

Marion Township

Allen County

January 1, 2010 through December 31, 2011

Years Audited Under GAGAS: 2011 and 2010



Caudill & Associates, CPA

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Dave Yost • 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, CPAs, for the audit period January 1, 2010 through December 31, 2011. 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.

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

Dave Yost
Auditor of State

November 27, 2012

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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, 2011 and 2010. 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, 2011 and 2010 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, 2011 and 2010, 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, 2011 and 2010, 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)

As described in Note 1, during 2011, Marion Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 5, 2012, 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

July 5, 2012

**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, 2011**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
<u>Cash Receipts:</u>			
Property and Other Taxes	\$ 24,860	\$ 206,397	\$ 231,257
Fines Licenses & Permit	-	330	330
Intergovernmental	81,055	136,226	217,281
Special Assessment	-	507	507
Earnings on Investments	3,610	68	3,678
Miscellaneous	3,124	3,128	6,252
Total Cash Receipts	<u>112,649</u>	<u>346,656</u>	<u>459,305</u>
<u>Cash Disbursements:</u>			
General Government	195,612	-	195,612
Public Safety	-	136,988	136,988
Public Works	2,028	179,490	181,518
Health	14,876	-	14,876
Total Cash Disbursements	<u>212,516</u>	<u>316,478</u>	<u>528,994</u>
Total Receipts Over / (Under) Disbursements	<u>(99,867)</u>	<u>30,178</u>	<u>(69,689)</u>
<u>Other Financing Receipts/(Disbursements):</u>			
Transfers In	-	-	-
Transfers Out	-	-	-
Advances In	-	-	-
Advances Out	-	-	-
Sale of Assets	35,000	-	35,000
Other Financing Sources/(Uses)	-	501	501
Total Other Financing Receipts/ (Disbursement)	<u>35,000</u>	<u>501</u>	<u>35,501</u>
Net Change in Fund Cash Balances	(64,867)	30,679	(34,188)
Fund Cash Balances, January 1	<u>314,422</u>	<u>230,721</u>	<u>545,143</u>
Fund Cash Balances, Dec 31			
Nonspendable	-	-	-
Restricted	-	261,400	261,400
Committed	-	-	-
Assigned	-	-	-
Unassigned (Deficit)	249,555	-	249,555
Fund Cash Balances, December 31	<u>\$ 249,555</u>	<u>\$ 261,400</u>	<u>\$ 510,955</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, 2011**

Non-Operating Cash Receipts:	
Other Non-Operating Receipts	\$ -
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	-
Total Receipts Over / (Under) Disbursements	<u>-</u>
Fund Cash Balances, January 1	<u>44,278</u>
Fund Cash Balances, December 31	<u><u>\$ 44,278</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, 2010**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
<u>Cash Receipts:</u>			
Property and Other Taxes	\$ 28,066	\$ 212,061	\$ 240,127
Fines Licenses & Permit	-	2,208	2,208
Intergovernmental	94,221	161,602	255,823
Earnings on Investments	5,700	542	6,242
Special Assessments	-	264	264
Miscellaneous	1,903	2,683	4,586
Total Cash Receipts	<u>129,890</u>	<u>379,360</u>	<u>509,250</u>
<u>Cash Disbursements:</u>			
General Government	100,332	-	100,332
Public Safety	-	165,420	165,420
Public Works	2,129	192,273	194,402
Health	14,674	-	14,674
Capital Outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Cash Disbursements	<u>117,135</u>	<u>357,693</u>	<u>474,828</u>
Total Receipts Over / (Under) Disbursements	<u>12,755</u>	<u>21,667</u>	<u>34,422</u>
<u>Other Financing Receipts/ (Disbursements):</u>			
Transfers-In	-	-	-
Transfers-Out	-	-	-
Advances-In	15,000	15,000	30,000
Advances-Out	(15,000)	(15,000)	(30,000)
Other Financing Sources	-	-	-
Sale of Assets	83,000	9,373	92,373
Total Other Financing Receipts/ (Disbursements)	<u>83,000</u>	<u>9,373</u>	<u>92,373</u>
Excess of Cash Receipts and Other Financing Receipts Over/ (Under) Cash Disbursements and Other Financing Disbursements	<u>95,755</u>	<u>31,040</u>	<u>126,795</u>
Fund Cash Balances, January 1	<u>218,667</u>	<u>199,681</u>	<u>418,348</u>
Fund Cash Balances, December 31	<u>\$ 314,422</u>	<u>\$ 230,721</u>	<u>\$ 545,143</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, 2010**

Non-Operating Cash Receipts:	
Other Non-Operating Receipts	\$ -
Non-Operating Cash Disbursements:	
Other Non-Operating Cash Disbursements	-
Total Receipts Over / (Under) Disbursements	<u>-</u>
Fund Cash Balances, January 1	<u>44,278</u>
Fund Cash Balances, December 31	<u><u>\$ 44,278</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, 2011 AND 2010**

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, 2011 AND 2010**

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 2011 and 2010 budgetary activity appears in Note 3.

**MARION TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

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.

H. Fund Balance

For December 31, 2011, Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**MARION TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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>2011</u>	<u>2010</u>
Demand deposits	\$ 424,416	\$ 461,623
Certificates of deposit	130,817	127,798
Total deposits	<u>\$ 555,233</u>	<u>\$ 589,421</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, 2011 AND 2010**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 147,466	\$ 147,649	\$ 183
Special Revenue	347,262	349,157	1,895
Total	\$ 494,728	\$ 496,806	\$ 2,078

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 373,772	\$ 212,516	\$ 161,256
Special Revenue	576,410	316,478	259,932
Total	\$ 950,182	\$ 528,994	\$ 421,188

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 212,914	\$ 212,890	\$ (24)
Special Revenue	383,071	388,733	5,662
Total	\$ 595,985	\$ 601,623	\$ 5,638

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 431,580	\$ 117,135	\$ 314,445
Special Revenue	582,752	357,693	225,059
Total	\$ 1,014,332	\$ 474,828	\$ 539,504

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, 2011 AND 2010**

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. 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 2011 and 2010, 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, 2011.

6. Note 6 – 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.

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.

**MARION TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

Note 6 – Risk Management (Continued)

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 (the latest information available):

	<u>2010</u>	<u>2009</u>
<u>Assets</u>	<u>\$35,855,252</u>	<u>\$38,982,088</u>
<u>Liabilities</u>	<u>(10,664,724)</u>	<u>(12,880,766)</u>
<u>Net Assets</u>	<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 \$5,210.

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

Contributions to OTARMA

<u>2011</u>	<u>2010</u>
\$7,040	\$5,642

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.



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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, 2011 and 2010, and have issued our report thereon dated July 5, 2012, wherein we noted the Township adopted Governmental Accounting Standards Board Statement No. 54 (GASB 54) in 2011. The Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America.. 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 internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Township's financial statements 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 was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered material weaknesses, as defined above.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

Caudill & Associates, CPAs

Caudill & Associates, CPA

July 5, 2012

**MARION TOWNSHIP
ALLEN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

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. 2009-001	Non-compliance with ORC Section 5705.39	Yes	N/A
Finding No. 2009-002	Non-compliance with ORC Section 5705.41 (D)	Yes	N/A
Finding No. 2009-003	Misclassification of receipts	Yes	N/A



Dave Yost • 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
DECEMBER 11, 2012**