



Dave Yost • Auditor of State

MARIETTA TOWNSHIP
WASHINGTON COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Marietta Township
Washington County
250 Forshey Road
Marietta, Ohio 45750

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Marietta Township, Washington County, Ohio (the Township), as of and for the years ended December 31, 2014 and 2013.

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 § 117.38 and Ohio Administrative Code § 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 reasonably 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 § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis of 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, 2014 and 2013, 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 Marietta Township, Washington County, Ohio, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 permits, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2015, 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 and 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

September 16, 2015

**MARIETTA TOWNSHIP
WASHINGTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$100,280	\$377,634	\$0	\$0	\$477,914
Licenses, Permits and Fees	75,375	0	0	3,095	78,470
Intergovernmental	35,429	241,447	0	5,477	282,353
Special Assessments	266	15,238	0	0	15,504
Earnings on Investments	495	95	0	76	666
Miscellaneous	1,485	2,447	0	34,185	38,117
<i>Total Cash Receipts</i>	<u>213,330</u>	<u>636,861</u>	<u>0</u>	<u>42,833</u>	<u>893,024</u>
Cash Disbursements					
Current:					
General Government	126,437	29,780	0	82,067	238,284
Public Safety	0	319,040	0	0	319,040
Public Works	5,302	309,740	0	0	315,042
Health	29,749	0	0	0	29,749
Human Services	2,448	0	0	0	2,448
Conservation-Recreation	0	0	0	13,449	13,449
Capital Outlay	0	2,761	0	10,000	12,761
Debt Service:					
Principal Retirement	0	0	0	5,477	5,477
<i>Total Cash Disbursements</i>	<u>163,936</u>	<u>661,321</u>	<u>0</u>	<u>110,993</u>	<u>936,250</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>49,394</u>	<u>(24,460)</u>	<u>0</u>	<u>(68,160)</u>	<u>(43,226)</u>
Other Financing Receipts (Disbursements)					
Transfers In	0	11,416	0	54,396	65,812
Transfers Out	(57,495)	0	(8,317)	0	(65,812)
Advances In	24,457	23,098	0	1,358	48,913
Advances Out	(24,457)	(23,098)	0	(1,358)	(48,913)
Other Financing Uses	(1,862)	(7,635)	0	0	(9,497)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(59,357)</u>	<u>3,781</u>	<u>(8,317)</u>	<u>54,396</u>	<u>(9,497)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(9,963)</u>	<u>(20,679)</u>	<u>(8,317)</u>	<u>(13,764)</u>	<u>(52,723)</u>
<i>Fund Cash Balances, January 1</i>	<u>\$235,688</u>	<u>\$184,166</u>	<u>\$8,317</u>	<u>\$55,849</u>	<u>\$484,020</u>
Fund Cash Balances, December 31					
Restricted	0	64,407	0	0	64,407
Committed	0	99,080	0	0	99,080
Assigned	197,031	0	0	42,085	239,116
Unassigned (Deficit)	28,694	0	0	0	28,694
<i>Fund Cash Balances, December 31</i>	<u>\$225,725</u>	<u>\$163,487</u>	<u>\$0</u>	<u>\$42,085</u>	<u>\$431,297</u>

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

**MARIETTA TOWNSHIP
WASHINGTON 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	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$93,246	\$360,280	\$0	\$0	\$453,526
Licenses, Permits and Fees	73,205	0	0	2,395	75,600
Intergovernmental	107,166	242,774	551	5,478	355,969
Special Assessments	0	14,870	436	0	15,306
Earnings on Investments	232	38	5	23	298
Miscellaneous	60,732	804	0	29,917	91,453
<i>Total Cash Receipts</i>	<u>334,581</u>	<u>618,766</u>	<u>992</u>	<u>37,813</u>	<u>992,152</u>
Cash Disbursements					
Current:					
General Government	176,928	35,765	0	37,359	250,052
Public Safety	0	322,212	0	0	322,212
Public Works	216	226,973	0	0	227,189
Health	27,186	0	0	0	27,186
Human Services	415	0	0	0	415
Conservation-Recreation	0	0	0	13,694	13,694
Capital Outlay	22,741	2,761	5,419	0	30,921
Debt Service:					
Principal Retirement	0	0	130,048	5,478	135,526
Interest and Fiscal Charges	0	0	5,320	0	5,320
<i>Total Cash Disbursements</i>	<u>227,486</u>	<u>587,711</u>	<u>140,787</u>	<u>56,531</u>	<u>1,012,515</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>107,095</u>	<u>31,055</u>	<u>(139,795)</u>	<u>(18,718)</u>	<u>(20,363)</u>
Other Financing Receipts (Disbursements)					
Transfers In	0	29,021	129,600	44,183	202,804
Transfers Out	(202,804)	0	0	0	(202,804)
Advances In	20,000	20,000	0	0	40,000
Advances Out	(20,000)	(20,000)	0	0	(40,000)
Other Financing Sources	10	0	0	0	10
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(202,794)</u>	<u>29,021</u>	<u>129,600</u>	<u>44,183</u>	<u>10</u>
<i>Net Change in Fund Cash Balances</i>	<u>(95,699)</u>	<u>60,076</u>	<u>(10,195)</u>	<u>25,465</u>	<u>(20,353)</u>
<i>Fund Cash Balances, January 1</i>	<u>331,387</u>	<u>124,090</u>	<u>18,512</u>	<u>30,384</u>	<u>504,373</u>
Fund Cash Balances, December 31					
Restricted	0	93,607	8,317	0	101,924
Committed	0	90,559	0	0	90,559
Assigned	206,483	0	0	55,849	262,332
Unassigned (Deficit)	29,205	0	0	0	29,205
<i>Fund Cash Balances, December 31</i>	<u>\$235,688</u>	<u>\$184,166</u>	<u>\$8,317</u>	<u>\$55,849</u>	<u>\$484,020</u>

