

MARLBORO TOWNSHIP

STARK COUNTY, OHIO

AUDIT REPORT

For the Years Ended December 31, 2009 and 2008

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Mary Taylor, CPA

Auditor of State

Board of Trustees
Marlboro Township
7344 Edison Street, NE
Hartsville, Ohio 44632

We have reviewed the *Report of Independent Accountants* of Marlboro Township, Stark County, prepared by Charles E. Harris & Associates, Inc., 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 *Report of Independent Accountants* 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 *Report of Independent Accountants* 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. Marlboro Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 24, 2010

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MARLBORO TOWNSHIP
STARK COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2009 and 2008

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

Marlboro Township
Stark County
7344 Edison Street, NE
Hartville, Ohio 44632

To the Board of Trustees:

We have audited the accompanying financial statements of Marlboro Township, Stark County, (the Township), as of and for the years ended December 31, 2009 and 2008, as listed in the table of contents. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on a basis of accounting prescribed or permitted by the Auditor of State. 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 accounting principles generally accepted in the United States of America, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2009 and 2008. Instead of the combined funds the accompanying financial statements present for 2009 and 2008, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2009 and 2008. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, 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 effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2009 and 2008, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township, as of December 31, 2009 and 2008, and the combined receipts, disbursements, and changes in fund cash balances for the years then ended in conformity with the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2009 and 2008. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 12, 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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.

Charles E. Harris & Associates, Inc.
May 12, 2010

MARLBORO TOWNSHIP
STARK 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

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent Fund	
<u>Cash Receipts:</u>						
Local Taxes	\$ 42,025	\$ 717,358	-	-	-	\$ 759,383
Intergovernmental	80,860	242,046	-	-	-	322,906
Licenses, Permits, and Fees	22,597	-	-	-	-	22,597
Fines and Forfeitures	6,526	404	-	-	-	6,930
Special Assessments	-	5,479	-	-	-	5,479
Earnings on Investments	1,323	209	-	-	\$ 132	1,664
Other	5,521	6,178	-	-	160	11,859
Total Cash Receipts	158,852	971,674	-	-	292	1,130,818
<u>Cash Disbursements:</u>						
Current:						
General Government	146,518	10,781	-	-	-	157,299
Public Safety	600	462,099	-	-	-	462,699
Public Works	-	429,076	-	-	-	429,076
Health	22,808	-	-	-	-	22,808
Miscellaneous	-	-	-	-	800	800
Capital Outlay	2,200	15,639	-	-	-	17,839
Total Cash Disbursements	172,126	917,595	-	-	800	1,090,521
Total Receipts Over/(Under) Disbursements	(13,274)	54,079	-	-	(508)	40,297
<u>Other Financing Sources/(Uses):</u>						
Sales of Fixed Assets	-	7,132	-	-	-	7,132
Total Other Financing Sources/(Uses)	-	7,132	-	-	-	7,132
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements And Other Financing Uses	(13,274)	61,211	-	-	(508)	47,429
Beginning Fund Balance 1/1/09	119,473	599,993	\$ 3,087	\$ 99,467	76,833	898,853
Ending Fund Balance 12/31/09	\$ 106,199	\$ 661,204	\$ 3,087	\$ 99,467	\$ 76,325	\$ 946,282

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

MARLBORO TOWNSHIP
STARK 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

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent Fund	
<u>Cash Receipts:</u>						
Local Taxes	\$ 42,231	\$ 679,132	\$ 52	-	-	\$ 721,415
Intergovernmental	69,095	211,676	-	-	-	280,771
Licenses, Permits, and Fees	20,237	-	-	-	-	20,237
Fines and Forfeitures	6,745	267	-	-	-	7,012
Special Assessments	-	238	-	-	-	238
Earnings on Investments	9,005	1,350	-	-	\$ 931	11,286
Other	3,688	8,321	-	-	-	12,009
Total Cash Receipts	151,001	900,984	52	-	931	1,052,968
<u>Cash Disbursements:</u>						
Current:						
General Government	158,335	10,472	-	-	-	168,807
Public Safety	400	443,977	-	-	-	444,377
Public Works	-	435,925	-	-	-	435,925
Health	21,649	-	-	-	-	21,649
Miscellaneous	-	-	-	-	750	750
Capital Outlay	887	17,302	-	\$ 4,467	-	22,656
Total Cash Disbursements	181,271	907,676	-	4,467	750	1,094,164
Total Receipts Over/(Under) Disbursements	(30,270)	(6,692)	52	(4,467)	181	(41,196)
<u>Other Financing Sources/(Uses):</u>						
Transfers In	-	3,500	-	-	-	3,500
Transfers Out	(3,500)	-	-	-	-	(3,500)
Total Other Financing Sources/(Uses)	(3,500)	3,500	-	-	-	-
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements And Other Financing Uses	(33,770)	(3,192)	52	(4,467)	181	(41,196)
Beginning Fund Balance 1/1/08	153,243	603,185	3,035	103,934	76,652	940,049
Ending Fund Balance 12/31/08	\$ 119,473	\$ 599,993	\$ 3,087	\$ 99,467	\$ 76,833	\$ 898,853

