



Dave Yost • Auditor of State



MARION TOWNSHIP  
MARION COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report .....	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2013.....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Cash Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2012.....	4
Notes to the Financial Statements .....	5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	11
Schedule of Findings .....	13
Schedule of Prior Audit Findings .....	17

**THIS PAGE INTENTIONALLY LEFT BLANK**



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Marion Township  
Marion County  
1228 East Fairground St.  
P.O. Box 79  
Marion, Ohio 43302

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of Marion Township, Marion County, Ohio, (the Township) as of and for the years ended December 31, 2013 and 2012.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonable assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Marion Township, Marion County, Ohio, as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permitted, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2014, 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. That report describes the scope of our internal control testing over financial reporting compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 29, 2014

**MARION TOWNSHIP  
MARION COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 255,632	\$ 1,673,970	\$ 1,929,602
Charges for Services	-	339,089	339,089
Licenses, Permits and Fees	97,092	-	97,092
Intergovernmental	270,885	574,115	845,000
Special Assessments	3,985	368	4,353
Earnings on Investments	1,814	41	1,855
Miscellaneous	757	-	757
<i>Total Cash Receipts</i>	<u>630,165</u>	<u>2,587,583</u>	<u>3,217,748</u>
<b>Cash Disbursements</b>			
Current:			
General Government	269,494	-	269,494
Public Safety	-	2,468,958	2,468,958
Public Works	-	131,911	131,911
Health	63,346	-	63,346
Debt Service:			
Principal Retirement	-	78,802	78,802
<i>Total Cash Disbursements</i>	<u>332,840</u>	<u>2,679,671</u>	<u>3,012,511</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>297,325</u>	<u>(92,088)</u>	<u>205,237</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In	-	161,000	161,000
Transfers Out	(161,000)	-	(161,000)
Advances In	120,000	120,000	240,000
Advances Out	(120,000)	(120,000)	(240,000)
Other Financing Sources	3,649	25,533	29,182
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(157,351)</u>	<u>186,533</u>	<u>29,182</u>
<i>Net Change in Fund Cash Balances</i>	139,974	94,445	234,419
<i>Fund Cash Balances, January 1</i>	<u>1,680,132</u>	<u>547,515</u>	<u>2,227,647</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	641,960	641,960
Unassigned	1,820,106	-	1,820,106
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,820,106</u>	<u>\$ 641,960</u>	<u>\$ 2,462,066</u>

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

**MARION TOWNSHIP  
MARION COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 286,277	\$ 1,696,393	\$ 1,982,670
Charges for Services	-	372,819	372,819
Licenses, Permits and Fees	101,354	-	101,354
Intergovernmental	901,648	609,389	1,511,037
Special Assessments	-	6,651	6,651
Earnings on Investments	2,118	32	2,150
Miscellaneous	4,659	-	4,659
<i>Total Cash Receipts</i>	<u>1,296,056</u>	<u>2,685,284</u>	<u>3,981,340</u>
<b>Cash Disbursements</b>			
Current:			
General Government	302,048	-	302,048
Public Safety	-	2,653,246	2,653,246
Public Works	-	737,423	737,423
Health	63,879	-	63,879
Capital Outlay	-	49,876	49,876
<i>Total Cash Disbursements</i>	<u>365,927</u>	<u>3,440,545</u>	<u>3,806,472</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>930,129</u>	<u>(755,261)</u>	<u>174,868</u>
<b>Other Financing Receipts (Disbursements)</b>			
Other Debt Proceeds	-	394,010	394,010
Transfers In	-	277,019	277,019
Transfers Out	(277,019)	-	(277,019)
Other Financing Sources	2,825	12,493	15,318
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(274,194)</u>	<u>683,522</u>	<u>409,328</u>
<i>Net Change in Fund Cash Balances</i>	655,935	(71,739)	584,196
<i>Fund Cash Balances, January 1</i>	<u>1,024,197</u>	<u>619,254</u>	<u>1,643,451</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	547,515	547,515
Unassigned	1,680,132	-	1,680,132
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,680,132</u>	<u>\$ 547,515</u>	<u>\$ 2,227,647</u>

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



**MARION TOWNSHIP  
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

**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 the Marion Township, Marion 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 and emergency medical services.

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.

**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 accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

**MARION TOWNSHIP  
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

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

**D. Fund Accounting (Continued)**

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

Fire District Fund – The Fire District fund is used to receive property tax and local government funding for the equipping, maintaining and general operations of the Township fire department.

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining, and repairing 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. 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 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 2013 and 2012 budgetary activity appears in Note 3.

**F. Fund Balance**

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.