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

**MARIETTA TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

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 Marietta Township, Washington County (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, fire protection and emergency medical services. The Township contracts with the Reno Volunteer Fire Department to provide fire and emergency services.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing 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 permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

C. Deposits

The Township had one primary, interest bearing and one non-interest bearing checking account during the audit period.

D. Fund Accounting

The Township uses fund accounting to segregate cash that is 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 Fund:

Fire Levy Fund - This fund receives property tax money to provide fire protection and emergency services.

**MARIETTA TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

3. Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Fund:

Settlers Bank Bond Fund - This fund receives general fund money for retirement of bonded debt that was acquired to purchase the Reno Elementary School.

4. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant Capital Project Fund:

Marietta Township Park and Recreation Fund - The Township receives rent money and donations to make improvements to the Township Recreation Building.

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, object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into four classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources.

**MARIETTA TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

The classifications are as follows:

1. 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.

2. 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.

3. 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.

4. 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.

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:

**MARIETTA TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

2. Equity in Pooled Deposits (Continued)

	2014	2013
Demand deposits	\$431,297	\$484,020

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$223,321	\$213,330	(\$9,991)
Special Revenue	632,971	648,277	15,306
Debt Service	0	0	0
Capital Projects	96,531	97,329	798
Total	\$952,823	\$958,936	\$6,113

2014 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$429,804	\$223,293	\$206,511
Special Revenue	823,843	668,956	154,887
Debt Service	8,317	8,317	0
Capital Projects	127,806	110,993	16,813
Total	\$1,389,770	\$1,011,559	\$378,211

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$340,680	\$334,591	(\$6,089)
Special Revenue	669,272	647,787	(21,485)
Debt Service	130,101	130,592	491
Capital Projects	81,510	81,996	486
Total	\$1,221,563	\$1,194,966	(\$26,597)

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$658,549	\$430,290	\$228,259
Special Revenue	771,045	587,711	183,334
Debt Service	148,614	140,787	7,827
Capital Projects	103,582	56,531	47,051
Total	\$1,681,790	\$1,215,319	\$466,471

**MARIETTA TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(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, 2014 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission Loan	\$ 32,867	0%

The Ohio Public Works Commission Loan was issued to finance improvements to Goose Creek Road. The loan is backed by the taxing authority of the Township.

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

Year ending December 31:	OPWC Loan
2015	\$5,478
2016	5,478
2017	5,478
2018	5,478
2019	5,478
2020	5,477
Total	\$32,867

6. Retirement System

The Township's elected officials and 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 2014 and 2013, OPERS members contributed 10%, respectively, of their gross salaries and the Township contributed an amount equaling 14%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2014.

**MARIETTA TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. 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

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2014, OTARMA retained \$350,000 for casualty claims and \$250,000 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.

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, 2013 and 2014.

	<u>2013</u>	<u>2014</u>
Assets	\$34,954,286	\$35,970,263
Liabilities	8,486,363	8,912,432
Net Position	\$26,467,923	\$27,057,831

At December 31, 2013 and 2014, respectively, the liabilities above include approximately \$7.9 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.2 million of unpaid claims to be billed to approximately 957 member governments in the future, as of December 31, 2013 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Township's share of these unpaid claims collectible in future years is approximately \$5,000.

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.

