching requirements, if appropriate. The fund appropriations should include the amount necessary to meet the obligations to be incurred during the fiscal year. If the project is not expected to be completed in the current year, the remainder of the project must be appropriated immediately in the subsequent year(s).

In addition, the Township failed to include this revenue in their Certificate of Estimated Resources amendment for 2009. Furthermore, the Township did not appropriate the funding sources for 2008 and 2009, contrary to the above requirements, which caused expenditures to exceed appropriation authority in the Capital Projects Fund for 2008 and 2009. The budgetary variance as disclosed in Note 3 is a result of the Township not budgeting the activity discussed in the Audit Bulletin. The Township should follow the guidance in AOS Bulletin 2000-008 to accurately present the Township's financial activity when State funding or on-behalf funding is received.

The accompanying financial statements were adjusted to accurately present the revenue and expenditure activity for 2009.

Officials' Response: We did not receive a written response.

FINDING NUMBER 2009-002

Noncompliance/Material Weakness

Ohio Revised Code Section 5705-36(A)(2) allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificated of estimated resources. ORC 5705.36 requires the Township to obtain an increase amended certificate of estimated resources from the budge commission if the legislative authority intends to appropriate and expend the excess revenue. The Ohio Revised Code 5705.36 (A)(4) requires the Township to obtain a reduced amended certificated if the amount of the deficiency will reduce available resources below the current level of appropriation.

In fiscal year 2008, appropriations for the General Fund exceeded the amount of available resources by \$1,260. In fiscal year 2009, appropriations for the Gasoline Fund and Cemetery Fund exceeded the amount of available resources by \$7,807 and \$4,260, respectively. Failure to monitor the appropriations versus actual resources could result in expenditures exceeding available resources and possibly result in deficit spending.

We recommend the Township monitor the budget versus actual reports and approve modifications if necessary. Approval of the modifications should be enacted and documented in the Township Minutes.

Officials' Response: We did not receive a written response.

**MARION TOWNSHIP
HARDIN COUNTY
SCHEDULE OF PRIOR AUDIT FINDING
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Ohio constitution XII, Section 5a; ORC Section 135.21 – Interest allocation	Yes	Corrected
2007-002	2004 Op. Atty. Gen. No. 2004-036 – Allocation of Trustee Compensation	No	Not Corrected



Mary Taylor, CPA
Auditor of State

MARION TOWNSHIP

HARDIN 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
AUGUST 12, 2010**