



Dave Yost • Auditor of State



MARY ANN TOWNSHIP  
LICKING COUNTY

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# Dave Yost • Auditor of State

Mary Ann Township  
Licking County  
11950 Wilkins Run Road NE  
Newark, Ohio 43055

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Township 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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

**Dave Yost**  
Auditor of State

July 19, 2011

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Mary Ann Township  
Licking County  
11950 Wilkins Run Road NE  
Newark, Ohio 43055

To the Board of Trustees:

We have audited the accompanying financial statements of Mary Ann Township, Licking 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe 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 Township's larger (i.e. major) funds separately. 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 GAAP presentation requirements. The Auditor of State 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 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 and reserves for encumbrances of Mary Ann Township, Licking 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 19, 2011, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Dave Yost**  
Auditor of State

July 19, 2011



MARY ANN TOWNSHIP  
LICKING COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010

	Governmental Fund Types			Totals
	General	Special Revenue	Capital Projects	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$ 59,693	\$ 172,462	\$ -	\$ 232,155
Charges for Services	-	153,920	-	153,920
Licenses, Permits, and Fees	32,983	-	-	32,983
Intergovernmental	36,170	144,186	5,204	185,559
Earnings on Investments	307	60	-	367
Miscellaneous	3,544	21,733	-	25,277
<b>Total Cash Receipts</b>	<b>132,696</b>	<b>492,361</b>	<b>5,204</b>	<b>630,261</b>
<b>Cash Disbursements:</b>				
Current:				
General Government	89,079	2,312	-	91,391
Public Safety	240	203,685	-	203,926
Public Works	78	142,019	5,204	147,301
Health	3,665	8,800	-	12,465
Capital Outlay	1,775	231,911	-	233,686
Debt Service:				
Redemption of Principal	7,924	30,318	-	38,242
Interest and Other Fiscal Charges	4,883	2,328	-	7,211
<b>Total Cash Disbursements</b>	<b>107,644</b>	<b>621,374</b>	<b>5,204</b>	<b>734,222</b>
Total Receipts Over/(Under) Disbursements	25,052	(129,013)	-	(103,961)
<b>Other Financing Receipts:</b>				
Sale of Bonds	-	221,110	-	221,110
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	25,052	92,097	-	117,149
Fund Cash Balance, January 1	31,255	181,454	-	212,709
<b>Fund Cash Balance, December 31</b>	<b>\$ 56,307</b>	<b>\$ 273,551</b>	<b>\$ -</b>	<b>\$ 329,858</b>

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

**ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<b>Governmental Fund Types</b>			<b>Totals</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$ 57,440	\$ 168,960	\$ -	\$ 226,400
Charges for Services	-	143,452	-	143,452
Licenses, Permits, and Fees	18,125	-	-	18,125
Intergovernmental	35,841	154,605	509,663	700,108
Earnings on Investments	599	151	-	750
Miscellaneous	1,380	17,767	-	19,147
<b>Total Cash Receipts</b>	<b>113,384</b>	<b>484,934</b>	<b>509,663</b>	<b>1,107,982</b>
<b>Cash Disbursements:</b>				
Current:				
General Government	89,777	3,596	-	93,373
Public Safety	210	148,999	-	149,209
Public Works	60	254,076	-	254,136
Health	5,761	6,632	-	12,392
Other	50	-	-	50
Capital Outlay	248	10,623	509,663	520,534
Debt Service:				
Redemption of Principal	7,676	45,291	-	52,967
Interest and Other Fiscal Charges	5,310	4,555	-	9,865
<b>Total Cash Disbursements</b>	<b>109,091</b>	<b>473,773</b>	<b>509,663</b>	<b>1,092,526</b>
<b>Total Receipts Over Disbursements</b>	<b>4,294</b>	<b>11,162</b>	<b>-</b>	<b>15,455</b>
Fund Cash Balance, January 1	26,961	170,292	-	197,253
<b>Fund Cash Balance, December 31</b>	<b>\$ 31,255</b>	<b>\$ 181,454</b>	<b>\$ -</b>	<b>\$ 212,709</b>
Reserve for Encumbrances, December 31	\$ -	\$ 19,475	\$ -	\$ 19,475

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

**MARY ANN TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 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 Mary Ann Township, Licking County, Ohio, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

**B. Accounting Basis**

These financial statements follow the accounting basis 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.