**MARIETTA TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

7. Risk Management (Continued)

<u>Contributions to OTARMA</u>	
<u>2013</u>	<u>2014</u>
\$11,823	\$10,558

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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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

Marietta Township
Washington County
250 Forshey Road
Marietta, Ohio 45750

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 Marietta Township, Washington County, Ohio (the Township), as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, and have issued our report thereon dated September 16, 2015, wherein we noted the Township uses a special purpose framework other than generally accepted accounting principles.

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 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 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider Findings 2014-001 and 2014-002 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.

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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 2014-001 and 2014-002.

Entity's Response to Findings

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

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 initial "D".

Dave Yost
Auditor of State
Columbus, Ohio

September 16, 2015

**MARIETTA TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2014-001

Noncompliance and Material Weakness

Ohio Admin. Code § 117-2-01(A) provides that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Ohio Township Handbook (revised March 2015) provides suggested account and fund balance classifications and clarifies the existing governmental fund type definitions. These accounts classify receipts by fund and source (taxes or charges for services, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are nonspendable, restricted, committed, assigned and unassigned. Using these classifications will provide the Township with information required to monitor compliance with the budget, and prepare annual reports in the format required by the Auditor of State.

Financial Statement errors identified for the years ended December 31, 2014 and 2013 are as follows:

- Since the subsequent year's appropriations exceeded the estimated receipts in the General Fund, \$197,031 of the December 31 2014 fund balance and \$206,483 of the December 31, 2013 fund balance were reclassified as assigned rather than unassigned.
- The ending fund balance of the Road and Bridge Fund was incorrectly classified as Restricted rather than Committed at end of both years. As a result, audit adjustments to properly classify the December 31, 2014 balance of \$99,078 and the December 31, 2013 balance of \$90,558 were proposed to the audited financial statements.
- Because the activity and balance of the Marietta Township Park and Recreation Fund is not restricted by externally-imposed constraints, \$42,085 of the December 31, 2014 fund balance and \$55,849 of the December 31, 2013 fund balance were reclassified as assigned rather than restricted.
- Debt payments were incorrectly classified as public works expenditures rather than as principal retirement for the year ending December 31, 2013 in the Ohio Public Works Commission Goose Run Road Fund.

The misstatements resulted from a lack of oversight by the Township in ensuring proper posting by the Fiscal Officer. The adjustments above, with which management agrees, are reflected in the audited financial statements.

The Township should develop internal control procedures to ensure the financial statements of the Township accurately reflect the appropriate receipt line item accounts and the fund cash balances in accordance with GASB Statement No. 54 reporting requirements. The Fiscal Officer may refer to available authoritative resources to appropriately classify receipt transactions and Auditor of State Bulletin 2011-004 for additional guidance for fund balance classifications.

Official's Response: We will carefully review the finding and strive to correct the issue going forward.

**MARIETTA TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

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

FINDING NUMBER 2014-002

Noncompliance and Material Weakness

Ohio Admin. Code § 117-2-02(D) provides that all local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts.

The Township Fiscal Officer did not always accurately post budgeted receipts, and any amendments made to them, to the accounting system.

At December 31, 2014, variances existed between the estimated receipts per the certificate of estimated resources and the estimated receipts posted to the accounting system. The following table details these variances:

Fund	From the Final Amended Certificate	From the Accounting System	Posted Over/ (Under) Approved
Motor Vehicle License Tax	\$30,199	\$31,811	\$1,612
Gasoline Tax	82,590	90,826	8,236
Fire Levy - 1998	46,820	49,485	2,665
Fire Levy - 1997	44,535	47,154	2,619
Fire Levy - 2012	144,381	148,089	3,708

At December 31, 2014, variances existed between the certificate of estimated resources and the amounts posted to the accounting system. The following table details these variances:

Fund	From the Final Amended Certificate	From the Accounting System	Posted Over/ (Under) Approved
Gasoline Tax	\$110,405	\$115,285	\$4,880
Fire Levy - 1998	56,449	46,449	(10,000)
Fire Levy - 1997	98,629	88,629	(10,000)
PNC Bank Bond	-	8,266	8,266
Settlers Bank Bond	129,600	135,268	5,668
OPWC Sunnyview	501	5,518	5,017

Due to budgetary information being improperly entered into the system, the management of the Trustees lost some degree of budgetary control.

The Fiscal Officer should accurately post estimated receipts as certified by the County Budget Commission to the accounting system. This procedure will help ensure more useful comparisons of budget vs. actual activity, as well as provide management with an accurate monitoring tool throughout the year.

Official's Response: We will carefully review the finding and strive to correct the issue going forward.



Dave Yost • Auditor of State

MARIETTA TOWNSHIP

WASHINGTON 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
OCTOBER 8, 2015**