



**MARION TOWNSHIP  
HOCKING COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999-1998**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



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## REPORT OF INDEPENDENT ACCOUNTANTS

Marion Township  
Hocking County  
7320 Zwickel Road  
Logan, Ohio 43138

To the Board of Trustees:

We have audited the accompanying financial statements of Marion Township, Hocking County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Marion Township, Hocking County, Ohio, as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2000, 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 grants.

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

March 6, 2000



**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$37,800	\$84,356		\$122,156
Intergovernmental	33,615	78,268		111,883
Interest	2,074	1,157		3,231
Other Revenue	277	2,538		2,815
Total Cash Receipts	<u>73,766</u>	<u>166,319</u>	<u>\$0</u>	<u>240,085</u>
<b>Cash Disbursements:</b>				
General Government	69,890			69,890
Public Safety		14,911		14,911
Public Works		148,074		148,074
Health	874			874
Debt Service:				
Redemption of Principal			6,445	6,445
Interest and Fiscal Charges			2,216	2,216
Capital Outlay	37	6,500		6,537
Total Cash Disbursements	<u>70,801</u>	<u>169,485</u>	<u>8,661</u>	<u>248,947</u>
Total Receipts Over/(Under) Disbursements	<u>2,965</u>	<u>(3,166)</u>	<u>(8,661)</u>	<u>(8,862)</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Proceeds from Sale of Public Debt:				
Sale of Notes		11,000		11,000
Transfers-In		6,786	8,661	15,447
Transfers-Out	(6,786)	(8,661)		(15,447)
Other Sources	29			29
Total Other Financing Receipts/(Disbursements)	<u>(6,757)</u>	<u>9,125</u>	<u>8,661</u>	<u>11,029</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(3,792)	5,959	0	2,167
Fund Cash Balances, January 1	<u>33,921</u>	<u>64,473</u>	<u>0</u>	<u>98,394</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$30,129</u></b>	<b><u>\$70,432</u></b>	<b><u>\$0</u></b>	<b><u>\$100,561</u></b>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$32,836	\$79,505		\$112,341
Intergovernmental	33,661	72,645		106,306
Earnings on Investments	2,505	1,193		3,698
Other Revenue	170	3,531		3,701
	<u>69,172</u>	<u>156,874</u>	<u>\$0</u>	<u>226,046</u>
<b>Cash Disbursements:</b>				
General Government	65,209			65,209
Public Safety		16,978		16,978
Public Works		147,427		147,427
Health	1,781			1,781
Debt Service:				0
Redemption of Principal			2,444	2,444
Interest and Fiscal Charges			806	806
Capital Outlay		10,920		10,920
	<u>66,990</u>	<u>175,325</u>	<u>3,250</u>	<u>245,565</u>
Total Receipts Over/(Under) Disbursements	<u>2,182</u>	<u>(18,451)</u>	<u>(3,250)</u>	<u>(19,519)</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Proceeds from Sale of Public Debt:				
Sale of Notes		20,000		20,000
Transfers-In		8,058	3,250	11,308
Transfers-Out	(8,058)	(3,250)		(11,308)
Other Sources	9,688			9,688
	<u>1,630</u>	<u>24,808</u>	<u>3,250</u>	<u>29,688</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	3,812	6,357	0	10,169
Fund Cash Balances, January 1	<u>30,109</u>	<u>58,116</u>	<u>0</u>	<u>88,225</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$33,921</u></b>	<b><u>\$64,473</u></b>	<b><u>\$0</u></b>	<b><u>\$98,394</u></b>

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



**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Marion Township, Hocking 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.

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

**B. Basis of Accounting**

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.

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

**C. Cash and Investments**

Certificates of deposit are valued 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 is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**2. Special Revenue Funds**

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

*Motor Vehicle License Tax Fund* – This fund receives motor vehicle license tax money to construct, maintain and repair Township roads.

*Gasoline Tax Fund* – This fund receives gasoline tax money to construct, maintain and repair Township roads.

*Road and Bridge Fund* – This fund receives property tax money to construct, maintain and repair Township roads.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

*Fire District Fund* – This fund receives property tax money to provide fire protection to the residents of the Township.

*Road District Fund* – This fund receives property tax money to maintain Township roads and bridges.

