



Dave Yost • Auditor of State

MARION TOWNSHIP
MARION COUNTY

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Dave Yost • Auditor of State

Marion Township
Marion County
1228 East Fairground St.
P.O. Box 79
Marion, Ohio 43302

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

December 17, 2012

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Marion Township
Marion County
1228 East Fairground St.
P.O. Box 79
Marion, Ohio, 43302

To the Board of Trustees:

We have audited the accompanying financial statements of Marion Township, Marion County, Ohio, (the Township) as of and for the years ended December 31, 2011 and 2010. 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 Government 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, 2011 and 2010 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, 2011 and 2010, 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 as of December 31, 2011 and 2010 and the reserves for encumbrances as of December 31, 2010 of Marion Township, Marion County, Ohio, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 the Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

As described in Note 8, during 2010, the Township changed its financial statement presentation method to conform to presentation methods the Auditor of State prescribes or permits.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2012, 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

December 17, 2012

**MARION TOWNSHIP
MARION COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 272,861	\$ 1,593,292	\$ 1,866,153
Charges for Services	-	380,582	380,582
Licenses, Permits and Fees	124,913	-	124,913
Intergovernmental	547,614	741,133	1,288,747
Special Assessments	-	3,579	3,579
Earnings on Investments	2,532	31	2,563
Miscellaneous	204	256	460
<i>Total Cash Receipts</i>	<u>948,124</u>	<u>2,718,873</u>	<u>3,666,997</u>
Cash Disbursements			
Current:			
General Government	458,185	4,023	462,208
Public Safety	-	2,744,688	2,744,688
Public Works	-	161,664	161,664
Health	82,199	-	82,199
Capital Outlay	-	67,196	67,196
<i>Total Cash Disbursements</i>	<u>540,384</u>	<u>2,977,571</u>	<u>3,517,955</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>407,740</u>	<u>(258,698)</u>	<u>149,042</u>
Other Financing Receipts (Disbursements)			
Transfers In	-	335,000	335,000
Transfers Out	(335,000)	-	(335,000)
Advances In	210,000	210,000	420,000
Advances Out	(210,000)	(210,000)	(420,000)
Other Financing Sources	18,864	-	18,864
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(316,136)</u>	<u>335,000</u>	<u>18,864</u>
<i>Net Change in Fund Cash Balances</i>	91,604	76,302	167,906
<i>Fund Cash Balances, January 1</i>	<u>932,593</u>	<u>542,952</u>	<u>1,475,545</u>
Fund Cash Balances, December 31			
Nonspendable	-	3,340	3,340
Restricted	-	615,914	615,914
Assigned	383,455	-	383,455
Unassigned	640,742	-	640,742
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,024,197</u>	<u>\$ 619,254</u>	<u>\$ 1,643,451</u>

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

**MARION TOWNSHIP
MARION 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**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Property and Other Local Taxes	\$ 261,270	\$ 1,611,794	\$ 1,873,064
Charges for Services	-	359,850	359,850
Licenses, Permits, and Fees	67,671	-	67,671
Intergovernmental	420,494	775,066	1,195,560
Special Assessments	-	3,703	3,703
Earnings on Investments	4,518	16	4,534
Miscellaneous	75,600	22,739	98,339
	<u>829,553</u>	<u>2,773,168</u>	<u>3,602,721</u>
Cash Disbursements:			
Current:			
General Government	464,498	2,659	467,157
Public Safety	-	2,732,870	2,732,870
Public Works	769	132,859	133,628
Health	81,648	-	81,648
Capital Outlay	425,000	788,936	1,213,936
Debt Service:			
Principal Retirement	-	85,025	85,025
Interest and Other Fiscal Charges	-	1,919	1,919
	<u>971,915</u>	<u>3,744,268</u>	<u>4,716,183</u>
Total Receipts (Under) Disbursements	<u>(142,362)</u>	<u>(971,100)</u>	<u>(1,113,462)</u>
Other Financing Receipts / (Disbursements):			
Transfers-In	-	437,000	437,000
Transfers-Out	(437,000)	-	(437,000)
Other Financing Sources	2,994	-	2,994
	<u>(434,006)</u>	<u>437,000</u>	<u>2,994</u>
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	(576,368)	(534,100)	(1,110,468)
Fund Cash Balances, January 1	<u>1,508,961</u>	<u>1,077,052</u>	<u>2,586,013</u>
Fund Cash Balances, December 31	<u>\$ 932,593</u>	<u>\$ 542,952</u>	<u>\$ 1,475,545</u>
Reserve for Encumbrances, December 31	<u>\$ 286</u>	<u>\$ 42,168</u>	<u>\$ 42,454</u>

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

**MARION TOWNSHIP
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

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 the Marion Township, Marion 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.

