



**MARION TOWNSHIP
PIKE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**MARION TOWNSHIP
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REPORT OF INDEPENDENT ACCOUNTANTS

Marion Township
Pike County
676 SR 335, Box 45
Stockdale, Ohio 45683

To the Board of Trustees:

We have audited the accompanying financial statements of Marion Township, Pike County, Ohio (the Township) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Marion Township, Pike County, as of December 31, 1999 and 1998, and its combined cash receipts and cash disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 10, 2000, 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 grants.

This report is intended solely for the information and use of the Board of Trustees, management and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

April 10, 2000

MARION TOWNSHIP
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Governmental Fund Types</u>		<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Cash Receipts:			
Local Taxes	\$4,207	\$36,880	\$41,087
Intergovernmental	21,480	62,077	83,557
Interest	665	0	665
Miscellaneous	0	803	803
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	26,352	99,760	126,112
Cash Disbursements:			
General Government	20,610	32,486	53,096
Public Works	0	61,006	61,006
Health	448	0	448
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	21,058	93,492	114,550
Excess of Cash Receipts Over/(Under) Cash Disbursements	5,294	6,268	11,562
Other Financing Sources/(Uses):			
Other Uses	(234)	0	(234)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources/(Uses)	(234)	0	(234)
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	5,060	0	5,060
Fund Cash Balances, January 1	5,973	17,027	23,000
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$11,033	\$23,295	\$34,328
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Reserve for Encumbrances, December 31	\$0	\$0	\$0

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

MARION TOWNSHIP
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>Governmental Fund Types</u>		<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
Cash Receipts:			
Local Taxes	\$4,117	\$35,882	\$39,999
Intergovernmental	18,862	58,473	77,335
Interest	765	0	765
Miscellaneous	100	1,350	1,450
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	23,844	95,705	119,549
Cash Disbursements:			
General Government	19,078	33,696	52,774
Public Works	0	75,828	75,828
Health	174	0	174
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	19,252	109,524	128,776
Excess of Cash Receipts Over/(Under) Cash Disbursements	4,592	(13,819)	(9,227)
Other Financing Sources/(Uses):			
Other Uses	(507)	0	(507)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources/(Uses)	(507)	0	(507)
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	4,085	(13,819)	(9,734)
Fund Cash Balances, January 1	1,888	30,846	32,734
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	\$5,973	\$17,027	\$23,000
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Reserve for Encumbrances, December 31	\$0	\$76	\$76
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**MARION TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Entity

Marion Township, Pike County, Ohio, (the Township) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees and a publically elected Clerk. The Township provides general governmental services, police services, street lighting, and maintenance of Township roads.

The Township's management believes these financial statements represent all activities for which the Township is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

The Township had only one account and had no investments during our 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:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

Special Revenue Funds

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

Gasoline Tax Fund - This fund received gasoline tax monies to construct, maintain and repair Township roadways.

**MARION TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (i.e., disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

2. EQUITY IN POOLED CASH

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

	<u>1999</u>	<u>1998</u>
Demand Deposits	<u>\$34,328</u>	<u>\$23,000</u>

Deposits: The Township's deposits are insured by the Federal Deposit Insurance Corporation.

**MARION TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and December 31, 1998, was as follows:

1999 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$24,333	\$26,352	\$2,019
Special Revenue	<u>79,304</u>	<u>99,760</u>	<u>20,456</u>
Total	<u>\$103,637</u>	<u>\$126,112</u>	<u>\$22,475</u>

1999 Budgeted vs. Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$29,800	\$21,292	\$8,508
Special Revenue	<u>114,038</u>	<u>93,492</u>	<u>20,546</u>
Total	<u>\$143,838</u>	<u>\$114,784</u>	<u>\$29,054</u>

1998 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$19,113	\$23,844	\$4,731
Special Revenue	<u>117,806</u>	<u>95,705</u>	<u>(22,101)</u>
Total	<u>\$136,919</u>	<u>\$119,549</u>	<u>(\$17,370)</u>

1998 Budgeted vs. Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$25,270	\$19,759	\$5,511
Special Revenue	<u>122,612</u>	<u>109,600</u>	<u>13,012</u>
Total	<u>\$147,882</u>	<u>\$129,359</u>	<u>\$18,523</u>

The Board of Trustees made appropriations in excess of the amount of available resources certified by the County Budget Commission in violation of Ohio Rev. Code Section 5705.39.

4. PROPERTY TAX

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

Public utilities are also taxed on personal and real property located within the Township.

MARION TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

4. PROPERTY TAX (Continued)

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. RETIREMENT SYSTEMS

The Township's employees and officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS is cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1998 and 1997, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1998.

6. RISK MANAGEMENT

The Township has obtained commercial insurance coverage for the following risks:

- General liability and casualty
- Public officials' liability
- Vehicles
- Property



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**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Marion Township
Pike County
676 SR 335, Box 45
Stockdale, Ohio 45683

To the Board of Trustees:

We have audited the accompanying financial statements of Marion Township, Pike County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated April 10, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Madison Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 1999-40766-001. We also noted a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated April 10, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Marion Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 1999-40766-002.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above to be a material weakness. We also noted another matter involving the control over financial reporting that does not require inclusion in this report, that we have reported to the management of the Township in a separate letter dated April 10, 2000.

This report is intended for the information and use of the Board of Trustees and management, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

April 10, 2000

**MARION TOWNSHIP
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 1999-40766-001

Ohio Revised Code Section 5705.39 states that total appropriations from each fund should not exceed the total estimated resources.

In 1998, appropriations exceeded estimated resources in the Fire 1 Fund by \$796 (11%). In 1999, appropriations exceeded estimated resources in the Gasoline Fund by \$14, 548 (25%), the Road and Bridge Fund by \$640 (7%), the Cemetery 2 Fund by \$2,350 (61%), the Fire 1 Fund by \$942 (14%) and the Fire 2 Fund by \$1,194 (6%).

We recommend the Township Trustees not make appropriations to any fund in excess of the amount of estimated resources certified by the County Budget Commission.

FINDING NUMBER 1999-40766-002

Estimated Receipts

1998, estimated receipts exceeded actual receipts in the Motor Vehicle License Fund by \$1,093 (15%); in the Road and Bridge Fund by \$1,775 (18%); in the Cemetery 1 Fund by \$6,265 (60%) and the FEMA Fund by \$1,613 (100%).

Since appropriations can be made up to the amount of estimated revenue, this could lead to overspending of fund balances.

We recommend that the Clerk monitor the actual receipts of the Township. When it is evident that actual receipts will not reach budgetary estimates, the Clerk should obtain a reduced amended certificate from the County Budget Commission. We further recommend that the Board of Trustees make corresponding reductions in appropriations.

**MARION TOWNSHIP
CORRECTIVE ACTION PLAN
DECEMBER 31, 1999 AND 1998**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
1999-407660-001	Will bring matter to attention of Trustees to see if they feel it is worth implementing.	Board meeting following post audit.	James Bevins, Clerk
1999-407660-002	Will bring matter to attention of Trustees to see if they feel it is worth implementing.	Board meeting following post audit.	James Bevins, Clerk



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MARION TOWNSHIP

PIKE 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
MAY 30, 2000**