



OHIO AUDITOR OF STATE  
**KEITH FABER**





**MARION TOWNSHIP  
MERCER COUNTY  
DECEMBER 31, 2023 AND 2022**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Marion Township  
Mercer County  
7754 Huwer Rd.  
P.O. Box 56  
Maria Stein, Ohio 45860

To the Board of Trustees:

### **Report on the Audit of the Financial Statements**

#### ***Unmodified and Adverse Opinions***

We have audited the financial statements of Marion Township, Mercer County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

#### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

#### ***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* section of our report, the accompanying financial statements 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, 2023 and 2022, or the changes in financial position thereof for the years then ended.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2024, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

November 5, 2024

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MARION TOWNSHIP, MERCER COUNTY  
 Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis)  
 All Governmental Fund Types

For the Year Ended December 31, 2023

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$48,925	\$433,582	\$3,442		\$485,949
Licenses, Permits and Fees	4,450				4,450
Intergovernmental	50,429	279,261			329,690
Special Assessments		28,401			28,401
Earnings on Investments	522	248			770
Miscellaneous	27,918	9,617			37,535
<i>Total Cash Receipts</i>	<u>132,244</u>	<u>751,109</u>	<u>3,442</u>		<u>886,795</u>
<b>Cash Disbursements</b>					
Current:					
General Government	73,508	27,169	30		100,707
Public Safety		282,235			282,235
Public Works		517,614			517,614
Health	25,550				25,550
Human Services		5,275			5,275
Conservation-Recreation	26,598				26,598
Other		30			30
Debt Service:					
Principal Retirement		19,138	3,344		22,482
Interest and Fiscal Charges			86		86
<i>Total Cash Disbursements</i>	<u>125,656</u>	<u>851,461</u>	<u>3,460</u>		<u>980,577</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	6,588	(100,352)	(18)		(93,782)
<i>Fund Cash Balances, January 1</i>	<u>60,785</u>	<u>256,652</u>	<u>343</u>	<u>\$3,961</u>	<u>321,741</u>
<i>Fund Cash Balances, December 31</i>	<u>\$67,373</u>	<u>\$156,300</u>	<u>\$325</u>	<u>\$3,961</u>	<u>\$227,959</u>

See accompanying notes to the basic financial statements

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**Marion Township**  
*Mercer County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Marion Township, Mercer 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, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Chickasaw Fire Department, North Star Fire Department and The Osgood Fire Department to provide fire services and Mercer County Ambulance Service and Osgood Rescue Service to provide ambulance service.

***Public Entity Risk Pool***

The Township participates in Ohio Township Association Risk Management Authority (OTARMA) a public risk entity risk pool. Note 7 to the Financial Statements provides additional information for the public entity risk pool. The Township’s management believes these financial statements present all activities for which the Township is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Township’s financial statements consist of a combined statement of receipts, disbursements and changes in fund (regulatory cash basis) for all governmental fund types.

***Fund Accounting***

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

***General Fund*** - The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

***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:

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

***Gasoline Tax Fund*** - The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

***Fire Levy Funds*** - This fund accounts for and reports proceeds from property taxes restricted for Fire protections for the township.

***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 Funds:

**Marion Township**  
*Mercer County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**General (Bond) (Note) Retirement** - \$100,000 Tax Increment Revenue Note (Road Improvement Project) with the County, dated July 24, 2013 for 10 years maturing on April 1, 2023 at the rate of 2.85%. Principal and Interest payments are due on a semiannual payment. The final payment for this note was made in April of 2023. Also, a new refinance loan with The St. Henry Bank was dated March 11, 2021. The amount of the new loan is \$88,789 at a rate of 2.95%. This loan was set up for 60 months with a repayment of \$1,594.80 per month. Proceeds from this loan were to purchase a new bed and snow plow for the new dump truck that had been purchased in December 2021.

**Permanent Improvement 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 improvement project funds

***Basis of Accounting***

These financial statements follow 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). 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 Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund be budgeted annually.

**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. Appropriations lapse at year end.

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

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

A summary of 2023 budgetary activity appears in Note 3.