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

MARLBORO TOWNSHIP
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

Marlboro Township, Stark County (the Township) is a body corporate and politic established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, zoning, cemetery maintenance, and police protection. The Township contracts with the Marlboro Volunteer Fire Department to provide fire and emergency medical services.

The Township's management believes the financial statements included in this report represent all of the funds of the Township over which the Township has the ability to exercise direct operating control.

The Township is associated with certain organizations, which are defined as Joint Governed Organizations under Governmental Accounting Standards Board (GASB) Statement No. 14, *Reporting Entity*. These organizations are presented in Notes 8 and 9.

B. BASIS OF ACCOUNTING

The Township prepares its financial statements following the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved.)

The statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. CASH AND INVESTMENTS

The Township maintains a general checking account and an overnight repurchase agreement. Repurchase agreements are valued at cost.

Investments are included in the fund cash balances. Accordingly, purchases of investments are not reported as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

MARLBORO TOWNSHIP
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** – (continued)

D. FUND ACCOUNTING

The Township maintains its accounting records in accordance with the principles of “Fund” accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities, reported in other funds. The restrictions associated with each class of funds are as follows:

Governmental Fund Types:

General Fund: The general operating fund of the Township. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Special Revenue Funds: These funds are used to account for proceeds from special sources (other than for capital projects) that are restricted to expenditures for specific purposes. The Township has the following significant Special Revenue Funds:

- *Road and Bridge Fund* – This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.
- *Gasoline Tax Fund* – This fund receives gasoline tax money to pay for construction, maintaining and repairing Township roads.
- *Police District Levy Fund* – This fund receives proceeds from a special tax levy to fund the Township’s police department.
- *Fire District Levy Fund* – This fund receives proceeds from a special tax levy to fund the Township’s fire contract with Marlboro Volunteer Fire Department.
- *Road District levy Fund* – This fund receives proceeds from a special tax levy to fund road construction and maintenance.

Debt Service Fund: This fund is used to accumulate resources for the payment of bonds and notes indebtedness. The Township has the following Debt Service Fund.

- *General Bond Retirement Fund* – This fund accounts for the debt requirements associated with construction of the Township Hall. Construction was completed during 1999.

MARLBORO TOWNSHIP
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

D. FUND ACCOUNTING – (continued)

Governmental Fund Types: - (continued)

Capital Project Fund: This fund is used to account for the financial resources to be used for the acquisition or construction of major capital facilities. The Township has the following significant Capital Projects Funds:

- *Land Acquisition Fund* – This is a reserve fund for future acquisition of land by the Township.
- *Road Backhoe and Truck Fund* – This is a reserve fund for future purchase of a backhoe and a truck for the Township.
- *Police Vehicles Fund* – This is a reserve fund for the future purchase of police vehicles for the Township.

Permanent Fund: This fund is used to account for resources restricted by legally binding trust agreements. The Township has the following Permanent Fund:

- *Taylor Trust Fund* – This permanent fund was established to maintain the activity of the Taylor Trust Fund. This fund was established in 1875 to provide relief to needy Township residents at Christmas.

E. BUDGETARY PROCESS

1. Budget

A budget of estimated cash receipts and disbursements is prepared by the Clerk, approved by the Board of Trustees, and submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

2. Estimated Resources

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

**MARLBORO TOWNSHIP
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

E. BUDGETARY PROCESS – (continued)

3. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure.

4. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over and need not be reappropriated.

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 capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. ACCUMULATED LEAVE

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

	2009	2008
Demand Deposits	\$ 58,988	\$ 51,018
Repurchase Agreement	887,294	847,835
Total Deposits and Investments	<u>\$ 946,282</u>	<u>\$ 898,853</u>

MARLBORO TOWNSHIP
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS – (continued)

Deposits:

The bank balance are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Township, or (3) collateralized by the financial institution's public entity deposit pool.

