



**Auditor of State
Betty Montgomery**

MARION TOWNSHIP
ALLEN COUNTY

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Marion Township
Allen County
5405 Kiggins Road
Delphos, Ohio 45833

To the Board of Trustees:

We have audited the accompanying financial statements of the Marion Township, Allen County (the "Township"), as of and for the years ended December 31, 2003 and 2002. 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 *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 the Township as of December 31, 2003 and 2002, 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 February 2, 2005 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

February 2, 2005

**MARION TOWNSHIP
ALLEN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL FUND TYPES AND SIMILAR AND FIDUCIARY FUND
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		<u>Fiduciary</u>	<u>Totals</u>
	<u>General</u>	<u>Special</u>	<u>Expendable</u>	<u>(Memorandum)</u>
Cash Receipts:				
Property and Other Local Taxes	\$20,451	\$186,642		\$207,093
Intergovernmental	66,634	93,337		159,971
Earnings on Investments	2,951	1,082		4,033
Miscellaneous	1,672	5,969		7,641
	<hr/>	<hr/>		<hr/>
Total Cash Receipts	91,708	287,030		378,738
Cash Disbursements:				
Current:				
General Government	83,053			83,053
Public Safety		126,299		126,299
Public Works	1,151	137,654		138,805
Health	15,127			15,127
Capital Outlay		16,694		16,694
Debt Service:				
Redemption of Principal		2,091		2,091
Interest and Other Fiscal Charges		50		50
	<hr/>	<hr/>		<hr/>
Total Cash Disbursements	99,331	282,788		382,119
Total Receipts Over/(Under) Disbursements	(7,623)	4,242		(3,381)
Fund Cash Balance, January 1	9,287	182,796	44,278	236,361
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Fund Cash Balance, December 31	\$1,664	\$187,038	\$44,278	\$232,980
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The notes to the financial statements are an integral part of this statement

MARION TOWNSHIP
ALLEN COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
AGENCY FUND
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2003

	<u>Agency</u>
Non-Operating Cash Receipts	
Other Non-Operating Receipts:	\$34,455
Non-Operating Cash Disbursements:	
Other Non-Operating Disbursements:	<u>34,328</u>
Net Receipts oVER Disbursements	127
Fund Cash Balance, January 1	<u>803</u>
Fund Cash Balance, December 31	<u><u>\$930</u></u>

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

**MARION TOWNSHIP
ALLEN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<u>Fiduciary</u>	<u>Totals</u>
	<u>General</u>	<u>Special</u>	<u>Expendable</u>	<u>(Memorandum)</u>
Cash Receipts:				
Property and Other Local Taxes	\$18,007	\$183,523		\$201,530
Intergovernmental	70,516	88,317		158,833
Earnings on Investments	4,631	1,268		5,899
Miscellaneous	9,257	4,621		13,878
	<hr/>			
Total Cash Receipts	102,411	277,729		380,140
Cash Disbursements:				
Current:				
General Government	92,639			92,639
Public Safety		116,748		116,748
Public Works	14,290	130,972		145,262
Health	13,602			13,602
Capital Outlay	22,684	24,437		47,121
Debt Service:				
Redemption of Principal		4,112		4,112
Interest and Other Fiscal Charges		243		243
	<hr/>			
Total Cash Disbursements	143,215	276,512		419,727
	<hr/>			
Total Receipts Over/(Under) Disbursements	(40,804)	1,217		(39,587)
Other Financing Receipts/(Disbursements):				
Sale of Fixed Assets	6,151			6,151
Other Financing Sources	19			19
	<hr/>			
Total Other Financing Receipts/(Disbursements)	6,170			6,170
	<hr/>			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	(34,634)	1,217		(33,417)
	<hr/>			
Fund Cash Balance, January 1	43,921	181,579	44,278	269,778
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Fund Cash Balance, December 31	\$9,287	\$182,796	\$44,278	\$236,361
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The Notes to the Financial Statements are an integral part of this Statement.

MARION TOWNSHIP
ALLEN COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
AGENCY FUND
FOR THE FISCAL YEAR ENDING DECEMBER 31, 2002

	<u>Agency</u>
Non-Operating Cash Receipts	
Other Non-Operating Receipts:	\$30,150
Non-Operating Cash Disbursements:	
Other Non-Operating Disbursements:	<u>30,138</u>
Net Receipts Over Disbursements	12
Fund Cash Balance, January 1	<u>791</u>
Fund Cash Balance, December 31	<u><u>\$803</u></u>

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

**MARION TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Marion Township, Allen County 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, fire protection, and emergency medical services. The Township contracts with the Elida Community Fire Company to provide fire services and the City of Delphos to provide ambulance services.