***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.

**Marion Township**  
*Mercer County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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***Capital Assets***

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

***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:

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

***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.

***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.

***Assigned*** - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Government 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.

***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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

**Note 3 –Budgetary Activity**

Budgetary activity for the year ending 2023 follows:

**Marion Township**  
*Mercer County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

2023 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$128,062	\$132,243	\$4,181
Special Revenue	730,550	751,109	\$20,559
Debt Service	3,501	3,442	(\$59)
<b>Total</b>	<b>\$862,113</b>	<b>\$886,794</b>	<b>\$24,681</b>

2023 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$156,393	\$125,656	\$30,737
Special Revenue	902,231	851,459	50,772
Debt Service	3,721	3,459	262
Capital Projects	3,961	3,961	3,961
<b>Total</b>	<b>\$1,066,306</b>	<b>\$980,574</b>	<b>\$85,732</b>

**Note 4 – Deposits and Investments**

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township’s deposit and investment accounts are as follows:

	2023
<b><i>Cash Management Pool:</i></b>	
Demand deposits	\$57,596
St Henry Bank Century Money Market Acct	170,363
Total deposits	<u>227,959</u>

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Township.

**Marion Township**  
*Mercer County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 5 – Property Taxes**

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Township.

**Note 6 – Risk Management**

***Workers Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***Risk Pool Membership***

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	2023
Cash and investments	\$ 33,494,457
Actuarial liabilities	\$ 10,885,549

<b>2023 Contributions to OTARMA</b>
<b>\$7,210</b>

**Marion Township**  
*Mercer County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of the gross salaries and the Township contributed an amount equaling 14 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2023.

**Note 8 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

**Note 9 – Debt**

Debt outstanding at December 31, 2023, was as follows:

	Principal	Interest Rate
Loan #10514 St Henry Bank	\$41,614	2.95%
Total Debt	\$41,614	

The Marion Township Trustees had a \$100,000 Tax Increment Revenue Note (Road Improvement Project) with the County which began on July 24, 2013. Payments are set up semi-annual with principal and interest. The interest rate for this was set at 2.85%. Payments are paid to the Mercer County Treasurer with the funding coming from the real estate tax it generates during the fiscal year This loan was paid in full during 2023.

The Loan with the St Henry Bank was taken out on March 20, 2017 at a rate of 3.75 for 60 months with a payment of \$1,831 per month. This loan was for the purchase of a 2018 New Holland Tractor and Diamond Mower. The bank has a lien on this equipment. The loan balance as of March 9, 2021 was \$23,289. This loan was refinanced along with a new loan of \$ \$65,500 to help purchase the New Snowplow truck for the township. The Township also had \$46,541 of Cares Act Money they used to help complete this purchase. The new loan balance was \$88,864 which also included a \$75.00 closing fee. This loan was set up for 60 monthly payments at \$1,595 beginning April 11, 2021 at the rate of 2.95 %. The bank has a lien on this property as collateral as well.



**Marion Township**  
*Mercer County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2023*

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**Amortization**

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

St Henry Bank	
2024	19,140
2025	19,140
2026	4,785
Total	<u>\$43,065</u>

**Note 10 – Joint Ventures**

The township participates in joint ventures with the Mercer County Engineer for constructing maintaining and repairing township roads and bridges.

**Note 11 – Local Fiscal Recovery Fund**

The Township reimbursed themselves back for 2022 Health Department fees for \$23,626 in 2023.

**Note 12 – Fund Balances**

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At December 31, 2023, the General fund and Special Revenue funds had no outstanding encumbrances.