**MARION TOWNSHIP  
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

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

**F. Fund Balance (Continued)**

**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.

**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.

**G. 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.

**H. 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.

**MARION TOWNSHIP  
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**2. Equity in Pooled Deposits**

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

	2013	2012
Demand deposits	\$2,462,066	\$2,227,647
Total deposits	\$2,462,066	\$2,227,647

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

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$723,842	\$633,814	(\$90,028)
Special Revenue	2,760,144	2,774,116	13,972
Total	\$3,483,986	\$3,407,930	(\$76,056)

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$654,450	\$493,840	\$160,610
Special Revenue	2,729,550	2,688,725	40,825
Total	\$3,384,000	\$3,182,565	\$201,435

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$555,745	\$1,298,881	\$743,136
Special Revenue	3,030,525	3,368,806	338,281
Total	\$3,586,270	\$4,667,687	\$1,081,417

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,007,038	\$642,946	\$364,092
Special Revenue	3,190,833	3,453,045	(262,212)
Total	\$4,197,871	\$4,095,991	\$101,880

Contrary to Ohio Revised Code Section 5705.41(B) in 2013 budgetary expenditures exceeded appropriations in the Fire District Fund by \$27,963, and in 2012 in the Gasoline Tax Fund by \$556,224.

**MARION TOWNSHIP  
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**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.

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, 2013 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
1997 OPWC Loan - Storm Drain Project	\$12,901	0%
2012 OPWC Loan - Paving Project	315,208	0%
Total	<u>\$328,109</u>	

The Ohio Public Works Commission loans were issued in 1997 and 2012 to finance a storm sewer drainage project for a housing development within the Township and to finance a Township paving project.

Amortization of the above debt is scheduled as follows:

	<u>Ohio Public Works Commission Loans</u>	
	<u>Storm Drain Project</u>	<u>Paving Project</u>
Year ending December 31:	<u>Principal</u>	<u>Principal</u>
2014	\$2,867	\$78,802
2015	2,867	78,802
2016	2,867	78,802
2017	2,867	78,802
2018	1,433	0
Total	<u>\$12,901</u>	<u>\$315,208</u>

**6. Retirement Systems**

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

**MARION TOWNSHIP  
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**6. Retirement Systems (Continued)**

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OP&F participants contributed 10% of their wages (Effective July 1, 2013, OP&F rate changed to 10.75% participant contribution). For 2013 and 2012, the Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages, respectively. For 2013 and 2012, 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, 2013.

**7. Risk Management**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.



# Dave Yost • Auditor of State

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

Marion Township  
Marion County  
1228 East Fairground St.  
P.O. Box 79  
Marion, Ohio 43302

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Marion Township, Marion County, Ohio, (the Township) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated August 29, 2014, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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

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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. We consider findings 2013-001 and 2013-004 described in the accompanying schedule of findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-002 described in the accompanying schedule of findings to be a significant deficiency.

***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, opining 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2013-003 and 2013-004.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 29, 2014



**MARION TOWNSHIP  
MARION COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2013-001**

**Financial Reporting – Material Weakness**

Sound financial reporting is the responsibility of the Fiscal Officer and the Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following audit adjustments were made to the December 31, 2013 financial statements and the Township's accounting records where applicable:

- An adjustment was made to reclassify General Fund Property and Other Local Taxes of \$35,558, increase Intergovernmental Receipts by \$31,205, and increase Special Assessments by \$3,985. The entries also reduced the ending cash balance in the General Fund and increased the fund balance in the Street Lighting special revenue fund by \$368, as a portion of those receipts should have been posted to the Street Lighting special revenue fund.
- Reclassified Property & Other Local Taxes to Intergovernmental Receipts in the Fire District special revenue fund in the amount of \$472,088.
- Reclassified Interest and Fiscal Charges to Debt Principal Payments for \$78,802 in the Gasoline Tax special revenue fund.
- Reclassified Nonspendable fund balance of \$3,340 to Restricted fund balance in the special revenue funds.
- Adjusted the Fire District special revenue fund in the amount of \$21,458 to reduce receipts and cash balance to correct a receipt that was posted twice to the accounting system.

The following audit adjustment was not material to the Township's December 31, 2013 financial statements and was not made to the Township's financial statements or accounting records:

- Reclassification of \$2,867 of expenditures in the General Fund to properly classify debt retirement payments, decreasing General Government expenditures and increasing Debt Principal Payment expenditures.

The following audit adjustments were made to the December 31, 2012 financial statements and the Township's accounting records where applicable:

- An adjustment was made to reclassify General Fund Property and Other Local Taxes of \$31,011 (posted net of related expenses of \$2,518) to Intergovernmental Revenues.
- Reclassified Nonspendable fund balance and increased Unassigned fund balance in the General Fund of \$1,680,132.
- Reclassified Intergovernmental Receipts to Other Debt Proceeds for \$394,010 in the Gasoline Tax special revenue fund, to properly present proceeds of an OPWC loan.
- Reclassified Property and Other Local Taxes to Intergovernmental Receipts in the Fire District special revenue fund for \$492,702 and related expenditures of \$17,756 and increase Intergovernmental Revenues by \$510,458.
- Reclassified Nonspendable fund balance of \$14,796 to Restricted fund balance in the special revenue funds.