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. 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

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

Certificates of deposit are valued at cost. Star Ohio investments are recorded at share values reported by Star Ohio.

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.

**MARION TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

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 District Fund – This fund receives property tax money for fire protection and ambulance service within the Township.

3. Fiduciary Funds (Trust and Agency Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary funds:

Bellis Fund – This fund is used to account for the proceeds from the sale of the Bellis Farm. These monies are to be used for the benefit if the suffering poor of the Township.

Agency Fund – The Township has established this fund to be used as an escrow account for payroll deductions.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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.

**MARION TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made.

A summary of 2003 and 2002 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.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

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:

	2003	2002
Demand deposits	\$202,605	\$31,983
Certificates of deposit	30,152	30,152
Total deposits	232,757	62,135
STAR Ohio	1,153	175,029
Total investments	1,153	175,029
Total deposits and investments	\$233,910	\$237,164

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Township.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**MARION TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2003 & 2002 follows:

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$127,060	\$91,708	(\$35,352)
Special Revenue	274,400	287,030	12,630
Fiduciary	0	0	0
Total	\$401,460	\$378,738	(\$22,722)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$149,628	\$99,331	\$50,297
Special Revenue	443,915	282,788	161,127
Fiduciary	44,278	0	44,278
Total	\$637,821	\$382,119	\$255,702

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$154,900	\$108,581	(\$46,319)
Special Revenue	275,900	277,729	1,829
Fiduciary	0	0	0
Total	\$430,800	\$386,310	(\$44,490)

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$209,969	\$143,215	\$66,754
Special Revenue	446,333	276,512	169,821
Fiduciary	44,278	0	44,278
Total	\$700,580	\$419,727	\$280,853

Contrary to Ohio law, appropriations exceeded the actual resources available in the General Fund by \$46,319 and in the Gas Tax Fund by \$4,376 for the year ended December 31, 2002. Also in contrary to Ohio law, appropriations exceeded the actual resources available in the General Fund by \$35,352 for the year ended December 31, 2003.

**MARION TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

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.

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. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Township has paid all contributions required through December 31, 2003.

6. RISK MANAGEMENT

Risk Pool Membership

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio local governments. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). 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 Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

**MARION TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002
(Continued)**

6. RISK MANAGEMENT (Continued)

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss with an annual aggregate of \$1,250,000 for 2002. There is no aggregate for 2003 and future accident years. Beginning in 2003, OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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

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 2003 and 2002:

<u>Casualty Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$27,792,223	\$23,757,036
Liabilities	(11,791,300)	(9,197,512)
Retained earnings	<u>\$16,000,923</u>	<u>\$14,559,524</u>

<u>Property Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$6,791,060	\$6,596,996
Liabilities	(750,956)	(1,204,326)
Retained earnings	<u>\$6,040,104</u>	<u>\$5,392,670</u>



Auditor of State Betty Montgomery

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

Marion Township
Allen County
5405 Kiggins Road
Delphos, Ohio 45833

To the Board of Trustees:

We have audited the accompanying financial statements of the Marion Township, Allen County, (the "Township"), as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated February 2, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2001-001 to 2001-006. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated February 2, 2005.

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 matters involving the internal control over financial reporting that do not require inclusion in this report and that we have reported to management in a separate dated February 2, 2005.

Marion Township
Allen County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Governmental Auditing Standards*
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

February 2, 2005

**MARION TOWNSHIP
ALLEN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2003 AND 2002**

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

FINDING NUMBER 2003-001

Finding Repaid Under Audit

Ohio Rev. Code Section 505.24 (A) and (B) outlines the compensation for township trustees on the basis of the budget. OAG Opinion 99-015 states for the purposes of calculating the authorized compensation of the township trustees and the township clerk pursuant to R.C. 505.24 and R.C. 507.09, the term "budget" refers to the total amount of resources available to the township pursuant to the official certificate of estimated resources or amendments to the certificate. Auditor of State Bulletin 99-008 provided additional clarification and stated when determining what the township's budget is, the amount of the official certificate of estimated resources or any amended certificates should be used and noted that the date of the certificate, as dated by the County Auditor, is the date that should be used in determining when any increases due to increased budgets are effective.