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue, debt service, capital projects, and permanent funds would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

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Marion Township, Mercer County  
 Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis)  
 All Governmental Fund Types  
 For the Year Ended December 31, 2022

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$47,391	\$420,041	\$6,966		\$474,398
Licenses, Permits and Fees	5,650				5,650
Intergovernmental	56,580	416,362		\$26,879	499,821
Special Assessments		25,276			25,276
Earnings on Investments	590	164			754
Miscellaneous	593	3,018			3,611
<i>Total Cash Receipts</i>	<u>110,804</u>	<u>864,861</u>	<u>6,966</u>	<u>26,879</u>	<u>1,009,510</u>
<b>Cash Disbursements</b>					
Current:					
General Government	83,930	18,006	30		101,966
Public Safety		291,328			291,328
Public Works		538,932			538,932
Health	26,180				26,180
Conservation-Recreation	23,681				23,681
Capital Outlay				26,879	26,879
Debt Service:					
Principal Retirement		19,138	6,450		25,588
Interest and Fiscal Charges			171		171
<i>Total Cash Disbursements</i>	<u>133,791</u>	<u>867,404</u>	<u>6,651</u>	<u>26,879</u>	<u>1,034,725</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(22,987)	(2,543)	315		(25,215)
<i>Fund Cash Balances, January 1</i>	<u>83,772</u>	<u>259,195</u>	<u>28</u>	<u>3,961</u>	<u>346,956</u>
<i>Fund Cash Balances, December 31</i>	<u>\$60,785</u>	<u>\$256,652</u>	<u>\$343</u>	<u>\$3,961</u>	<u>\$321,741</u>

See accompanying notes to the basic financial statements

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**Marion Township**  
*Mercer County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Marion Township, Mercer 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, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Chickasaw Fire Department, North Star Fire Department and The Osgood Fire Department to provide fire services and Mercer County Ambulance Service and Osgood Rescue Service to provide ambulance service.

***Public Entity Risk Pool***

The Township participates in Ohio Township Association Risk Management Authority (OTARMA) a public risk entity risk pool. Note 6 to the Financial Statements provides additional information for the public entity risk pool. The Township’s management believes these financial statements present all activities for which the Township is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Township’s financial statements consist of a combined statement of receipts, disbursements and changes in fund (regulatory cash basis) for all governmental fund types.

***Fund Accounting***

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

***General Fund*** - The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

***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:

***Fire Levy Funds*** - This fund accounts for and reports proceeds from property taxes restricted for Fire protections for the township.

***Local Fiscal Recovery Fund*** - The Township received \$146,555 in total revenue from the Local Fiscal Recovery Fund in 2022. The Township expended \$246,558 of this project for Road and Park projects. The Township currently has a remaining balance of \$45,392 in this account.

***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 Funds:

**Marion Township**  
*Mercer County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**General (Bond) (Note) Retirement** - \$100,000 Tax Increment Revenue Note (Road Improvement Project) with the County, dated July 24, 2013 for 10 years maturing on April 1, 2023 at the rate of 2.85%. Principal and Interest payments are due on a semiannual payment. The final payment for this note was made in April of 2023. Also, a new refinance loan with The St. Henry Bank was dated March 11, 2021. The amount of the new loan is \$88,789 at a rate of 2.95%. This loan was set up for 60 months with a repayment of \$1,594.80 per month. Proceeds from this loan were to purchase a new bed and snow plow for the new dump truck that had been purchased in December 2021.

**Permanent Improvement 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 improvement project funds:

**Public Works Commission Projects** - \$869,500 grant awarded from the Clean Ohio Fund Greenspace Conservation Program overseen by the Ohio Publics Works Commission for the community of Marion Township for the conservation easement project and the first multi-use recreational path in 2021.

***Basis of Accounting***

These financial statements follow 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). 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund be budgeted annually.

**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. Appropriations lapse at year end.

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

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

A summary of 2022 budgetary activity appears in Note 3.

**Marion Township**  
*Mercer County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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***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.

***Capital Assets***

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

***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:

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

***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.

***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.

***Assigned*** - Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Government 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.

***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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

**Marion Township**  
*Mercer County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending 2022 follows:

2022 Budgeted vs Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$103,655	\$110,804	\$7,149
Special Revenue	865,111	864,861	(\$250)
Debt Service	7,410	6,966	(\$444)
Capital Projects	26,879	26,879	
Total	<u>\$1,003,055</u>	<u>\$1,009,510</u>	<u>\$6,455</u>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$137,000	\$133,791	\$3,209
Special Revenue	1,024,815	867,404	157,411
Debt Service	7,417	6,651	766
Capital Projects	26,879	26,879	
Total	<u>\$1,196,111</u>	<u>\$1,034,725</u>	<u>\$161,386</u>

**Note 4 – Deposits and Investments**

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township’s deposit and investment accounts are as follows:

	2022
Demand deposits	\$105,795
St Henry Bank Century Money Market Acct	215,946
Total deposits	<u>321,741</u>

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Township.