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.

During 2011 and 2010, the Township invested in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit are reported 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.

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:

Fire District Fund – The Fire District fund is used to received property tax and local government funding for the equipping, maintaining, and general operations of the Township fire department.

Fire & Rescue Emergency Medical Services Fund – The Fire & Rescue Emergency Medical Services fund receives money through charges for services for the operation of the EMS service of the Township.

**MARION TOWNSHIP
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, department and 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.

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 2011 and 2010 budgetary activity appears in Note 3.

F. Fund Balance

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**MARION TOWNSHIP
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. 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.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, 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

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

	<u>2011</u>	<u>2010</u>
Demand deposits	\$815,692	\$605,013
Certificates of deposit	0	375,423
Other time deposits (savings and NOW accounts)	827,759	495,109
Total deposits	<u>1,643,451</u>	<u>1,475,545</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation, collateralized by securities specifically pledged by the financial institution to the Township, or collateralized by the financial institution's public entity deposit pool.

**MARION TOWNSHIP
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$518,421	\$1,176,988	\$658,567
Special Revenue	3,181,411	3,263,873	82,462
Total	<u>\$3,699,832</u>	<u>\$4,440,861</u>	<u>\$741,029</u>

2011 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,229,686	\$1,094,722	\$134,964
Special Revenue	3,460,591	3,193,805	266,786
Total	<u>\$4,690,277</u>	<u>\$4,288,527</u>	<u>\$401,750</u>

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$501,999	\$832,547	\$330,548
Special Revenue	3,078,700	3,210,168	131,468
Total	<u>\$3,580,699</u>	<u>\$4,042,715</u>	<u>\$462,016</u>

2010 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,163,423	\$1,409,201	(\$245,778)
Special Revenue	3,747,847	3,786,436	(38,589)
Total	<u>\$4,911,270</u>	<u>\$5,195,637</u>	<u>(\$284,367)</u>

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General fund, Fire & Rescue Emergency Medical Services fund and Fire District fund by \$245,778, \$5,929, and \$75,847, respectively, for December 31, 2010 and in the Fire District fund by \$99,548 for the year ended December 31, 2011.

Also contrary to Ohio law, appropriations exceeded estimated resources at December 31, 2010 in the Fire & Rescue Emergency Medical Services fund by \$304,160.

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.

**MARION TOWNSHIP
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(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, 2011 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan	17,201	0%
Total	\$17,201	

The Ohio Public Works Commission Loan was issued in 1997 to finance a storm sewer drainage project for a housing development within the Township. The Township also leases a fire truck under a noncancelable lease. The Township disbursed \$86,944 which includes interest of \$1,919 to pay off the lease during the year ended December 31, 2010.

Amortization of the Ohio Public Works Commission Loan, including interest, is scheduled as follows:

	General Obligation Bonds	
	Principal	Interest
Year ending December 31:		
2012	\$1,433	\$0
2013	2,867	0
2014	2,867	0
2015	2,867	0
2016	2,867	0
2017-2021	4,300	0
Total	\$17,201	\$0

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 2011 and 2010, OP&F participants contributed 10% of their wages. For 2011 and 2010, the Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. For 2011 and 2010, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2011.

**MARION TOWNSHIP
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

7. Risk Management

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

8. Change in Basis of Accounting

During 2010, the Township changed its financial statement presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* to conform to presentation methods the Auditor of State prescribes or permits. This change did not result in a restatement of the fund balances.

9. Subsequent Event

On July 1, 2012, the Township entered into an agreement with the Ohio Public Works Commission (OPWC), whereby OPWC will provide financial assistance in the form of a loan in an amount not to exceed 450,000 for the sole and express purpose of financing or reimbursing costs of the 2012 Township Paving project. The interest-free loan will be paid off over a term of 5 years, with a final payment date of January 1, 2018.



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*

Marion Township
Marion County
1228 East Fairground St.
P.O. Box 79
Marion, Ohio, 43302

To the Board of Trustees:

We have audited the financial statements of Marion Township, Marion County, Ohio, (the Township) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated December 17, 2012, wherein we noted in 2010, the Township changed its financial statement presentation method to conform to presentation methods the Auditor of State prescribes or permits, and during 2011 the Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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.

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 material financial statement misstatements 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 would not necessarily identify all deficiencies in internal control 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. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings that we consider a significant deficiency in internal control over financial reporting. We consider finding 2011-001 to be a significant deficiency. A *significant deficiency* is a deficiency, or a 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.

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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2011-002 and 2011-003.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated December 17, 2012.

