

**MARSEILLES TOWNSHIP**  
**WYANDOT COUNTY, OHIO**

*FINANCIAL STATEMENTS*  
DECEMBER 31, 2010 AND 2009

**WOLF, ROGERS, DICKEY & CO.**  
*Certified Public Accountants*





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of Marseilles Township, Wyandot County, prepared by Wolf, Rogers, Dickey & Co., for the audit period January 1, 2009 through December 31, 2010. 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.

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.

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

Dave Yost  
Auditor of State

October 27, 2011

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**Marseilles Township  
Wyandot County, Ohio**

**For the Years Ended  
December 31, 2010 and 2009**

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# **Wolf, Rogers, Dickey & Co.**

Certified Public Accountants

38 South Franklin Street

P. O. Box 352

Delaware, Ohio 43015-0352

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Telephone: 740-362-9031

Fax: 740-363-7799

## **Independent Auditors' Report**

Marseilles Township  
Wyandot County, Ohio

To the Board of Trustees:

We have audited the accompanying financial statements of Marseilles Township, Wyandot County, Ohio (the Township), as of and for the years ended December 31, 2010 and 2009. 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 of Ohio 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 Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State of Ohio permits, but does not require townships 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 effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009 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, 2010 and 2009, or their 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 and reserves for encumbrances of Marseilles Township, Wyandot County, Ohio as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 our report dated July 22, 2011, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts, 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.

Wolf, Rogers, Dickey & Co.

Certified Public Accountants

July 22, 2011



**Marseilles Township  
Wyandot County, Ohio  
Combined Statement of Cash Receipts, Cash Disbursements, and  
Changes in Fund Cash Balances  
All Governmental Fund Types  
For the Year Ended December 31, 2010**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash receipts:			
Local taxes	\$ 31,083	11,862	42,945
Intergovernmental	12,708	96,436	109,144
Charges for services	-	12,939	12,939
License, permits and fees	-	2,950	2,950
Earnings on investments	722	620	1,342
Other revenue	<u>27</u>	<u>604</u>	<u>631</u>
Total cash receipts	44,540	125,411	169,951
Cash disbursements:			
Current:			
General government	49,180	-	49,180
Public safety	-	15,385	15,385
Public works	-	40,624	40,624
Health	3,033	5,697	8,730
Capital outlay	-	8,762	8,762
Debt service:			
Redemption of principal	-	17,449	17,449
Interest and other fiscal charges	<u>-</u>	<u>836</u>	<u>836</u>
Total cash disbursements	<u>52,213</u>	<u>88,753</u>	<u>140,966</u>
Total receipts over (under) disbursements	(7,673)	36,658	28,985
Fund cash balances, January 1	<u>94,264</u>	<u>137,922</u>	<u>232,186</u>
Fund cash balances, December 31	\$ <u>86,591</u>	<u>174,580</u>	<u>261,171</u>

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

**Marseilles Township  
Wyandot County, Ohio  
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>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash receipts:				
Local taxes	\$ 20,879	7,862	-	28,741
Intergovernmental	57,157	102,101	29,808	189,066
Charges for services	-	21,000	-	21,000
License, permits and fees	-	2,000	-	2,000
Earnings on investments	1,252	1,078	-	2,330
Other revenue	<u>75</u>	<u>4,120</u>	<u>-</u>	<u>4,195</u>
Total cash receipts	79,363	138,161	29,808	247,332
Cash disbursements:				
Current:				
General government	37,755	-	-	37,755
Public safety	-	11,350	-	11,350
Public works	-	99,071	29,808	128,879
Health	2,934	8,743	-	11,677
Capital outlay	4,495	5,770	-	10,265
Debt service:				
Redemption of principal	-	16,668	-	16,668
Interest and other fiscal charges	<u>-</u>	<u>1,641</u>	<u>-</u>	<u>1,641</u>
Total cash disbursements	<u>45,184</u>	<u>143,243</u>	<u>29,808</u>	<u>218,235</u>
Total receipts over (under) disbursements	34,179	(5,082)	-	29,097
Fund cash balances, January 1	<u>60,085</u>	<u>143,001</u>	<u>-</u>	<u>203,086</u>
Fund cash balances, December 31	\$ <u>94,264</u>	<u>137,919</u>	<u>-</u>	<u>232,183</u>
Reserves for encumbrances	\$ <u>-</u>	<u>325</u>	<u>-</u>	<u>325</u>

