

MARION TOWNSHIP
ALLEN COUNTY
JANUARY 01, 2008 THROUGH DECEMBER 31, 2009
YEARS AUDITED UNDER GAGAS: 2008 AND 2009

CAUDILL & ASSOCIATES, CPA'S
725 5TH Street
Portsmouth, OH 45662



Mary Taylor, CPA

Auditor of State

Board of Trustees
Marion Township
5405 Kiggins Road
Delphos, Ohio 45833

We have reviewed the *Independent Auditor's Report* of Marion Township, Allen County, prepared by Caudill & Associates, CPA's, for the audit period January 1, 2008 through December 31, 2009. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 26, 2010

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**MARION TOWNSHIP
ALLEN COUNTY**

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Independent Auditor's Report

Marion Township
Allen County
5405 Kiggins Rd.
Delphos, Ohio 45833

To the Township Board of Trustees:

We have audited the accompanying financial statements of Marion Township, Allen County, Ohio (the Township), as of and for the years ended December 31, 2009 and 2008. 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. 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, 2009 and 2008 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, 2009 and 2008, 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 of Marion Township, Allen County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

Marion Township
Allen County

Independent Auditor's Report (Continued)

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2009 and 2008. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2010, 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.

Caudill & Associates, CPAs

Caudill & Associates, CPA's

March 31, 2010

**MARION TOWNSHIP
ALLEN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary</u>	
<u>Cash Receipts:</u>				
Property and Other Taxes	\$ 27,713	\$ 229,819	\$ -	\$ 257,532
Fines Licenses & Permit	309	3,000	-	3,309
Intergovernmental	118,519	108,172	-	226,691
Special Assessment	-	464	-	464
Earnings on Investments	4,936	180	-	5,116
Miscellaneous	158,226	2,643	-	160,869
Total Cash Receipts	<u>309,703</u>	<u>344,278</u>	<u>-</u>	<u>653,981</u>
<u>Cash Disbursements:</u>				
General Government	91,112	-	-	91,112
Public Safety	-	154,822	-	154,822
Public Works	2,047	173,047	-	175,094
Health	14,057	-	-	14,057
Total Cash Disbursements	<u>107,216</u>	<u>327,869</u>	<u>-</u>	<u>435,085</u>
Total Receipts Over / (Under) Disbursements	<u>202,487</u>	<u>16,409</u>	<u>-</u>	<u>218,896</u>
Fund Cash Balances, January 1	<u>16,180</u>	<u>183,272</u>	<u>44,278</u>	<u>243,730</u>
Fund Cash Balances, December 31	<u>\$ 218,667</u>	<u>\$ 199,681</u>	<u>\$ 44,278</u>	<u>\$ 462,626</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 - AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

Non-Operating Cash Receipts:	
Other Non-Operating Receipts	\$ -
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	811
Total Receipts Over / (Under) Disbursements	<u>(811)</u>
Fund Cash Balances, January 1	<u>811</u>
Fund Cash Balances, December 31	<u><u>\$ -</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 - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>			Totals
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary</u>	<u>(Memorandum Only)</u>
<u>Cash Receipts:</u>				
Property and Other Taxes	\$ 24,256	\$ 199,322	\$ -	\$ 223,578
Fines Licenses & Permit	-	1,818	-	1,818
Intergovernmental	70,129	213,217	-	283,346
Earnings on Investments	8,272	69	-	8,341
Miscellaneous	6,669	13,621	-	20,290
Total Cash Receipts	<u>109,326</u>	<u>428,047</u>	<u>-</u>	<u>537,373</u>
<u>Cash Disbursements:</u>				
General Government	138,229	-	-	138,229
Public Safety	-	135,171	-	135,171
Public Works	1,890	152,391	-	154,281
Health	13,721	-	-	13,721
Capital Outlay	33,810	139,585	-	173,395
Debt Service:				
Principal	-	3,420	-	3,420
Interest	-	89	-	89
Total Cash Disbursements	<u>187,650</u>	<u>430,656</u>	<u>-</u>	<u>618,306</u>
Total Receipts Over / (Under) Disbursements	<u>(78,324)</u>	<u>(2,609)</u>	<u>-</u>	<u>(80,933)</u>
Fund Cash Balances, January 1	<u>94,504</u>	<u>185,881</u>	<u>44,278</u>	<u>324,663</u>
Fund Cash Balances, December 31	<u>\$ 16,180</u>	<u>\$ 183,272</u>	<u>\$ 44,278</u>	<u>\$ 243,730</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 - AGENCY FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

