



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

www.bhscpas.com

**Marion Township
Pike County**

Regular Audit

**For the Years Ended December 31, 2013 and 2012
Fiscal Years Audited Under GAGAS: 2013 and 2012**



Dave Yost • Auditor of State

Board of Trustees
Marion Township
3451 State Route 335
Beaver, Ohio 45613

We have reviewed the *Independent Auditor's Report* of Marion Township, Pike County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2012 through December 31, 2013. 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.

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

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

Dave Yost
Auditor of State

August 14, 2014

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**Marion Township
Pike County**

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Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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Independent Auditor's Report

Marion Township
Pike County
3451 State Route 335
Beaver, OH 45613

Members of the Board of Trustees

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Marion Township, Pike County, (the Township) as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fair presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriations of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

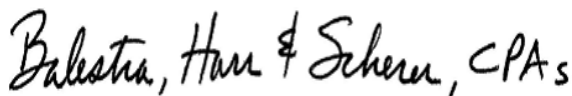
In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Marion Township, Pike County as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Balestra, Harr & Scherer, CPAs, Inc.
Piketon, Ohio
April 21, 2014

**Marion Township
Pike County**

Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Governmental Fund Types
For The Year Ended December 31, 2013

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Taxes	\$ 7,623	\$ 61,294	\$ 68,917
Intergovernmental	19,473	100,570	120,043
Charges for Services	471	989	1,460
Earnings on Investments	1	2	3
Miscellaneous	272	1,090	1,362
	<u>27,840</u>	<u>163,945</u>	<u>191,785</u>
Total Cash Receipts			
	<u>27,840</u>	<u>163,945</u>	<u>191,785</u>
Cash Disbursements:			
Current:			
General Government	28,285	-	28,285
Public Safety	-	39,526	39,526
Public Works	-	84,996	84,996
Health	-	20,329	20,329
Capital Outlay	-	599	599
Debt Service:			
Redemption of Principal	-	4,500	4,500
Interest and Fiscal Charges	-	1,518	1,518
	<u>28,285</u>	<u>151,468</u>	<u>179,753</u>
Total Cash Disbursements			
	<u>28,285</u>	<u>151,468</u>	<u>179,753</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(445)	12,477	12,032
Other Financing Receipts and (Disbursements):			
Sale of Fixed Assets	39,893	-	39,893
	<u>39,893</u>	<u>-</u>	<u>39,893</u>
Total Other Financing Receipts/(Disbursements)			
	<u>39,893</u>	<u>-</u>	<u>39,893</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	39,448	12,477	51,925
Fund Cash Balances, January 1	<u>(1,808)</u>	<u>145,604</u>	<u>143,796</u>
Fund Cash Balances, December 31			
Restricted	-	158,081	158,081
Unassigned	37,640	-	37,640
	<u>37,640</u>	<u>-</u>	<u>37,640</u>
Total Fund Cash Balances, December 31	<u>\$ 37,640</u>	<u>\$ 158,081</u>	<u>\$ 195,721</u>

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

**Marion Township
Pike County**

Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Governmental Fund Types
For The Year Ended December 31, 2012

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Taxes	\$ 7,387	\$ 58,943	\$ -	\$ 66,330
Intergovernmental	17,516	100,096	28,000	145,612
Earnings on Investments	8	7	-	15
Miscellaneous	-	2,447	-	2,447
	<u>24,911</u>	<u>161,493</u>	<u>28,000</u>	<u>186,404</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	30,777	-	-	30,777
Public Safety	-	36,987	-	36,987
Public Works	-	79,150	-	79,150
Health	-	18,508	-	18,508
Capital Outlay	-	5,094	80,000	85,094
Debt Service:				
Redemption of Principal	-	-	80,000	80,000
Interest and Fiscal Charges	-	332	-	332
	<u>30,777</u>	<u>140,071</u>	<u>160,000</u>	<u>330,848</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	(5,866)	21,422	(132,000)	(116,444)
Other Financing Receipts and (Disbursements):				
Proceeds from Sale of Bonds	-	-	52,000	52,000
Proceeds from Sale of Notes	-	-	80,000	80,000
	<u>-</u>	<u>-</u>	<u>132,000</u>	<u>132,000</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(5,866)	21,422	-	15,556
Fund Cash Balances, January 1	<u>4,058</u>	<u>124,182</u>	<u>-</u>	<u>128,240</u>
Fund Cash Balances, December 31				
Restricted	-	145,604	-	145,604
Unassigned	(1,808)	-	-	(1,808)
	<u>-</u>	<u>145,604</u>	<u>-</u>	<u>143,796</u>
Fund Cash Balances, December 31	<u>\$ (1,808)</u>	<u>\$ 145,604</u>	<u>\$ -</u>	<u>\$ 143,796</u>