Investments:

The repurchase agreement is an overnight sweep account reported at cost. The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2009 follows:

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 195,376	\$ 158,852	\$ (36,524)
Special Revenue	1,069,265	978,806	(90,459)
Capital Projects	42,000	-	(42,000)
Permanent	800	292	(508)

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
General	\$ 294,877	\$ 172,126	\$ 122,751
Special Revenue	1,537,369	917,595	619,774
Debt Service	2,200	-	2,200
Capital Projects	129,466	-	129,466
Permanent	70,000	800	69,200

MARLBORO TOWNSHIP
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

3. BUDGETARY ACTIVITY – (continued)

Budgetary activity for the year ended December 31, 2008 follows:

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 118,634	\$ 151,001	\$ 32,367
Special Revenue	749,266	904,484	155,218
Debt Service	-	52	52
Permanent	2,578	931	(1,647)

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
General	\$ 271,877	\$ 184,771	\$ 87,106
Special Revenue	1,338,579	907,676	430,903
Debt Service	2,933	-	2,933
Capital Projects	103,933	4,467	99,466
Permanent	74,230	750	73,480

4. DEBT

The Township has no debt outstanding in 2008 and 2009.

5. PROPERTY TAX

Real property taxes become a lien on all non-exempt real property located in the county on January 1. 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 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The State Board of Tax Equalization adjusts the tax rates for inflation. Real property owners' tax bills are further reduced by homestead and rollback deductions when applicable. The amount of these homestead and rollback reductions is reimbursed to the Township by the State of Ohio. The amounts reimbursed by the State of Ohio are reflected in the accompanying financial statements as Intergovernmental Receipts.

MARLBORO TOWNSHIP
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008

5. PROPERTY TAX- (continued)

Public utilities are also taxed on personal and real property located within the Township. Tangible personal property tax is assessed on the property owners, who must file a list of such property to the County by each April 30, assess tangible personal property tax. Tangible property taxes are being phased out through 2009.

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

6. DEFINED BENEFIT PENSION PLAN

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing multiple-employer defined benefit pension plan. The plan provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rates are 10% for local employees and 10.1% for law enforcement for both years. For local government employer units the rate was 14% in 2008 and 2009 of covered payroll. The Township is required to contribute 17.4% in 2008 and 17.63% in 2009 for law enforcement employees. The Township has paid all contributions required through December 31, 2009.

7. RISK MANAGEMENT

The Township is exposed to various risks of loss related torts, theft of, damage to, destruction of assets, errors and omissions, injuries to employees and natural disasters. During the years 2009 and 2008, the Township has obtained commercial insurance through Ohio Township Association Risk Management Authority (the "Pool"). The pool was created in March 1987 and organized under the laws of the State of Ohio as a governmental group property and casualty self-insurance pool. The Ohio Township Association supports and promotes the Pool. A total of 950 townships within the state of Ohio participate in the Pool. The Pool's primary objective is to formulate, develop, and administer, on behalf of the members, a program of managing property and third-party casualty claims, to obtain lower costs for that coverage, and to develop a comprehensive loss control program.

**MARLBORO TOWNSHIP
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008**

7. RISK MANAGEMENT- (continued)

Members entering the Pool agree to participate in the Pool for a period of not less than one year and provide capitalization contributions as defined in the contract signed between the member and the Pool. For those members electing to withdraw from participating, provided the member has given 60 days' written notice prior to their anniversary date, they may receive a partial refund of the capitalization contribution as defined by the contract. In addition, upon withdrawal, all payments for casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal.

The Pool has engaged American Risk Pooling Consultants, Inc. (ARPCO) or "management"), a division of York Insurance Services Group, Inc. (York) as administrator of the Pool. The duties of the administrator are defined in an administrative agreement between ARPCO and the Pool, and generally include those powers and duties necessary and incident to managing the operations of the Pool, including claims servicing. Compensation is determined by an agreement between ARPCO and the Pool's board of directors. The contract is continuous until cancelled.

The Pool's audited financial statements conform to generally accepted accounting principles, and reported the following assets, liabilities and member's equity at December 31:

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

The Pool's membership remained consistent at 950 members in 2007 and 2008. The Pool uses reinsurance and excess risk-sharing arrangements to reduce its exposure to loss. These agreements permit recovery of a portion of its claims from reinsurers and a risk-sharing pool; however, they do not discharge the Pool's primary liability for such payments. The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, the Pool retains insured risks up to an amount specified in the contracts. (At December 31, 2008, the Pool retained \$350,000 for casualty claims and \$100,000 for property claims). The board of directors and ARPCO periodically review the financial strength of the Pool and other market conditions to determine the appropriate level of risk the Pool will retain.

The Township also provides health insurance, dental and vision coverage to full-time employees through a private carrier. The Township has not reduced its level of coverage nor have claims exceeded commercial coverage in the past 2 years.

