



Dave Yost • Auditor of State



MARK TOWNSHIP  
DEFIANCE COUNTY

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# Dave Yost • Auditor of State

Mark Township  
Defiance County  
12689 Road 8  
Cecil, Ohio 45821-9343

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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

**Dave Yost**  
Auditor of State

November 2, 2011

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Mark Township  
Defiance County  
12689 Road 8  
Cecil, Ohio 45821-9343

To the Board of Trustees:

We have audited the accompanying financial statements of Mark Township, Defiance County, Ohio (the Township), as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We 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, 2010 and 2009 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, 2010 and 2009, 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 and reserves for encumbrances of Mark Township, Defiance County, Ohio as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 November 2, 2011, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Dave Yost**  
Auditor of State

November 2, 2011



**MARK TOWNSHIP  
DEFIANCE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$12,921	\$40,333		\$53,254
Licenses, Permits, and Fees	1,135			1,135
Intergovernmental	53,843	115,031	\$19,967	188,841
Special Assessments		6,000		6,000
Earnings on Investments	2,085	503		2,588
Payments in Lieu of Taxes		27,161		27,161
Miscellaneous	1,193			1,193
	<u>71,177</u>	<u>189,028</u>	<u>19,967</u>	<u>280,172</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
General Government	46,511	1,550		48,061
Public Safety		19,500		19,500
Public Works		128,474		128,474
Health	5,742			5,742
Capital Outlay			19,967	19,967
Debt Service:				
Redemption of Principal		4,922		4,922
	<u>52,253</u>	<u>154,446</u>	<u>\$19,967</u>	<u>226,666</u>
<b>Total Cash Disbursements</b>				
Total Cash Receipts Over Cash Disbursements	18,924	34,582		53,506
Fund Cash Balances, January 1	44,200	266,707		310,907
<b>Fund Cash Balances, December 31</b>	<u><b>\$63,124</b></u>	<u><b>\$301,289</b></u>		<u><b>\$364,413</b></u>

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

**MARK TOWNSHIP  
DEFIANCE 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>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$14,607	\$40,195		\$54,802
Charges for Services	18			18
Licenses, Permits, and Fees	1,009			1,009
Intergovernmental	37,218	111,322	\$31,825	180,365
Special Assessments		6,000		6,000
Earnings on Investments	1,650	447		2,097
Payments in Lieu of Taxes		9,773		9,773
Miscellaneous	2,619	200		2,819
	<u>57,121</u>	<u>167,937</u>	<u>31,825</u>	<u>256,883</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
General Government	52,186	780		52,966
Public Safety		19,000		19,000
Public Works		133,695		133,695
Health	5,957			5,957
Capital Outlay		140	31,825	31,965
Debt Service:				
Redemption of Principal		4,922		4,922
	<u>58,143</u>	<u>158,537</u>	<u>\$31,825</u>	<u>248,505</u>
<b>Total Cash Disbursements</b>				
Total Cash Receipts Over/(Under) Cash Disbursements	(1,022)	9,400		8,378
Fund Cash Balances, January 1	<u>45,222</u>	<u>257,307</u>		<u>302,529</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$44,200</b></u>	<u><b>\$266,707</b></u>		<u><b>\$310,907</b></u>
Reserve for Encumbrances, December 31	<u>\$130</u>	<u>\$57</u>		<u>\$187</u>

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

**MARK TOWNSHIP  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009**

**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 Mark Township, Defiance 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, and cemetery maintenance. The Township contracts with the Villages of Hicksville and Sherwood to provide fire protection and emergency medical services.

The Township participates in the Ohio Township Association Risk Management Authority, a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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 accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Deposits and Investments**

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

The Township's repurchase agreement investment is recorded at the amount reported by First Federal Bank on December 31, 2010.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

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

**MARK TOWNSHIP  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

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

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

**3. Capital Projects Fund**

This fund account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Project Fund:

Public Works Commission Project Fund - The Township received grant money from the State of Ohio to repair and maintain various Township roads.

**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. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2010 and 2009 budgetary activity appears in Note 3.

**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.

**MARK TOWNSHIP  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**2. Equity in Pooled Deposits and Investments**

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

	2010	2009
Demand deposits	\$99,144	\$99,986
Repurchase agreement	265,269	210,921
Total deposits and investments	\$364,413	\$310,907

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

**Investments:** The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements. The securities are not in the Township's name.

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$67,306	\$71,177	\$3,871
Special Revenue	165,346	189,028	23,682
Capital Projects	19,967	19,967	
Total	\$252,619	\$280,172	\$27,553

2010 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$101,595	\$52,253	\$49,342
Special Revenue	423,678	154,446	269,232
Capital Projects	19,967	19,967	
Total	\$545,240	\$226,666	\$318,574

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$53,200	\$57,121	\$3,921
Special Revenue	160,500	167,937	7,437
Capital Projects		31,825	31,825
Total	\$213,700	\$256,883	\$43,183

**MARK TOWNSHIP  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**3. Budgetary Activity (Continued)**

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$100,720	\$58,273	\$42,447
Special Revenue	399,660	158,594	241,066
Capital Projects	31,825	31,825	
Total	\$532,205	\$248,692	\$283,513

Contrary to Ohio law, certain restricted sources of receipts, aggregating to \$4,537 and \$5,568, were improperly credited to the General Fund for fiscal year 2010 and 2009, respectively. In addition, in 2009 \$438 due the General Fund was recorded in the Tax Increment Financing (TIF) Fund.