During 2003, the Township did not obtain an amended certificate of estimated resources until April 10, 2003. Therefore, the certificate of estimated resources effective as of January 1, 2003 was the certificate issued with the 2003 tax budget passed in July 2002. The original certificate had total estimated resources of \$472,589 which put the officials in the pay bracket for estimated resources of \$250,001 to \$500,000. The amended certificate obtained in April 2003 increased estimated resources to \$638,624 which also placed the officials in the pay bracket for estimated resources of \$500,001 to \$750,000. For all of 2003, the Township's officials were paid the salary rates for the pay bracket with estimated resources of \$500,001 to \$750,000. This resulted in an overpayment of compensation as follows:

	<u>Monthly Salary Allowed</u>	<u>Actual monthly salary paid</u>	<u>Variance per month (Underpaid) /Overpaid</u>	<u>Net variance</u>
January 2003 to March 2003	\$627.00	\$665.00	\$38.00	\$114.00
April 2003 to December 2003	665.00	665.00	0	<u>0</u>
Total Overpaid				<u>\$114.00</u>

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Joseph Burgei, Trustee and his bonding company Ohio Township Association Risk Management Authority jointly and severally, in the amount of \$114.00 in favor of the General Fund.

Arrangements have been made for the overpayment to be withheld as a payroll deduction from the pay ending March 28, 2005.

FINDING NUMBER 2003-002

Finding Repaid Under Audit

Ohio Rev. Code Section 505.24 (A) and (B) outlines the compensation for township trustees on the basis of the budget. OAG Opinion 99-015 states for the purposes of calculating the authorized compensation of the township trustees and the township clerk pursuant to R.C. 505.24 and R.C. 507.09, the term "budget" refers to the total amount of resources available to the township pursuant to the official certificate of estimated resources or amendments to the certificate. Auditor of State Bulletin 99-008 provided additional clarification and stated when determining what the township's budget is, the amount of the official certificate of estimated resources or any amended certificates should be used and noted that the date of the certificate, as dated by the County Auditor, is the date that should be used in determining when any increases due to increased budgets are effective.

During 2003, the Township did not obtain an amended certificate of estimated resources until April 10, 2003. Therefore, the certificate of estimated resources effective as of January 1, 2003 was the certificate issued with the 2003 tax budget passed in July 2002. The original certificate had total estimated resources of \$472,589 which put the officials in the pay bracket for estimated resources of \$250,001 to \$500,000. The amended certificate obtained in April 2003 increased estimated resources to \$638,624 which also placed the officials in the pay bracket for estimated resources of \$500,001 to \$750,000. For all of 2003, the Township's officials were paid the salary rates for the pay bracket with estimated resources of \$500,001 to \$750,000. This resulted in an overpayment of compensation as follows:

	<u>Monthly Salary Allowed</u>	<u>Actual monthly salary paid</u>	<u>Variance per month (Underpaid) /Overpaid</u>	<u>Net variance</u>
January 2003 to March 2003	\$627.00	\$665.00	\$38.00	\$114.00
April 2003 to December 2003	665.00	665.00	0	<u>0</u>
Total Overpaid				<u>\$114.00</u>

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Joseph Youngpeter, Trustee and his bonding company Ohio Township Association Risk Management Authority jointly and severally, in the amount of \$114.00 in favor of the General Fund.

Arrangements have been made for the overpayment to be withheld as a payroll deduction from the pay ending March 28, 2005.

FINDING NUMBER 2003-003

Finding Repaid Under Audit

Ohio Rev. Code Section 505.24 (A) and (B) outlines the compensation for township trustees on the basis of the budget. OAG Opinion 99-015 states for the purposes of calculating the authorized compensation of the township trustees and the township clerk pursuant to R.C. 505.24 and R.C. 507.09, the term "budget" refers to the total amount of resources available to the township pursuant to the official certificate of estimated resources or amendments to the certificate. Auditor of State Bulletin 99-008 provided additional clarification and stated when determining what the township's budget is, the amount of the official certificate of estimated resources or any amended certificates should be used and noted that the date of the certificate, as dated by the County Auditor, is the date that should be used in determining when any increases due to increased budgets are effective.

FINDING NUMBER 2003-003 (Continued)

During 2003, the Township did not obtain an amended certificate of estimated resources until April 10, 2003. Therefore, the certificate of estimated resources effective as of January 1, 2003 was the certificate issued with the 2003 tax budget passed in July 2002. The original certificate had total estimated resources of \$472,589 which put the officials in the pay bracket for estimated resources of \$250,001 to \$500,000. The amended certificate obtained in April 2003 increased estimated resources to \$638,624 which also placed the officials in the pay bracket for estimated resources of \$500,001 to \$750,000. For all of 2003, the Township's officials were paid the salary rates for the pay bracket with estimated resources of \$500,001 to \$750,000. This resulted in an overpayment of compensation as follows:

	Monthly Salary <u>Allowed</u>	Actual monthly salary paid	Variance per month (Underpaid) /Overpaid	<u>Net variance</u>
January 2003 to March 2003	\$619.00	\$656.58	\$37.58	\$112.74
April 2003 to December 2003	656.50	665.58	0.72	<u>0.72</u>
Total Overpaid				<u>\$113.46</u>

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Jerry Gilden, Trustee and his bonding company Ohio Township Association Risk Management Authority jointly and severally, in the amount of \$113.46 in favor of the General Fund.