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

**Marseilles Township  
Wyandot County, Ohio  
Notes to the Financial Statements  
December 31, 2010 and 2009**

(1) Summary of Significant Accounting Policies

Description of the Entity

Marseilles Township, Wyandot County, Ohio (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance, fire protection services and cemetery operations.

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

Basis of Accounting

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

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

Cash

Certificates of deposit are reported as assets. Accordingly, purchases of certificates of deposit are not recorded as disbursements, and sales of certificates of deposit are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Fund Accounting

The Township uses fund accounting to segregate cash that is restricted as to use. The Township classifies its funds into the following types:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**Marseilles Township  
Wyandot County, Ohio  
Notes to the Financial Statements, continued  
December 31, 2010 and 2009**

(1) Summary of Significant Accounting Policies, continued

Fund Accounting, continued

Special Revenue Funds

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

Motor Vehicle License Tax Fund – This fund receives vehicle registration tax money.

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

Road and Bridge Fund – This fund receives local real estate, property tax and other revenues collected to construct, maintain and repair Township roads.

Fire District Fund – This fund receives fire levy tax money for the funding of fire and EMS services provided to the residents of the Township.

Capital Projects Fund

This fund is used to account for the Ohio Public Works Commission share of specific road improvement projects.

Budgetary Process

The Ohio Revised Code (ORC) requires each fund to be budgeted annually.

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

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.

**Marseilles Township  
Wyandot County, Ohio  
Notes to the Financial Statements, continued  
December 31, 2010 and 2009**

(1) Summary of Significant Accounting Policies, continued

Encumbrances

The ORC requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2010 and 2009 budgetary activity appears in Note 3.

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

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

	<u>2010</u>	<u>2009</u>
Demand deposits	\$ 212,675	184,371
Certificates of deposit	<u>48,496</u>	<u>47,815</u>
Total deposits	<u>\$261,171</u>	<u>232,186</u>

Deposits are either insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution's public entity deposit pool. The certificates of deposit bear interest of 1.34% and mature in January 2011.

(3) Budgetary Activity

Budgetary activity for the years ended December 31, 2010 and 2009 follows:

<u>Fund Type</u>	<u>2010 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 75,538	44,540	(30,998)
Special Revenue	<u>143,308</u>	<u>125,411</u>	<u>(17,897)</u>
Total	<u>\$ 218,846</u>	<u>169,951</u>	<u>(48,895)</u>

**Marseilles Township  
Wyandot County, Ohio  
Notes to the Financial Statements, continued  
December 31, 2010 and 2009**

(3) Budgetary Activity, continued

<u>2010 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 175,015	52,213	122,802
Special Revenue	<u>276,014</u>	<u>88,753</u>	<u>187,261</u>
Total	\$ <u>451,029</u>	<u>140,966</u>	<u>310,063</u>

<u>2009 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 75,538	79,363	3,825
Special Revenue	143,308	138,161	(5,147)
Capital Projects	<u>-</u>	<u>29,808</u>	<u>29,808</u>
Total	\$ <u>218,846</u>	<u>247,332</u>	<u>28,486</u>

<u>2009 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 98,535	45,184	53,351
Special Revenue	237,263	143,568	93,695
Capital Projects	<u>-</u>	<u>29,808</u>	<u>(29,808)</u>
Total	\$ <u>335,798</u>	<u>218,560</u>	<u>117,238</u>

(4) Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State of Ohio, 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.

**Marseilles Township  
Wyandot County, Ohio  
Notes to the Financial Statements, continued  
December 31, 2010 and 2009**

(4) Property Tax, continued

Tangible personal property 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 employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple-employer plan. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the ORC.