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

December 17, 2012

**MARION TOWNSHIP
MARION COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010**

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

FINDING NUMBER 2011-001

Significant Deficiency – Budgetary Posting

The Township should post to its receipt and expenditure ledgers in a timely manner, the estimated receipts as certified to the County Budget Commission and appropriations as approved by the Board of Trustees to allow for monitoring of budget vs. actual receipts and expenditures.

As of December 31, 2011 and 2010, the budgeted receipts and expenditures posted to the Township's accounting ledgers varied from the estimated receipts certified by the County Budget Commission and appropriations approved by the Board as follows:

Year	Fund	Estimated Receipts Posted	Estimated Receipts Certified by Budget Commission	Variance
2010	General Fund	\$765,148	\$501,999	\$263,149
2010	Fire District	\$2,743,953	\$2,585,953	\$158,000
2011	Fire District	\$2,490,669	\$2,590,669	(\$100,000)

Year	Fund	Appropriations Posted	Appropriations Approved by Board of Trustees	Variance
2010	General Fund	\$1,437,388	\$1,162,250	\$275,138
2010	Fire & Rescue Emergency Medical Services Fund	\$349,000	\$329,000	\$20,000
2010	Fire District	\$2,638,588	\$2,534,500	\$104,088
2011	General Fund	\$1,142,401	\$1,229,400	(\$86,999)
2011	Fire District	\$2,469,924	\$2,469,600	\$324

Failure to post budgeted amounts accurately and timely results in the inability to monitor budgeted vs. actual receipts and expenditures, and thus, may impair the Township's ability to detect possible errors or irregularities.

In order to effectively monitor budget versus actual activity of the Township, we recommend the Fiscal Officer accurately and timely post to the accounting ledgers estimated receipts certified by the County Budget Commission and appropriations approved by the Board of Trustees.

Officials' Response:

The Township agrees to timely post receipts and appropriations to accounting ledgers.

**MARION TOWNSHIP
MARION COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2011-002

Noncompliance – Expenditures Exceed Appropriations

Ohio Rev. Code § 5705.41(B) states that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated against an appropriate fund. Furthermore, pursuant to Ohio Rev. Code § 5705.41(D) expenditures may not exceed appropriations at the legal level of control.

The Township's legal level of control is the object level. Budgetary expenditures exceeded appropriations at the object level in the General fund and Fire & Rescue Emergency Medical Services fund during 2010, and in the Fire District fund during 2010 and 2011. Additionally, at December 31, budgetary expenditures exceeded appropriations at the fund level as follows:

Year	Fund	Appropriations	Budgetary Expenditures	Variance
2010	General	\$1,163,423	\$1,409,201	(\$245,778)
2010	Fire & Rescue Emergency Medical Services	\$1,016,844	\$1,022,773	(\$5,929)
2010	Fire District	\$2,540,673	\$2,616,520	(\$75,847)
2011	Fire District	\$2,482,144	\$2,581,692	(\$99,548)

We recommend the Township closely monitor budget vs. actual reports throughout the year to ensure expenditures do not exceed appropriations. In order to keep expenditures within appropriated amounts, the Township may amend the annual appropriation measure by approving supplemental appropriations.

Officials' Response:

The Township agrees to operate within budget and if necessary approve supplemental appropriations to amend the annual appropriation or by resolution conduct transfers from General Fund.

All inter-fund transfers or advances will be approved by the Board of Trustees.

**MARION TOWNSHIP
MARION COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010
(Continued)**

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

FINDING NUMBER 2011-003

Noncompliance – Appropriations Exceed Estimated Resources

Ohio Rev. Code § 5705.39 states that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure therefrom, as certified by the budget commission, or in case of appeal, by the board of tax appeals.

In 2010, appropriations exceeded estimated revenue available for expenditure as follows:

Fund	Appropriations	Estimated Resources	Variance
Fire & Rescue Emergency Medical Services	\$1,016,844	\$712,684	(\$304,160)

We recommend that the Township closely monitor budget vs. actual reports throughout the year to ensure appropriations do not exceed estimated revenue available for expenditure.

Officials' Response:

The Township agrees to operate within budget and if necessary approve supplemental appropriations to amend the annual appropriation or by resolution conduct transfers from General Fund.

All inter-fund transfers or advances will be approved by the Board of Trustees.

MARION TOWNSHIP
MARION COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Board Approval of Interfund Advances/Transfers	No	Partially Corrected; This comment is being reissued in the current audit management letter.



Dave Yost • Auditor of State

MARION TOWNSHIP

MARION 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
FEBRUARY 5, 2013**