Arrangements have been made for the overpayment to be withheld as a payroll deduction from the pay ending March 28, 2005.

FINDING NUMBER 2003-004

Finding Repaid Under Audit

Ohio Rev. Code Section 507.09 (A) and (D) outlines the compensation for township clerks on the basis of the budget. OAG Opinion 99-015 states for the purposes of calculating the authorized compensation of the township trustees and the township clerk pursuant to R.C. 505.24 and R.C. 507.09, the term "budget" refers to the total amount of resources available to the township pursuant to the official certificate of estimated resources or amendments to the certificate. Auditor of State Bulletin 99-008 provided additional clarification and stated when determining what the township's budget is, the amount of the official certificate of estimated resources or any amended certificates should be used and noted that the date of the certificate, as dated by the County Auditor, is the date that should be used in determining when any increases due to increased budgets are effective.

In 2003, the Township did not obtain an amended certificate of estimated resources until April 10, 2003. Therefore, the certificate of estimated resources effective as of January 1, 2003 was the certificate issued with the 2003 tax budget passed in July 2002. The original certificate had total estimated resources of \$472,589 which put the officials in the pay bracket for estimated resources of \$250,001 to \$500,000. The amended certificate obtained in April 2003 increased estimated resources to \$638,624 which also placed the officials in the pay bracket for estimated resources of \$500,001 to \$750,000. For all of 2003, the Township's officials were paid the salary rates for the pay bracket with estimated resources of \$500,001 to \$750,000. This resulted in an overpayment of compensation as follows:

FINDING NUMBER 2003-004 (Continued)

	<u>Monthly Salary Allowed</u>	<u>Actual monthly salary paid</u>	<u>Variance per month (Underpaid) /Overpaid</u>	<u>Net variance</u>
January 2003 to March 2003	\$928.58	\$1,031.75	\$103.17	\$309.51
April 2003 to December 2003	1,031.75	1,031.75	0	<u>0</u>
 Total Overpaid				 <u>\$309.51</u>

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against James Pohlman, Clerk and his bonding company Ohio Township Association Risk Management Authority jointly and severally, in the amount of \$309.51 in favor of the General Fund.

Arrangements have been made for the overpayment to be withheld as a payroll deduction from the pay ending March 28, 2005.

FINDING NUMBER 2003-005

Noncompliance Citation

Ohio Rev. Code Section 5705.10 states that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund for such purpose.

The Townships' fire levy states that the levy proceeds are to be used for providing and maintaining fire & EMS apparatus, storage sites, fire alert system, payment to firefighters, purchase of ambulance equipment, purchase ambulance / emergency medical services provided for by a fire department or fire fighting company. In 2002, the Township used \$6,003 of fire levy monies to pay for a portion of the Clerk's and Trustees' payroll and benefits. In 2003, the Township used \$18,110 of fire levy monies to pay for a portion of the Clerk's and Trustees' payroll and benefits.

In 2002, the Township posted all deregulation (property tax replacement) monies received to the general fund rather than to each fund which receives tax monies as required, which resulted in an overstatement of General fund revenues by \$3,151 and understatement of the Road and Bridge Fund by \$978, the Fire Fund by \$1,631, and the Police fund by \$542.

The accompanying financial statements reflect adjustments for the above items and these adjustment have been posted to the accounting records of the Township.

The Township should review the fire levy and consult with their legal advisor to determine proper expenditures from the fire levy fund. The Township should review audit bulletin 2001-011 regarding the proper posting of the Electric Deregulation property tax replacement monies.

FINDING NUMBER 2003-006

Noncompliance Citation

Ohio Rev. Code Section 5705.36 allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation.

In 2002, the Township did not obtain a reduced amended certificate for the General Fund and Gas Tax Fund when the budgeted receipts in each fund were greater than the actual receipts and actual resources for the General Fund (\$46,319) and Gas Tax Fund (\$4,376) were less than the current level of appropriations. In 2003, the Township did not obtain a reduced amended certificate for the General Fund when the budgeted receipts were greater than the actual receipts and actual resources for the General Fund (\$35,352) were less than the current level of appropriations.

The Township should develop procedures for actively monitoring the budget versus actual amounts.

**MARION TOWNSHIP
ALLEN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-001	ORC Sec. 5705.10 - Revenue was not posted to the proper fund	No	See 2003-005
2001-002	ORC Sec. 5705.36 - Obtaining an increased amended certificate and supplementing appropriations	No	See 2003-006



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MARION TOWNSHIP

ALLEN 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

MARCH 10, 2005