



**Mary Taylor, CPA**  
Auditor of State



**MARION TOWNSHIP  
MARION COUNTY**

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MARION TOWNSHIP  
MARION COUNTY

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Marion Township  
Marion County  
129 South Main Street  
P.O. Box 79  
Marion, Ohio, 43302

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Marion Township, Marion County, Ohio, (the Township) as of and for the years ended December 31, 2009 and 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Marion Township, Marion County, Ohio, as of December 31, 2009 and 2008, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Fire District, and Fire & Rescue Emergency Medical Services Funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2010, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

October 8, 2010

MARION TOWNSHIP  
MARION COUNTY

STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2009

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	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 2,586,013.65
<i>Total Assets</i>	<u>\$ 2,586,013.65</u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes	1,177,052.27
Unrestricted	1,408,961.38
<i>Total Net Assets</i>	<u>\$ 2,586,013.65</u>

See accompanying notes to the basic financial statements

**MARION TOWNSHIP  
MARION COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
General Government	\$ 319,433.50	\$ -	\$ -	\$ (319,433.50)
Public Safety	2,614,416.62	350,870.29	652,207.00	(1,611,339.33)
Public Works	154,810.23	-	99,683.44	(55,126.79)
Health	123,738.95	-	-	(123,738.95)
Other	828.55	5,607.94	-	4,779.39
Capital Outlay	155,482.45	-	-	(155,482.45)
Debt Service:				-
Principal	84,449.99	-	-	(84,449.99)
Interest	5,361.11	-	-	(5,361.11)
<i>Total Governmental Activities</i>	<u>\$ 3,458,521.40</u>	<u>\$ 356,478.23</u>	<u>\$ 751,890.44</u>	<u>\$ (2,350,152.73)</u>
<b>General Receipts</b>				
Property Taxes Levied for:				
General Operating				\$ 119,889.30
Fire Protection Services				1,613,653.45
Other Taxes				137,973.60
Grants and Entitlements not Restricted to Specific Programs				423,013.32
Cable Franchise Fees				92,894.70
Earnings on Investments				11,866.65
Miscellaneous				32,340.93
<i>Total General Receipts</i>				<u>2,431,631.95</u>
Change in Net Assets				81,479.22
<i>Net Assets Beginning of Year</i>				<u>2,504,534.43</u>
<i>Net Assets End of Year</i>				<u>\$ 2,586,013.65</u>

See accompanying notes to the basic financial statements



**MARION TOWNSHIP  
MARION COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2009**

	GENERAL	FIRE DISTRICT	FIRE & RSC AMBULANCE EMS SERV	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 1,508,961.38	\$ (41,678.91)	\$ 1,050,528.30	\$ 68,202.88	\$ 2,586,013.65
<i>Total Assets</i>	<u>\$ 1,508,961.38</u>	<u>\$ (41,678.91)</u>	<u>\$ 1,050,528.30</u>	<u>\$ 68,202.88</u>	<u>\$ 2,586,013.65</u>
<b>Fund Balances</b>					
Reserved:					
Reserved for Encumbrances	1,172.76	6,173.22	687,844.12	1,129.61	696,319.71
Unreserved:					
Undesignated, Reported in:					
General Fund	1,507,788.62	-	-	-	1,507,788.62
Special Revenue Funds	-	(47,852.13)	362,684.18	67,073.27	381,905.32
<i>Total Fund Balances</i>	<u>\$ 1,508,961.38</u>	<u>\$ (41,678.91)</u>	<u>\$ 1,050,528.30</u>	<u>\$ 68,202.88</u>	<u>\$ 2,586,013.65</u>

See accompanying notes to the basic financial statements

**MARION TOWNSHIP  
MARION COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	GENERAL	FIRE DISTRICT	FIRE & RSC AMBULANCE EMS SERV	OTHER GOVERNMENTAL FUNDS	TOTAL
<b>Receipts</b>					
Property and Other Local Taxes	\$ 253,060.18	\$ 1,613,653.45	\$ -	\$ -	\$ 1,866,713.63
Charges for Services	-	-	350,870.29	-	350,870.29
Licenses, Permits and Fees	98,502.64	-	-	-	98,502.64
Intergovernmental	403,763.32	652,207.00	18,250.00	104,486.16	1,178,706.48
Earnings on Investments	11,866.65	-	-	31.39	11,898.04
Miscellaneous	0.54	31,611.69	-	1,000.00	32,612.23
<i>Total Receipts</i>	<u>767,193.33</u>	<u>2,297,472.14</u>	<u>369,120.29</u>	<u>105,517.55</u>	<u>3,539,303.31</u>
<b>Disbursements</b>					
Current:					
General Government	316,232.88	-	-	3,200.62	319,433.50
Public Safety	-	2,530,031.29	72,599.69	11,785.64	2,614,416.62
Public Works	-	-	-	154,810.23	154,810.23
Health	123,738.95	-	-	-	123,738.95
Capital Outlay	82,185.74	41,202.57	26,759.39	5,334.75	155,482.45
Debt Service:					
Principal Retirement	2,866.78	81,583.21	-	-	84,449.99
Interest and Fiscal Charges	-	5,361.11	-	-	5,361.11
<i>Total Disbursements</i>	<u>525,024.35</u>	<u>2,658,178.18</u>	<u>99,359.08</u>	<u>175,131.24</u>	<u>3,457,692.85</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>242,168.98</u>	<u>(360,706.04)</u>	<u>269,761.21</u>	<u>(69,613.69)</u>	<u>81,610.46</u>
<b>Other Financing Sources</b>					
Transfers In	-	380,000.00	-	23,495.47	403,495.47
Transfers Out	(403,495.47)	-	-	-	(403,495.47)
Other Financing Sources	697.31	-	-	-	697.31
Other Financing Uses	(828.55)	-	-	-	(828.55)
<i>Total Other Financing Sources (Uses)</i>	<u>(403,626.71)</u>	<u>380,000.00</u>	<u>-</u>	<u>23,495.47</u>	<u>(131.24)</u>
<i>Net Change in Fund Balances</i>	(161,457.73)	19,293.96	269,761.21	(46,118.22)	81,479.22
Fund Balances Beginning of Year	<u>1,670,419.11</u>	<u>(60,972.87)</u>	<u>780,767.09</u>	<u>114,321.10</u>	<u>2,504,534.43</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,508,961.38</u>	<u>\$ (41,678.91)</u>	<u>\$ 1,050,528.30</u>	<u>\$ 68,202.88</u>	<u>\$ 2,586,013.65</u>