**C. Deposits and Investments**

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Township values its repurchase agreement 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 reports all financial resources except those required to be accounted for in another fund.

**MARY ANN TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds**

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

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

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

Fire Levy Fund – This fund receives property tax money levied for the funding of the fire department, as well as charges for services for contract fire protection and emergency medical services provided to other Townships.

**3. Capital Project Fund**

This fund accounts 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 Fund.

Ohio Public Works Commission (OPWC) Fund - The Township received a grant from the State of Ohio for reconstruction of Dana and Loper roads.

**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 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. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

MARY ANN TOWNSHIP  
LICKING COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

3. 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 2010 and 2009 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Deposits and Investments

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

	2010	2009
Demand deposits	\$60,757	\$56,755
Repurchase agreement (Sweep Account)	269,101	155,954
Total deposits and investments	<u>\$329,858</u>	<u>\$212,709</u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

**Investments:** The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements. The securities are not in the Township's name.

**MARY ANN TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**3. Budgetary Activity**

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

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$107,159	\$132,696	\$25,537
Special Revenue	446,580	713,471	266,891
Capital Projects	226,314	5,204	(221,110)
Total	\$780,053	\$851,371	\$71,318

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$138,414	\$107,644	\$30,770
Special Revenue	617,899	621,374	(3,475)
Capital Projects	5,204	5,204	0
Total	\$761,517	\$734,222	\$27,295

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$99,735	\$113,384	\$13,649
Special Revenue	448,072	484,935	36,863
Capital Projects	580,902	509,663	(71,239)
Total	\$1,128,709	\$1,107,982	(\$20,727)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$127,696	\$109,091	\$18,605
Special Revenue	610,230	493,248	116,982
Capital Projects	509,663	509,663	0
Total	\$1,247,589	\$1,112,002	\$135,587

**4. Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

**MARY ANN TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**4. Property Tax (Continued)**

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. Debt**

Debt outstanding at December 31, 2010 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Mary Ann Township Hall Bond	\$84,923	5.16%
Tractor Note	\$13,910	5.20%
Dump Truck Bond	\$21,110	5.10%
Fire Truck Bond	\$200,000	5.35%
Total	<u>\$319,943</u>	

In 2010, the Township issued \$21,110 in general obligation bonds to finance the purchase of a new dump truck for Township road maintenance. Also in 2010, The Township issued \$200,000 in general obligation bonds to finance the purchase of a new fire truck for Township fire protection. The Township's taxing authority collateralized the bonds. The Township in previous years also issued notes for the purchase of a tractor, ambulance, mini pumper and a building addition to the fire house for the fire department. In 2009, the Township paid off the note for the mini pumper. Additionally, in 2010, the Township paid off the notes for the fire house addition and ambulance.

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

Year ending December 31:	Mary Ann		Dump Truck Bond	Fire Truck Bond
	Township Hall Bond	Tractor Note		
2011	\$9,709	\$14,633	\$5,977	\$26,442
2012	9,709	0	5,977	26,442
2013	9,709	0	5,977	26,442
2014	9,709	0	5,977	26,442
2015	9,709	0	0	26,442
2016-2020	48,546	0	0	132,213
2021-2025	19,418	0	0	0
Total	<u>\$116,509</u>	<u>\$14,633</u>	<u>\$23,908</u>	<u>\$264,423</u>

**MARY ANN TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**6. Retirement Systems**

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OP&F participants contributed 10% of their wages. For 2010 and 2009, the Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages, respectively. For 2010 and 2009, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2010.

**7. 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 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. 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, 2010, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

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



**MARY ANN TOWNSHIP  
LICKING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**7. Risk Management (Continued)**

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009.

	<u>2010</u>	<u>2009</u>
Assets	\$35,855,252	\$38,982,088
Liabilities	<u>(10,664,724)</u>	<u>(12,880,766)</u>
Net Assets	<u>\$25,190,528</u>	<u>\$26,101,322</u>

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$9.9 and \$12.0 million of estimated incurred claims payable. The assets above also include approximately \$9.5 and \$11.5 million of unpaid claims to be billed to approximately 940 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Township's share of these unpaid claims collectible in future years is approximately \$7,023.