Non-Operating Cash Receipts:	
Other Non-Operating Receipts	\$ 432
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	-
Total Receipts Over / (Under) Disbursements	<u>432</u>
Fund Cash Balances, January 1	<u>379</u>
Fund Cash Balances, December 31	<u><u>\$ 811</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, 2009 AND 2008**

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 Marion Township, Allen 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, police 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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements basis of accounting. 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 adequately disclose material matters the Auditor of State prescribes.

C. Cash and Investments

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

The Township funds are deposited in an interest bearing checking account and certificates of deposit. All deposits 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 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 trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

**MARION TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Gasoline Tax Fund – This fund receives gasoline money for constructing, maintaining and repairing Township streets.

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 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 Trust 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 of 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. 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.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

**MARION TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant, and Equipment

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

G. Accumulated Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2009</u>	<u>2008</u>
Demand deposits	\$ 110,205	\$ 214,541
Certificates of deposit	<u>352,421</u>	<u>30,000</u>
Total deposits	<u>\$ 462,626</u>	<u>\$ 244,541</u>

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

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

**MARION TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 315,004	\$ 309,703	\$ (5,301)
Special Revenue	348,006	344,278	(3,728)
Total	\$ 663,010	\$ 653,981	\$ (9,029)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 331,184	\$ 107,216	\$ 223,968
Special Revenue	531,278	327,869	203,409
Fiduciary	44,278	811	43,467
Total	\$ 906,740	\$ 435,896	\$ 470,844

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 88,825	\$ 109,326	\$ 20,501
Special Revenue	424,048	428,047	3,999
Total	\$ 512,873	\$ 537,373	\$ 24,500

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 201,541	\$ 187,650	\$ 13,891
Special Revenue	609,766	430,656	179,110
Fiduciary	44,278	0	44,278
Total	\$ 855,585	\$ 618,306	\$ 237,279

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopt 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.

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

**MARION TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

4. PROPERTY TAX (Continued)

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, collected, and distributing all property taxes on behalf of the Township.

5. DEBT

On May 9, 2005, the Township obtained a loan in the amount of \$19,383 for the purchase of a vehicle for the police department. The interest rate is 4.75%, the loan matured on May 9, 2008 and the Township retired the note during 2008.

6. RETIREMENT SYSTEMS

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed 10 percent of their gross wages and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2009.

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. 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 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, 2008, OTARMA retained \$350,000 for casualty claims and \$100,000 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.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

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, 2008 and 2007:

**MARION TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

7. RISK MANAGEMENT (Continued)

	2008	2007
Assets	\$40,737,740	\$43,210,703
Liabilities	<u>(12,981,818)</u>	<u>(13,357,837)</u>
Retained Earnings	<u>\$27,755,922</u>	<u>\$29,852,866</u>

At December 31, 2008 and 2007, respectively, liabilities above include approximately \$12.1 and \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.9 and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2008 and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in futures years is approximately \$35,000.

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 OTARM for each year of membership.

Contributions to OTARMA

2008	\$5,667
2009	\$5,167

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary 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.

8. COMPLIANCE

Contrary to Ohio Rev. Code Section 5705.39, appropriations exceeded total estimated resources in the General Fund, Road and Bridge Fund, Fire District Fund and Police District Fund in 2008.

Contrary to Ohio Rev. Code Section 5705.41(D), the Township did not properly certify the availability of funds prior to obligation in 2008.

9. MISCELLANEOUS RECEIPTS

In 2009 and 2008, the General Fund miscellaneous receipts were made up primarily of donations without restriction. The Special Revenue Fund miscellaneous receipts were made up primarily of vendor refunds.



Caudill & Associates, CPAs

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Kentucky Society of Certified Public Accountants

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Marion Township
Allen County
5405 Kiggins Rd.
Delphos, Ohio 45833

To the Township Board of Trustees:

We have audited the financial statements of Marion Township, Allen County, Ohio (the Township) as of and for the years ended December 31, 2009 and 2008, which collectively comprise the Township's basic financial statements and have issued our report thereon dated March 31, 2010. 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 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 and Responses that we consider a significant deficiency in internal control over financial reporting. We consider finding 2009-003 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.