**4. Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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, 2010 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan - CE34H	\$54,299	0%
Ohio Public Works Commission Loan - CE36J	14,129	0%
Total	\$68,428	

The Ohio Public Works Commission (OPWC) Loan – CE34H was obtained to help finance the Breninger Road reconstruction project. The OPWC originally approved \$75,500 in an interest free loan to the Township for this project. The loan will be repaid in semiannual payments over 20 years.

The Ohio Public Works Commission (OPWC) Loan – CE36J was obtained to help finance the Williams Center-Cecil Road reconstruction project. The OPWC originally approved \$18,000 in an interest free loan to the Township for this project. The loan will be repaid in semiannual payments over 15 years.

**MARK TOWNSHIP  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**5. Debt (Continued)**

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

Year ending December 31:	OPWC Loan - CE34H	OPWC Loan - CE35J
2011	\$3,745	\$1,177
2012	3,745	1,177
2013	3,745	1,177
2014	3,745	1,177
2015	3,745	1,177
2016-2020	18,724	5,888
2021-2025	16,850	2,356
Total	<u>\$54,299</u>	<u>\$14,129</u>

**6. Retirement System**

The Township's elected officials 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 2010 and 2009, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2010.

**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, 2010, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

**MARK TOWNSHIP  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**7. Risk Management (Continued)**

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, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Assets	\$35,855,252	\$38,982,088
Liabilities	<u>(10,664,724)</u>	<u>(12,880,766)</u>
Net Assets	<u>\$25,190,528</u>	<u>\$26,101,322</u>

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$9.9 and \$12.0 million of estimated incurred claims payable. The assets above also include approximately \$9.5 and \$11.5 million of unpaid claims to be billed to approximately 940 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Township's share of these unpaid claims collectible in future years is approximately \$2,000.

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.

<u>Contributions to OTARMA</u>	
<u>2010</u>	<u>2009</u>
\$3,028	\$3,148

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.





# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Mark Township  
Defiance County  
12689 Road 8  
Cecil, Ohio 45821-9343

To the Board of Trustees:

We have audited the financial statements of Mark Township, Defiance County, Ohio (the Township), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated November 2, 2011, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2010-001 and 2010-002 described in the accompanying schedule of findings to be material weaknesses.

### 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 an instance of noncompliance we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2010-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated November 2, 2011.

We intend this report solely for the information and use of management, the audit committee, the Board of Trustees, and others within the Township. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

**Dave Yost**  
Auditor of State

November 2, 2011

**MARK TOWNSHIP  
DEFIANCE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2010 AND 2009**

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

**FINDING NUMBER 2010-001**

**Noncompliance Citation/Material Weakness**

**Ohio Revised Code, § 5705.10**, requires all revenue derived from a special levy is to be credited to a special fund for which the levy was made and 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. Furthermore, money paid into a fund must be used only for the purposes which such fund has been established.

We noted the following:

- In 2010 and 2009, motor vehicle license tax monies amounting to \$1,252 and \$2,477, respectively, were incorrectly recorded in the General Fund instead of the Motor Vehicle License Tax Fund.
- In 2010, road and fire levy homestead and rollback receipts totaling \$1,886 and \$1,399, respectively, were incorrectly recorded in the General Fund rather than to the Road and Bridge Fund and the Fire District Fund. Similarly, road and fire levy homestead and rollback receipts amounting to \$1,801 and \$1,290, respectively, were incorrectly recorded in the General Fund rather than in the Road and Bridge Fund and the Fire District Fund in 2009.
- In 2009, personal property tax reimbursement monies amounting to \$438 were incorrectly recorded in the Tax Increment Financing (TIF) Fund rather than to the General Fund.

As a result, the Township's financial statements and accounting records did not correctly reflect the financial activity of the Township. The financial statements and accounting records have been adjusted so these transactions are reflected in the proper funds.

This situation could result in monies being used for purposes other than those prescribed by law. Furthermore, inaccurate posting of transactions impedes the ability of management officials to accurately assess the financial status of the Township.

We recommend all financial transactions be included in the proper fund and account codes as specified in the Ohio Township Handbook issued by the Auditor of State.

**FINDING NUMBER 2010-002**

**Material Weakness – Monitoring of Financial Transactions**

Sound financial reporting is the responsibility of the fiscal officer and governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

We noted posting discrepancies such as:

- In 2010 and 2009, payment in lieu of taxes (PILOT) receipts, aggregating to \$27,161 and \$9,773, respectively, were classified as tax revenue instead of being reported in a separate line item as payments in lieu of taxes in the Tax Increment Financing (TIF) Fund.
- In 2010, local government monies totaling \$11,726 were recorded as tax revenue rather than of intergovernmental revenue in the General Fund.

**FINDING NUMBER 2010-002  
(Continued)**

The financial statements have been adjusted to properly account for these and other posting discrepancies. Inaccurate posting of transactions impedes the ability of management officials to accurately assess the financial status of the Township.

We recommend financial transactions only be included in the account codes as specified in the Ohio Township Handbook issued by the Auditor of State. Furthermore, the Township should adopt policies and procedures to include a final review of the financial statements by the Fiscal Officer and Trustees to ensure errors and omissions are detected and corrected.

**Officials' Response:**

We did not receive a response from Officials to the findings reported above.

**MARK TOWNSHIP  
DEFIANCE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2010 AND 2009**

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>
2008-001	Ohio Revised Code § 575.41(D) for material unrecorded expenditure commitments at year end	Yes	
2008-002	Monitoring of financial transactions	No	Not corrected. Repeated as Finding 2010-002 in this report.

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# Dave Yost • Auditor of State

MARK TOWNSHIP

DEFIANCE 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  
NOVEMBER 17, 2011