**MARION TOWNSHIP  
MARION COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012  
(CONTINUED)**

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

**FINDING NUMBER 2013-001 (Continued)**

**Financial Reporting – Material Weakness (Continued)**

The following audit adjustment was not material to the Township's December 31, 2012 financial statements and was not made to the Township's financial statements or accounting records:

- Reclassification of \$1,433 of expenditures in the General Fund to properly classify debt retirement payments, decreasing General Government expenditures and increasing Debt Principal Payment expenditures.

These adjustments and reclassifications should be reviewed by the Fiscal Officer and Township Trustees to ensure that similar errors are not reported on financial statements in subsequent years. In addition, the Township should develop procedures for the periodic review of the activity posted to the accounting records, as well as, for the review of the financial statement information to ensure it accurately reflects the Township's activity.

**FINDING NUMBER 2013-002**

**Budgetary Posting – Significant Deficiency**

The Township should post to its receipt and expenditure ledgers in a timely manner, the estimated receipts as certified to the County Budget Commission and appropriations as approved by the Board of Trustees to allow for monitoring of budget vs. actual receipts and expenditures.

The Township's budgeted receipts and expenditures posted to the accounting system varied from the estimated receipts certified by the County Budget Commission and appropriations approved by the Board of Trustees as follows:

Year	Fund	Estimated Receipts Per Accounting System	Estimated Receipts Certified by Budget Commission	Variance
2013	General Fund	\$623,842	\$723,842	(\$100,000)

Year	Fund	Appropriations Per Accounting System	Appropriations Approved by Board of Trustees	Variance
2013	General Fund	\$667,665	\$654,450	\$13,215
2013	Fire District Fund	2,109,470	1,959,150	150,320
2012	General Fund	905,716	997,700	(91,984)
2012	Fire District Fund	2,322,850	2,422,850	(100,000)

Failure to post budgeted amounts accurately and timely results in the inability to monitor budgeted vs. actual receipts and expenditures, and thus, may impair the Township's ability to detect possible errors or irregularities, and could result in inaccurate financial statement budgetary amounts being reported.

**MARION TOWNSHIP  
MARION COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012  
(CONTINUED)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
--

**FINDING NUMBER 2013-002 (Continued)**

**Budgetary Posting – Significant Deficiency (Continued)**

We recommend the Fiscal Officer accurately and timely post estimated receipts certified by the County Budget Commission and appropriations approved by the Board of Trustees to the accounting ledgers and financial statements.

**Officials Response:**

The Township agrees to timely post receipts and appropriations to accounting ledgers.

**FINDING NUMBER 2013-003**

**Budgetary Expenditures Exceed Appropriations – Material Non-Compliance**

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing unit from expending money unless it has been appropriated. The legal level of budgetary control for the Township is the object level.

Budgetary expenditures exceeded appropriations at the object level in the Fire District Fund during 2013 and in the Gasoline Tax Fund during 2012. Additionally, at December 31, budgetary expenditures exceeded appropriations at the fund level as follows:

<b>Year</b>	<b>Fund</b>	<b>Appropriations</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
2013	Fire District Fund	\$ 1,971,650	\$ 1,999,613	\$ (27,963)
2012	Gasoline Tax Fund	182,173	738,397	(556,224)

We recommend the Township closely monitor budget vs. actual reports throughout the year to ensure expenditures do not exceed appropriations. In order to keep expenditures within appropriated amounts, the Township may amend the annual appropriation measure by approving supplemental appropriations. The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations.

**Officials Response:**

The Township agrees to timely post receipts and appropriations to accounting ledgers.

**MARION TOWNSHIP  
MARION COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012  
(CONTINUED)**

<p><b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b></p>
---

**FINDING NUMBER 2013-004**

**Posting of Restricted Revenue – Material Non-Compliance/Material Weakness**

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

We noted during 2013 that \$368 of special assessment receipts were posted to the General Fund but should have been posted to the Street Lighting Special Assessments Fund.

The Township's financial statements and accounting records have been adjusted for this.

We recommend the Fiscal Officer ensure restricted funds received are posted to the correct funds.

**MARION TOWNSHIP  
MARION COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b>
2011-001	Budgetary Posting	No	Not Corrected – Re-Issued as Finding 2013-002
2011-002	Expenditures Exceed Appropriations	No	Not Corrected – Re-Issued as Finding 2013-003
2011-003	Appropriations Exceed Estimated Resources	Yes	Fully Corrected

**This page intentionally left blank.**



# Dave Yost • Auditor of State

**MARION TOWNSHIP**

**MARION 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 25, 2014**