Marion Township
Allen County

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards (Continued)

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 two instances of noncompliance or other matters we must report under Government Auditing Standards which are described in the accompanying Schedule of Findings and Responses as items No. 2009-001 and No. 2009-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated March 31, 2010.

The Township's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit the Township's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management and Board of Trustees. We intend it for no one other than these specified parties.

Caudill & Associates, CPA's

Caudill & Associates, CPA's

March 31, 2010

**MARION TOWNSHIP
ALLEN COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2009 AND 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-001

Noncompliance Citation – Ohio Rev. Code Section 5705.39

Ohio Rev. Code Section 5705.39 states that the total appropriations from each fund shall not exceed the total estimated revenue.

Appropriations exceeded total estimated resources in the General Fund, Road and Bridge Fund, Fire Fund and Police District Fund in 2008.

We recommend the Fiscal Officer monitor the Township’s estimated resources versus appropriations. The Township should develop sound budgetary procedures as to prevent appropriations to exceed the total estimated resources as certified by the county auditor.

Township Response:

The Fiscal Officer will monitor the Township’s estimated resources versus appropriations closely on a regular basis.

FINDING NUMBER 2009-002

Noncompliance Citation – Ohio Rev. Code Section 5705.41 (D)

Ohio Rev. Code Section 5705.41 (D) (1) states no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer attached that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by Ohio Rev. Code Section 5705.41 (D)

(1): Then and Now Certificate: If the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has 30 days from the receipt of the “then and now” certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$100 for counties, or less than \$3,000 for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

(2): Blanket certificate – Fiscal officer may prepare “blanket” certificates not exceeding \$44,000 (an amount established by resolution or ordinance adopted by the legislative authority, effective September 26, 2003) against any specific line item account over a period not exceeding three month (three month

limitation was eliminated effective September 26, 2003) or running beyond the current year. The blanket certificates may be outstanding at one particular time for any one particular line item appropriation.

**MARION TOWNSHIP
ALLEN COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2009 AND 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-002 (Continued)

(3): Super Blanket certification – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonable predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any one line item appropriation.

Expenditures made in 2008 were not properly certified. Failure to properly certify the availability of funds can result in overspending and negative cash fund balances.

We recommend the Township implement policies to improve controls over disbursements and to help reduce the possibility of the Township’s funds exceeding budgetary spending limitations.

Township Response:

Township has started to certify all expenditures before expended in 2009 and will continue to do so.

FINDING NUMBER 2009-003

Misclassification of Receipts – Significant Deficiency

The AICPA establishes auditing standards generally accepted in the United States that certified public accountants and government auditors must follow in conducting audits of state and local governments. SAS No. 115 establishes standards, responsibilities and guidance for auditor during a financial statements audit engagement for identifying and evaluating a client’s internal control over financial reporting. This new standard requires the audit to report *in writing* to management and the governing body any control deficiencies found during the audit that are considered significant deficiencies and/or material weaknesses.

During 2009 and 2008, the Township erroneously posted several receipts and debt payments to the incorrect line item. This required reclassifications to properly present the activity of the Township for both years.

We recommend the Township implement control procedures related to financial reporting that enable management to identify, prevent, detect, and correct potential misstatements in the financial statements and footnotes.

Township Response:

The Fiscal Officer will review the UAN manual chart of accounts to determine the correct coding of receipts.

**MARION TOWNSHIP
ALLEN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
Finding No. 2007-001	Non-compliance with ORC Section 5705.36 (A)(2)	Partial	Reissued in Management Letter
Finding No. 2007-002	Non-compliance with ORC Section 5705.39	No	Reissued as Finding No. 2009- 001
Finding No. 2007-003	Non-compliance with ORC Section 5705.41 (B)	Yes	N/A
Finding No. 2007-004	Non-compliance with ORC Section 5705.41 (D)	No	Reissued as Finding No. 2009- 002
Finding No. 2007-005	Non-compliance with ORC Section 5705.10	Yes	N/A
Finding No. 2007-006	Misclassification of receipts	No	Reissued as Finding No. 2009- 003



Mary Taylor, CPA
Auditor of State

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
MAY 6, 2010**