Contribution rates are also prescribed by the ORC. For 2010 and 2009, OPERS members contributed 10% of their gross salaries. The Township contributed an amount equal to 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2010.

(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 Workers' Compensation.

The Township belongs to the Ohio Plan Risk Management, Inc. (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized jointly administered self-insurance risk management program and other administrative services to over 750 Ohio governments ("Members"). This entity was formerly included in the Ohio Government Risk Management Plan.

Pursuant to Section 2744.081 of the ORC, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A-VII or better rated carriers, except that effective November 1, 2010 the Plan began retaining 40 percent of the premium and losses of the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. From November 1, 2009 to October 31, 2010 the Plan retained 17.5% of the premium and losses of the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

**Marseilles Township  
Wyandot County, Ohio  
Notes to the Financial Statements, continued  
December 31, 2010 and 2009**

(6) Risk Management, continued

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009 (the latest information available):

	<u>2010</u>	<u>2009</u>
Assets	\$ 12,036,541	11,176,186
Liabilities	<u>(4,845,056)</u>	<u>(4,852,485)</u>
Net Assets	\$ <u>7,191,485</u>	<u>6,323,701</u>

You can read the complete audited financial statements for the Plan at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

Contributions to the Plan

2008	\$ 8,768
2009	7,744
2010	9,358

(7) Debt Obligations

At December 31, 2010 and 2009, debt obligations consisted of the following:

<u>Description</u>	<u>2010</u>	<u>2009</u>
2007 Commercial Savings Bank for purchase of a dump truck, due in annual installments of \$18,309, including interest through October 2010 at a rate of 4.75%.	\$ <u>-</u>	<u>17,457</u>



**Marseilles Township**  
**Wyandot County, Ohio**  
**Notes to the Financial Statements, continued**  
**December 31, 2010 and 2009**

(8) Subsequent Events

Subsequent events have been evaluated through July 22, 2011, which is the date the financial statements were available to be issued.

(9) Compliance

Contrary to Ohio or federal law:

- The Township did not obtain an amended certificate of estimated resources or amend appropriations in 2010 to reflect a shortfall of anticipated revenue to the General Fund of \$30,998, the Gasoline Tax Fund of \$10,948 and the Fire District Fund of \$8,472, which reduced available revenue in the funds below appropriations. In addition, the Township did not obtain an amended certificate of estimated resources or amend appropriations in 2009 to reflect shortfalls of anticipated revenue to the Gasoline Fund of \$4,320, Motor Vehicle License Tax Fund of \$524, the Road and Bridge Fund of \$562 and the Fire District Fund of \$510, which reduced available revenue in the fund below appropriations by the same amount.
- In 2009, appropriations exceeded available resources by \$4,320 in the Gasoline Fund, \$524 in the Motor Vehicle License Tax Fund, \$562 in the Road and Bridge Fund and \$510 in the Fire District Fund. In 2010, appropriations exceeded available resources by \$36,211 in the General Fund, \$8,508 in the Gasoline Tax Fund and \$8,472 in the Fire District Fund.
- The Township did not encumber funds prior to expenditure. In addition, funds were not encumbered at the end of either year for expenses that had been incurred but not paid prior to the end of the year.
- In 2010, the Township did not issue Internal Revenue Service Forms 1099-MISC as required by the Internal Revenue Code.
- The Township did not record Ohio Public Works Commission (OPWC) activity for a road project that occurred in 2009. In addition, there were no estimated revenues or appropriations in the Capital Projects Fund to cover the expenditures that OPWC made for this project.
- Material reclassifications to the financial statements were necessary in order for them to be fairly stated.