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

**Marion Township
Pike County**

Notes to the Financial Statements
December 31, 2013 and 2012

1. Summary of Significant Accounting Policies

A. Description of the Entity

Marion Township, Pike County (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 general governmental services, including road and bridge maintenance, cemetery maintenance, and fire protection services. The Township contracts with the Stockdale Volunteer Fire Department and the Village of Beaver to provide fire services.

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 basis of accounting prescribed or permitted by the Auditor of State, 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.

C. Cash and Investments

The Township Fiscal Officer invests all available funds of the Township in an interest-bearing checking account.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Township has the following significant Special Revenue Funds:

Fire Funds - These two funds receive property tax money to provide fire protection services to Township residents.

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

**Marion Township
Pike County**

Notes to the Financial Statements
December 31, 2013 and 2012

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, 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. Appropriations lapse at year-end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

F. Fund Balance

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
Pike County**

Notes to the Financial Statements
December 31, 2013 and 2012

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

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 Ohio Revised Code prescribes allowable deposits. The carrying amount of cash at December 31 was as follows:

	<u>2013</u>	<u>2012</u>
Demand deposits	\$ <u>195,721</u>	\$ <u>143,796</u>

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

**Marion Township
Pike County**

Notes to the Financial Statements
December 31, 2013 and 2012

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2013 and 2012 as follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 26,769	\$ 67,733	\$ 40,964
Special Revenue	\$ 159,467	\$ 163,945	\$ 4,478
Total	\$ 186,236	\$ 231,678	\$ 45,442

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 36,000	\$ 28,285	\$ 7,715
Special Revenue	\$ 266,667	\$ 151,468	\$ 115,199
Total	\$ 302,667	\$ 179,753	\$ 122,914

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 26,053	\$ 24,911	\$ (1,142)
Special Revenue	\$ 155,063	\$ 161,493	\$ 6,430
Capital Projects	\$ 160,000	\$ 160,000	\$ 0
Total	\$ 341,116	\$ 346,404	\$ 5,288

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 40,000	\$ 30,777	\$ 9,223
Special Revenue	\$ 277,417	\$ 140,071	\$ 137,346
Capital Projects	\$ 160,000	\$ 160,000	\$ 0
Total	\$ 477,417	\$ 330,848	\$ 146,569

Contrary to Ohio Revised Code section 5705.39, the Township had appropriation in excess of total estimated resources.

Contrary to Ohio Revised Code section 5705.10, the Township used money from special revenue funds to cover General Fund expenses.

**Marion Township
Pike County**

Notes to the Financial Statements
December 31, 2013 and 2012

4. Real Property Taxes

Real property taxes become a lien on January 1 proceeding 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, 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 payment, the first half is due December 31. The second half payment is due the following June 20.

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

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

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

5. Debt

Debt outstanding at December 31, 2013 was as follows:

	Principal	Interest
USDA Loan	\$ 47,500	3.375%
	\$ 47,500	

The Township's USDA loan was for a backhoe purchased in 2012. The original note was for \$52,000 with an interest rate of 3.375%. This note is a ten year note with the last payment being in 2022.

Amortization of the above debt, including interest of \$8,359 is scheduled as follows:

	USDA Loan
Year Ending December 31:	
2014	\$ 6,203
2015	6,148
2016	6,273
2017	6,121
2018	6,252
Thereafter	24,862
	\$ 55,859

6. Retirement Systems

The Township's elected officials and employees belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multi-employer plan. This plan provides retirement benefits, including post retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**Marion Township
Pike County**

Notes to the Financial Statements
December 31, 2013 and 2012

6. Retirement Systems (continued)

The Ohio Revised Code also prescribes contributions rates. For 2013 and 2012, OPERS members contributed 10.0 percent, of their gross salaries and the Township contributed an amount equaling 14.0 percent, of participants' gross salaries. The Township has paid all contributions required through December 31, 2013.