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.

<u>Contributions to OTARMA</u>	
<u>2010</u>	<u>2009</u>
\$9,490	\$9,501

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's 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.

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# Dave Yost • Auditor of State

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

Mary Ann Township  
Licking County  
11950 Wilkins Run Road NE  
Newark, Ohio 43055

To the Board of Trustees:

We have audited the financial statements of Mary Ann Township, Licking County, Ohio (the Township) as of and for the year ended December 31, 2010 and 2009, and have issued our report thereon dated July 19, 2011 wherein we noted the Township followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. 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 audit procedures for the purpose of expressing our opinion 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph 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 described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a 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 timely corrected. We consider finding 2010-01 described in the accompanying schedule of findings to be a material weakness.

#### **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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated July 19, 2011.

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.



**Dave Yost**  
Auditor of State

July 19, 2011

**MARY ANN TOWNSHIP  
LICKING COUNTY**

**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**

**Financial Statement Presentation – Material Weakness**

A monitoring system should be in place to prevent or detect material misstatements for the accurate presentation of the Township's financial statements.

The Fiscal Officer did not always accurately post receipts and encumbrances to the Township's accounting system and financial statements. The following posting errors were noted:

<u>Description</u>	<u>2009</u>	<u>2010</u>
Charges for Services for EMS billing were not recorded in the EMS Fund	\$10,000	\$2,420
Reserve for Encumbrance not recorded at year end for unpaid bills associated from summer road project in the Road & Bridge Fund	\$19,475	\$0
	\$29,475	\$2,420

Additionally, budgetary receipts and disbursements were not always posted to the UAN accounting system to correspond with amounts approved by the Board of Trustees and filed with the County Auditor, resulting in the following variances of accounting system postings (under)/over what was submitted to the County Auditor.

<u>Year</u>	<u>Fund</u>	<u>Certificate of Estimated Resources</u>	<u>UAN System</u>	<u>Variance</u>
2009	Fire Levy	\$ 298,836	\$ 236,196	\$ (62,640)
2009	OPWC	\$ 580,902	\$ 522,147	\$ (58,755)
2010	Fire Levy	\$ 252,861	\$ 452,995	\$ 200,134
2010	OPWC	\$ 226,314	\$ 5,204	\$ (221,110)
		\$ 1,358,913	\$ 1,216,542	\$ (142,371)

<u>Year</u>	<u>Fund</u>	<u>Appropriation Resolution</u>	<u>UAN System</u>	<u>Variance</u>
2010	Fire Levy	\$ 252,860	\$ 452,860	\$ 200,000

Not posting receipts, reserves for encumbrance, appropriations and estimated resources accurately to the ledgers resulted in the financial statements requiring audit reclassifications and adjustments; furthermore, inaccurate accounting records could make it difficult for the Board of Trustees to effectively monitor the Township's activities or identify misstatements or errors in a timely manner.

**MARY ANN TOWNSHIP  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

<p><b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b></p>
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**FINDING NUMBER 2010-01 (Continued)**

**Financial Statement Presentation – Material Weakness (Continued)**

We recommend the Township's Fiscal Officer takes steps to ensure the accurate posting of all transactions and budgetary amendments to the ledgers. Cash receipts and reserves for encumbrance should be posted in accordance with procedures and posting guidelines established in the UAN line item descriptions and Ohio Township Handbook and estimated resource amendments should be posted in accordance to the Ohio Rev. Code.

The Township's financial statements have been adjusted to accurately reflect the proper line item classifications and budgetary amounts reported in Note 3.

**Official's Response:** We did not receive a response from the Officials to this finding.

**MARY ANN TOWNSHIP  
LICKING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2008-001	Ohio Rev. Code 5705.41(B) - Expenditures Exceeding Appropriations	Partially	Reissued in the Management Letter
2008-002	Ohio Rev. Code 5705.41(D) – Prior Certification	Partially	Reissued in the Management Letter

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# Dave Yost • Auditor of State

**MARY ANN TOWNSHIP**

**LICKING 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 30, 2011**