# Wolf, Rogers, Dickey & Co.

Certified Public Accountants  
38 South Franklin Street  
P. O. Box 352  
Delaware, Ohio 43015-0352

Telephone: 740-362-9031  
Fax: 740-363-7799

**Independent Auditors' Report On Internal Control Over  
Financial Reporting And On Compliance And Other Matters,  
Based On An Audit Of Financial Statements  
Performed In Accordance With *Government Auditing Standards***

Marseilles Township  
Wyandot County, Ohio

To the Board of Trustees:

We have audited the financial statements of Marseilles Township, Wyandot County, Ohio (the Township), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated July 22, 2011, wherein we noted the Township followed accounting practices the Auditor of State of Ohio 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 *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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily 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 described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and timely corrected. We consider Findings 2010-01 and 2010-06 described in the accompanying Schedule of Findings to be material weaknesses.

A significant deficiency is a deficiency, or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We considered Findings 2010-03 and 2010-08 to be significant deficiencies in internal control over financial reporting as described in the accompanying Schedule of Findings.

### 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 such an opinion. The results of our tests disclosed certain instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings as Findings 2010-02, 2010-04, 2010-05, 2010-07, 2010-08 and 2010-09.

We noted certain noncompliance or other matters not requiring inclusion in this report that we reported to management of the Township in a separate letter dated July 22, 2011.

The Township's response to the findings 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.

This report is intended solely for the information and use of the Board of Trustees, management and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

*Wolf, Rogers, Dickey & Co.*

Certified Public Accountants

July 22, 2011

**Marseilles Township  
Wyandot County, Ohio  
Schedule of Findings  
December 31, 2010 and 2009**

**Findings Related to the Financial Statements  
Required to be Reported in Accordance with GAGAS**

Finding Number 2010-01  
Material weakness

The Ohio Township Handbook Chart of Accounts appendix details the revenue and expenditure codes, name of source information, and a brief description of the type of revenue or expenditure that relates to the codes.

We noted the following errors in the Township prepared financial statements that required reclassification:

- In 2009, Motor Vehicle License Tax receipts were reclassified from Local Taxes to Intergovernmental Revenue. The amount totaled \$7,026.
- In the General Fund, 2009 Capital Outlay expenditures totaling \$4,495 were reclassified from General Government.
- In various Special Revenue Funds for 2009, \$10,005 of Public Safety expenditures, \$106,442 of Public Works expenditures and \$5,970 of Health expenditures were reclassified from General Government.
- In various Special Revenue Funds for 2010, \$13,756 of Public Safety expenditures, \$52,559 of Public Works expenditures, and \$5,416 of Health expenditures were reclassified from General Government.
- In 2010 and 2009, Debt Service expenditures were reclassified from Capital Outlay. The amounts totaled \$18,285 and \$18,309 for 2010 and 2009, respectively.

These adjustments are reflected in the audited financial statements. Although the misclassifications have been corrected under audit, annual financial statements available to the public until such time as the audit is completed are inaccurate.

Response by Township

No response received.

**Marseilles Township  
Wyandot County, Ohio  
Schedule of Findings, continued  
December 31, 2010 and 2009**

**Findings Related to the Financial Statements  
Required to be Reported in Accordance with GAGAS**

Finding Number 2010-02  
Noncompliance

Ohio Revised Code (ORC) Section 5705.41(D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury when such contract or order is made.

ORC Section 5705.41 also provides that if no certificate was furnished at the time that the contract was entered into, the fiscal officer may prepare a Then and Now Certificate stating (1) that there was at the time of the making of the contract and (2) at the time of the execution of this certificate a sufficient sum appropriated for the purpose of the contract in question in the treasury or in process of collection to the credit of the appropriate fund, free from previous encumbrances. We noted that funds were not encumbered prior to expenditure for any of the disbursements that we tested for 2009 and 2010 and no Then and Now Certificates were prepared. Also, funds were not encumbered at the end of either year for expenses that had been incurred but not paid prior to the end of the year. In addition, the Fiscal Officer did not sign purchase orders certifying twenty-one expenditures.

Response by Township

No response received.

Finding Number 2010-03  
Significant deficiency

In 2009, appropriations entered into the Uniform Accounting Network (UAN) did not agree to the final Certificate of Estimated Resources (the Certificate) as follows:

- Special Revenue Fund – In 2009, budgeted receipts in UAN were less than the Certificate by \$1,300.