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, 2012, 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.

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, 2012 and 2011 (the latest information available):

	<u>2012</u>	<u>2011</u>
Assets	\$34,771,270	\$35,086,165
Liabilities	<u>(9,355,082)</u>	<u>(9,718,792)</u>
Net Assets	<u>\$25,416,188</u>	<u>\$25,367,373</u>

**Marion Township
Pike County**

Notes to the Financial Statements
December 31, 2013 and 2012

7. Risk Management (Continued)

At December 31, 2012 and 2011, respectively, the liabilities above include approximately \$8.7 and \$9.1 million of estimated incurred claims payable. The assets above also include approximately \$7.96 and \$8.6 million of unpaid claims to be billed to approximately 944 member governments in the future, as of December 31, 2012 and 2011, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2012, the Township's share of these unpaid claims collectible in future years is approximately \$3,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

Contributions to OTARMA

2011	\$	4,135
2012	\$	4,222
2013	\$	3,567

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.



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

www.bhscpas.com

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Marion Township
Pike County
3451 State Route 335
Beaver, OH 45613

To the Board of Trustees

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' Government Auditing Standards, the financial statements of Marion Township, Pike County, (the Township) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated April 21, 2014, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

Internal Control over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. 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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. 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. We consider finding 2013-001 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, opining 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 2013-002 and 2013-003.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
Piketon, Ohio
April 21, 2014

**Marion Township
Pike County**

Schedule of Findings and Responses
For the Years Ended December 31, 2013 and 2012

Finding Number 2013-001

Material Weakness – *Controls over Financial Reporting*

Accurate financial reporting is an important part of the Township's overall purpose. Financial reporting requires internal controls in place to help ensure accuracy of reporting.

The Township had several adjustments and reclassifications due to errors noted in the receipting and disbursing process. The following areas had audit adjustments and reclassifications made to the Township's financial statements.

- Intergovernmental Revenues
- Property and Other Local Taxes
- Principal and Interest Payments
- Capital Outlay
- Public Safety
- Public Works

The audited financial statements and Township records have been adjusted for the misstatements above.

The aforementioned errors were the results of a lack of internal controls of financial reporting.

The presentation of materially incorrect financial statements is the responsibility of management. Lack of a properly presented financial statements review process could inhibit its financial accountability to both the public and the Trustees, which they may use to facilitate Township decisions.

The Township should implement internal control procedures that enable management to identify, prevent, detect and correct potential misstatements in the financial statements.

Client Response:

The Client chose not to respond to the above finding.

Finding Number 2013-002

Material Non-Compliance

Ohio Revised Code Section 5705.10 states in part that money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another fund.

The Township had a negative fund balance in the General Fund at December 31, 2012 in the amount of \$1,810.

The Township should ensure that monies paid into a fund are being used for the intended purpose of that fund. Furthermore, the Township should regularly monitor fund balances to ensure that overspending does not occur.

Client Response:

The Client chose not to respond to the above finding.

**Marion Township
Pike County**

Schedule of Findings and Responses
For the Years Ended December 31, 2013 and 2012

Finding Number 2013-003

Material Non-Compliance

Ohio Revised Code Section 5705.39 provides in part that total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure is effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

The General Fund had appropriations exceed total estimated resources in the General fund by \$5,175 and \$9,891 in 2013 and 2012 respectively.

The Township should monitor appropriations throughout the year to ensure that they are not in excess of total funds available for expenditure. Furthermore, they should reduce their appropriations if it is determined that they are in excess of total funds available for expenditure.

Client Response:

The Client chose not to respond to the above finding.

**Marion Township
Pike County**

Schedule of Prior Audit Findings
For the Years Ended December 31, 2013 and 2012

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2011-001	ORC Section 5705.36(A); appropriations exceeded available resources / Material Weakness	Yes	Corrected
2011-002	ORC Section 5705.39; appropriations exceeded estimated resources	No	Reissued as Finding 2013-003
2011-003	ORC Section 5705.41(D); Certifying funds prior to expending them	Yes	Corrected
2011-004	Material Weakness Controls over Financial Reporting	No	Reissued as Finding 2013-001

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Dave Yost • Auditor of State

MARION TOWNSHIP

PIKE 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 26, 2014**