**3. Debt Service Fund**

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following Debt Service Fund:

*General Note Retirement Fund* – This fund receives transfers of monies from other governmental funds to retire the principal and pay interest due on notes for the acquisition of road maintenance equipment.

**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 or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**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 individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

**F. 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Unpaid Vacation Leave**

Employees are entitled to cash payments for unused vacation leave in certain circumstances, such as upon leaving employment. Unpaid vacation leave are not reflected as liabilities under the basis of accounting used by the Township.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$91,772	\$86,247
Certificates of Deposit	<u>8,789</u>	<u>12,147</u>
Total	<u>\$100,561</u>	<u>\$98,394</u>

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 1999 and 1998, was as follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$59,194	\$73,795	\$14,601
Special Revenue	146,474	184,105	37,631
Debt Service	<u>8,661</u>	<u>8,661</u>	<u>0</u>
Total	<u>\$214,329</u>	<u>\$266,561</u>	<u>\$52,232</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$87,754	\$77,587	\$10,167
Special Revenue	210,947	178,146	32,801
Debt Service	<u>8,661</u>	<u>8,661</u>	<u>0</u>
Total	<u>\$307,362</u>	<u>\$264,394</u>	<u>\$42,968</u>

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$57,499	\$78,860	\$21,361
Special Revenue	149,456	184,932	35,476
Debt Service	3,247	3,250	3
Total	\$210,202	\$267,042	\$56,840

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$76,093	\$75,048	\$1,045
Special Revenue	210,822	178,575	32,247
Debt Service	3,250	3,250	0
Total	\$290,165	\$256,873	\$33,292

**4. PROPERTY TAX**

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

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, 1999 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Building General Obligation Note	\$7,333	6.50%
Backhoe General Obligation Note	16,000	7.75%
Tractor/Mower General Obligation Note	11,000	6.75%
Total	\$34,333	

**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**5. DEBT (Continued)**

The first General Obligation Note was for a maintenance building that the Township purchased in 1993. The original note was for \$22,000, with a yearly payment due of \$2,444, plus interest. The second General Obligation Note was for a back hoe that the Township purchased in 1998. The original note was for \$20,000, with a yearly payment due of \$4,000, plus interest. The third General Obligation Note was issued in the amount of \$11,000 to finance the balance due on a tractor/mower.

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

Year ending December 31:	Building Note	Backhoe Note	Tractor/ Mower Note	Totals
2000	\$2,928	\$5,257	\$2,943	\$11,128
2001	2,767	4,943	2,794	10,504
2002	2,606	4,629	2,646	9,881
2003	0	4,314	2,497	6,811
2004	<u>0</u>	<u>0</u>	<u>2,349</u>	<u>2,349</u>
Total	<u>\$8,301</u>	<u>\$19,143</u>	<u>\$13,229</u>	<u>\$40,673</u>

**6. RETIREMENT SYSTEMS**

The Township's employees belong to the Public Employees Retirement System of Ohio (PERS). PERS is a state operated, cost-sharing, multiple employer public employee retirement system. PERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. PERS also provides survivor and disability benefits to vested employees.

Contribution rates are also prescribed by the Ohio Revised Code. The Township's PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

**7. RISK MANAGEMENT**

The Township is insured with Ohio Township Association Risk Management Authority (OTARMA). OTARMA assumes the risk of loss up to the limits of the Township's policies. Coverage is subject to deductibles and scheduled property. The following risks are covered by OTARMA:

- General liability and casualty
- Public official's liability
- Vehicle
- Property

The Township also provides health insurance to full-time employees through a private carrier.

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OFFICE OF THE AUDITOR

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Marion Township  
Hocking County  
7320 Zwickel Road  
Logan, Ohio 43138

To the Board of Trustees:

We have audited the accompanying financial statements of Marion Township, Hocking County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated March 6, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 6, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 6, 2000.

Marion Township  
Hocking County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

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

**Jim Petro**  
Auditor of State

March 6, 2000



**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 1999 AND 1998**

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>
1997-40737-001	Material noncompliance citation was issued under Ohio Rev. Code Section 5705.41(B) regarding the 1996 actual disbursements exceeding appropriations in the FEMA Fund.	Yes	N/A





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**MARION TOWNSHIP**

**HOCKING 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  
APRIL 4, 2000**