In 2009 and 2010, budgeted appropriations entered into UAN did not agree to the Annual Appropriation measure as follows:

- General Fund – Budgeted appropriations entered into UAN were more than the annual appropriation measure by \$38,948 in 2009.
- Special Revenue Fund – Cemetery Fund – Budgeted appropriations entered into UAN were less than the annual appropriation measure by \$20 in the 2010 and were more than the annual appropriation measure by \$14,086 in 2009.
- Special Revenue Fund – Gasoline Fund – Budgeted appropriations entered into UAN were more than the annual appropriation measure by \$29,808 in the 2010.

**Marseilles Township  
Wyandot County, Ohio  
Schedule of Findings, continued  
December 31, 2010 and 2009**

**Findings Related to the Financial Statements  
Required to be Reported in Accordance with GAGAS**

Finding Number 2010-03, continued  
Significant deficiency

The UAN system has built-in safeguards to assist local governments in complying with budgetary requirements of the ORC; however, these safeguards cannot operate effectively when inaccurate appropriation and budgeted receipt data is input.

Response by Township

No response received.

Finding Number 2010-04  
Noncompliance

ORC Section 5705.36 states:

- (1) That an increased amended certificate must be obtained from the Budget Commission if the legislative authority intends to appropriate and expend revenue in excess of the estimated resources.
- (2) A reduced amended certificate must be obtained if the amount of the deficiency will reduce the available resources below the current level of appropriations.

In 2009, appropriations exceeded available resources by \$4,320 in the Gasoline Fund, \$524 in the Motor Vehicle License Tax Fund, \$562 in the Road and Bridge Fund and \$510 in the Fire District Fund. In 2010, appropriations exceeded available resources by \$36,211 in the General Fund, \$8,508 in the Gasoline Tax Fund and \$8,472 in the Fire District Fund. These deficits were caused by actual receipts falling below budgeted receipts and/or inaccurate beginning unencumbered balances (see Finding 2010-06). We recognize that the Township did not spend all appropriations and actual expenses did not exceed available resources, but ORC Section 5705.36 still requires an amended Certificate to reflect the reduced receipts. Additionally, the Township should have reduced the appropriations below the estimated resources.

Response by Township

No response received.

**Marseilles Township  
Wyandot County, Ohio  
Schedule of Findings, continued  
December 31, 2010 and 2009**

**Findings Related to the Financial Statements  
Required to be Reported in Accordance with GAGAS**

Finding Number 2010-05  
Noncompliance

In 2009 and 2010, the Township charged Trustee salaries and benefits to the Gasoline Tax Fund. The Trustees maintained log books after being informed of the requirement during a previous audit. Although the data in the log books indicated that all Trustees performed road-related work for the Township, it did not support the 100% charged to the Gasoline Tax Fund for 2010.

As a result of the data in the log books, \$23,719 of these expenditures were reclassified back to the General Fund in 2010, and \$5,213 in 2009.

Response by Township

No response received.

Finding Number 2010-06  
Material weakness

ORC Section 5705.36 requires that on or about the first day of each fiscal year, the fiscal officer should certify to the county auditor the total amount from all sources available for expenditure from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.

The Certificate that the Township prepared for 2009 was based on inaccurate beginning cash balances by fund per the UAN. Fund balances in UAN did not agree to audited fund balances by fund as of December 31, 2008. The tables below reflect the actual audited cash balances (less encumbrances) by fund versus available cash balances by fund reported in the Certificate. The 2010 beginning audited balances also include adjustments made to 2009 transactions during the current audit.

<u>2009</u>	<u>Available Beginning Cash Balance</u>	<u>Certificate of Estimated Resources</u>	<u>Difference</u>
General Fund	60,085	63,935	(3,850)
Fire Fund	33,715	34,227	(512)
Cemetery Fund	10,573	11,086	(513)
Road and Bridge Fund	5,365	5,365	-
Motor Vehicle License Tax	8,569	8,569	-
Gasoline Tax Fund	84,779	79,901	4,878

The Wyandot County Auditor requires timely filing of budgetary documents or Local Government funds may be withheld. In addition, the properly completed Certificate serves as the basis for the appropriation resolution.