**MARLBORO TOWNSHIP
STARK COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008**

8. STARK COUNCIL OF GOVERNMENTS

The Stark Council of Governments (SCOG) is a jointly governed organization. SCOG is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. Currently, SCOG's functions include the funding and operation of the Stark County Metropolitan Narcotics Unit and the Canton Crime Lab. SCOG is governed by its membership, including Stark County, and other cities, villages and townships. The membership elects a nine member executive committee. Based on recommendations of the executive committee, the membership approves its own budget, appoints personnel and performs accounting and finance related activities. Continued existence of SCOG is not dependent on the Township's continued participation nor does the Township have an equity interest in SCOG. SCOG is not accumulating significant financial resources or experiencing fiscal stress that would cause additional financial benefit or burden to the Township. Complete financial statements may be obtained from the Stark Council of Governments, P.O. Box 21451, Canton, Ohio, 44701-1451.

9. STARK COUNTY REGIONAL PLANNING COMMISSION

The Township participates in the Stark County Regional Planning Commission (the Commission), which is a statutorily created political subdivision of the State. The Commission is jointly governed among Stark County and other cities, villages, and townships. The principle aim of the Commission is to provide comprehensive planning, both long-term and short-term, dealing with the economic and physical environment of Stark County. The Board exercises total authority over the day-to-day operation of the Commission. These include budgeting, appropriating, contracting, and designating management. The Township has no financial responsibility for any of the Commission's liabilities. Complete financial statements can be obtained from the Stark County Regional Planning Commission, Stark County, Ohio.

10. TRANSFERS

The transfer-out of \$3,500 from the General Fund to the Special Revenue-Lighting Assessment fund during 2008 to pay for the repair of street lighting was in compliance with the Ohio Revised Code.

11. SUBSEQUENT EVENTS/PENDING LITIGATION

Management believes there are no pending claims or lawsuits.

12. LEGAL COMPLIANCE

The Township had several funds in each year which were contrary to Ohio Revised Code Section 5705.36.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

Marlboro Township
Stark County
7344 Edison Street, NE
Hartville, Ohio 44632

To Board of Trustees:

We have audited the financial statements of Marlboro Township, Stark County, Ohio (Township) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated May 12, 2010, wherein we noted the Township followed accounting practices prescribed or permitted by the Auditor of State of Ohio. 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.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented or detected and timely corrected.

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

Compliance and Other Matters

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

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

We did note certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated May 12, 2010.

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

Charles E. Harris & Associates, Inc.

May 12, 2010

**MARLBORO TOWNSHIP
STARK COUNTY
SCHEDULE OF FINDINGS
For the Years Ended December 31, 2009 and 2008**

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

FINDING NUMBER 2009-001: Non-compliance Citation

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 certificate of estimated resources. Ohio Revised Code Section 5705.36(A)(4) requires obtaining a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation.

In both 2009 and 2008, the Township had estimated receipts greater than actual receipts in the following funds to the extent by which the shortage of actual compared to estimated receipts reduced the total estimated resources to an amount lower than the appropriations.

2009			
Fund	Estimated Receipts	Actual Receipts	Variance
General Fund	\$ 195,376	\$ 158,852	\$ (36,524)
Special Revenue-Motor Vehicle License	59,063	34,376	(24,687)
Special Revenue-Gasoline Tax	210,000	96,161	(113,839)
Special Revenue-Lighting Assessment	6,500	5,479	(1,021)
Capital Projects-Land Acquisition	20,000	-	(20,000)
Capital Projects-Road Equipment	10,000	-	(10,000)
Capital Projects-Police Equipment	12,000	-	(12,000)
2008			
Fund	Estimated Receipts	Actual Receipts	Variance
Capital Projects-Special Assessment	\$ 12,907	\$ 3,738	\$ (9,169)
Special Revenue-Road District	214,683	192,107	(22,576)

We recommend that the Fiscal Officer monitor the actual receipts status and amend estimated receipts or appropriations as necessary to be in compliance with Ohio Revised Code regulations.

Management response:

Management will amend the certificate when estimated receipts exceed actual receipts if this will reduce the estimated resources below the appropriations.

**MARLBORO TOWNSHIP
STARK COUNTY, OHIO
For The Years Ended December 31, 2009 and 2008**

Status of Prior Audit Findings

The prior audit report, for the years ending December 31, 2007 and 2006, reported no material citations or recommendations.



Mary Taylor, CPA
Auditor of State

MARLBORO TOWNSHIP

STARK COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 6, 2010**