**Marion Township**  
*Mercer County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 5 – Property Taxes**

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Township.

**Note 6 – Risk Management**

***Workers Compensation***

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***Risk Pool Membership***

The (local entity) is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the (local entity's) policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2022</u>
Cash and investments	\$32,288,098
Actuarial liabilities	\$9,146,434

<b>2022 Contributions to OTARMA</b>
<b>\$6,993</b>

**Marion Township**  
*Mercer County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Note 7 - 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 these plans benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of the gross salaries, and the Township contributed an amount equaling 14% of participants’ gross salaries. The Township has paid all contributions required through December 31, 2022.

**Note 8 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents. Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

**Note 9 – Debt**

Debt outstanding at December 31, 2022, was as follows:

	Principal	Interest Rate
General Obligation Notes	\$6,000	2.85
Loan #10514 St Henry Bank	\$59,244	2.95
 Total Debt	 \$65,244	

The Marion Township Trustees had a \$100,000 Tax Increment Revenue Note (Road Improvement Project) with the County which began on July 24,2013. Payments are set up semi-annual with principle and interest. The interest rate for this was set at 2.85% Payments are paid to the Mercer County Treasurer with the funding coming from the real estate tax it generates during the fiscal year

The Loan with the St Henry Bank was taken out on March 20, 2017 at a rate of 3.75 for 60 months with a payment of \$1,830.66 per month. This loan was for the purchase of a 2018 New Holland Tractor and Diamond Mower. The bank has a lien on this equipment. The loan balance as of March 9, 2021 was \$23,289. This loan was refinanced along with a new loan of \$ \$65,500 to help purchase the New Snowplow truck for the township. The Township also had \$46,541 of Cares Act Money they used to help complete this purchase. The New loan balance is \$88,864 also included a \$75 closing fee. This loan was set up for 60 monthly payments at \$\$1,595 beginning 4-11-2021 at the rate of 2.95 % The bank has a lien on this property as collateral as well.

**Marion Township**  
*Mercer County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2022*

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**Amortization**

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

Year Ending December 31:	St Henry Bank Loan	Tax Increment Revenue Note
2023	\$19,140	\$6,086
2024	19,140	
2025	19,140	
2026	4,785	
Total	\$62,205	\$6,086

The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 10 – Joint Ventures**

The Township participates in joint ventures with the Mercer County Engineer for constructing maintaining and repairing township roads and bridges.

**Note 11 – Local Fiscal Recovery Fund**

As of December 31, 2021 the Township had \$145,394 in their Local Fiscal Recovery Fund. The Township received an additional \$146,555 on July 12, 2022. During 2022 a grand total of \$246,557 was spent on township roads and Marion Township Park with \$45,392 remaining.

**Note 12 – Fund Balances**

Included in fund balance are amounts the Township cannot spend, including the balance of unclaimed monies, which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At December 31, 2023, the General fund and Special Revenue funds had no outstanding encumbrances.

The fund balance of special revenue funds is either restricted or committed. The fund balance of debt service funds and capital projects funds are restricted, committed, or assigned. The fund balance of permanent funds that is not part of the nonspendable corpus is either restricted or committed. These restricted, committed, and assigned amounts in the special revenue, debt service, capital projects, and permanent funds would including the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

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# OHIO AUDITOR OF STATE KEITH FABER



65 East State Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
800-282-0370

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

Marion Township  
Mercer County  
7754 Huwer Rd.  
P.O. Box 56  
Maria Stein, Ohio 45860

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type of Marion Township, Mercer County, (the Township) as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements and have issued our report thereon dated November 5, 2024, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

### ***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected, on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

November 5, 2024

# OHIO AUDITOR OF STATE KEITH FABER



**MARION TOWNSHIP**

**MERCER COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 11/21/2024**

65 East State Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)