**Marseilles Township  
Wyandot County, Ohio  
Schedule of Findings, continued  
December 31, 2010 and 2009**

**Findings Related to the Financial Statements  
Required to be Reported in Accordance with GAGAS**

Finding Number 2010-06, continued  
Material weakness

As a result of inaccurate fund balances in UAN, the Township is at risk to unknowingly spend funds into a deficit balance. Such a situation would be especially detrimental to the Township if the General Fund were to be spent into a deficit balance since it is the only fund from which any lawful Township expenditure may be made without restriction.

Response by Township

No response received.

Finding Number 2010-07  
Noncompliance

The Internal Revenue Code requires an entity to issue Internal Revenue Service Form 1099-MISC when payments for services performed for the entity by individuals not treated as employees total \$600 or more. In 2010, the Township wrote checks payable to an individual and an unincorporated business of \$1,299 and \$1,175, respectively, and did not issue a Form 1099-MISC.

Response by Township

No response received.

Finding Number 2010-08  
Significant deficiency/Noncompliance

The Township participated in an Ohio Public Works Commission (OPWC) Project in 2009. As part of such a project, the OPWC made payments directly to the contractors for its share of the project costs. The Township is to record memorandum receipts and disbursements on its books for expenditures made on behalf of the Township. The Township did not record the OPWC activity in its financial statements for this project.



**Marseilles Township  
Wyandot County, Ohio  
Schedule of Findings, continued  
December 31, 2010 and 2009**

**Findings Related to the Financial Statements  
Required to be Reported in Accordance with GAGAS**

Finding Number 2010-08, continued  
Significant deficiency/Noncompliance

Although there is no effect on the cash balance of the Township, not recording all of this activity causes revenues and expenses to be understated as it relates to the activities of the Township. An adjustment of \$29,808 has been made to the financial statements to reflect the full cost of the project.

In addition, appropriations in the Capital Projects Fund were not approved to cover the expenditures made by OPWC on behalf of the Township for the project. In violation of ORC Section 5705.41(B), expenditures exceeded appropriations by \$29,808 in the Capital Projects Fund for 2009 and by \$8,743 in the Cemetery Fund for 2009.

Response by Township

No response received.

Finding Number 2010-09  
Noncompliance

ORC Section 5705.39, states that the total appropriations from each fund should not exceed the total of estimated resources available (cash available at the beginning of the year plus estimated receipts for the year).

- General Fund – 2010, appropriations exceeded estimated resources by \$5,213.

Failure to limit appropriations to the amount of available revenue could result in overspending and negative cash fund balances.

Response by Township

No response received.

**Marseilles Township  
Wyandot County, Ohio  
Schedule of Prior Audit Findings  
December 31, 2010 and 2009**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid: Explain:</u>
2008-001	Material reclassifications	No	Repeat as Finding Number 2010-01
2008-02	ORC 5705.41 Fiscal officer must certify the commitment of money prior to the expenditure taking place.	No	Repeat as Finding Number 2010-02.
2008-03	Budgeted receipts in UAN did not agree to Certificate of Estimated Resources and appropriation measure.	No	Repeat as Finding Number 2010-03.
2008-04	ORC 5705.36 Submit amended Certificate of Estimated Resources to reflect the actual receipts as well as an amended appropriation.	No	Repeat as Finding Number 2010-04.
2008-05	Allocation of Trustee salaries.	No	Repeat as Finding Number 2010-05.
2008-06	Fuel purchase allocation.	Yes	Finding no longer valid.
2008-07	1099-MISC	No	Repeat as Finding Number 2010-07.
2008-08	Recording of Issue 2 activity.	No	Repeat as Finding Number 2010-08.



# Dave Yost • 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 10, 2011**