See accompanying notes to the basic financial statements

**MARION TOWNSHIP  
MARION COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 284,000.00	\$ 284,000.00	\$ 253,060.18	\$ (30,939.82)
Licenses, Permits and Fees	49,000.00	49,000.00	98,502.64	49,502.64
Intergovernmental	170,800.00	170,800.00	403,763.32	232,963.32
Earnings on Investments	20,000.00	20,000.00	11,866.65	(8,133.35)
Miscellaneous	1,000.00	1,000.00	0.54	(999.46)
<i>Total Receipts</i>	<u>524,800.00</u>	<u>524,800.00</u>	<u>767,193.33</u>	<u>242,393.33</u>
Disbursements				
Current:				
General Government	444,936.24	445,936.24	317,405.64	128,530.60
Public Works	1,000.00	1,000.00	-	1,000.00
Health	100,000.00	100,000.00	123,738.95	(23,738.95)
Capital Outlay	85,000.00	85,000.00	82,185.74	2,814.26
Debt Service:				
Principal Retirement	2,866.78	2,866.78	2,866.78	-
<i>Total Disbursements</i>	<u>633,803.02</u>	<u>634,803.02</u>	<u>526,197.11</u>	<u>108,605.91</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(109,003.02)</u>	<u>(110,003.02)</u>	<u>240,996.22</u>	<u>350,999.24</u>
Other Financing Sources (Uses)				
Transfers Out	(470,000.00)	(470,000.00)	(403,495.47)	66,504.53
Other Financing Sources	-	-	697.31	697.31
Other Financing Uses	-	-	(828.55)	(828.55)
<i>Total Other Financing Sources (Uses)</i>	<u>(470,000.00)</u>	<u>(470,000.00)</u>	<u>(403,626.71)</u>	<u>66,373.29</u>
<i>Net Change in Fund Balance</i>	<u>(579,003.02)</u>	<u>(580,003.02)</u>	<u>(162,630.49)</u>	<u>417,372.53</u>
<i>Unencumbered Cash Balance Beginning of Year</i>	1,667,241.70	1,667,241.70	1,667,241.70	-
Prior Year Encumbrances Appropriated	<u>3,177.41</u>	<u>3,177.41</u>	<u>3,177.41</u>	<u>-</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$ 1,091,416.09</u>	<u>\$ 1,090,416.09</u>	<u>\$ 1,507,788.62</u>	<u>\$ 417,372.53</u>

See accompanying notes to the basic financial statements

**MARION TOWNSHIP  
MARION COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
FIRE DISTRICT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 2,164,863.00	\$ 2,164,863.00	\$ 1,613,653.45	\$ (551,209.55)
Intergovernmental	-	-	652,207.00	652,207.00
Miscellaneous	15,000.00	15,000.00	31,611.69	16,611.69
<i>Total Receipts</i>	<u>2,179,863.00</u>	<u>2,179,863.00</u>	<u>2,297,472.14</u>	<u>117,609.14</u>
<b>Disbursements</b>				
Current:				
Public Safety	2,563,185.80	2,616,791.72	2,534,627.51	82,164.21
Capital Outlay	55,000.00	45,000.00	42,779.57	2,220.43
Debt Service:				
Principal Retirement	81,583.21	81,583.21	81,583.21	-
Interest and Fiscal Charges	8,416.79	8,416.79	5,361.11	3,055.68
<i>Total Disbursements</i>	<u>2,708,185.80</u>	<u>2,751,791.72</u>	<u>2,664,351.40</u>	<u>87,440.32</u>
<i>Excess of Receipts Under Disbursements</i>	<u>(528,322.80)</u>	<u>(571,928.72)</u>	<u>(366,879.26)</u>	<u>205,049.46</u>
<b>Other Financing Sources</b>				
Transfers In	450,000.00	450,000.00	380,000.00	(70,000.00)
<i>Total Other Financing Sources</i>	<u>450,000.00</u>	<u>450,000.00</u>	<u>380,000.00</u>	<u>(70,000.00)</u>
<i>Net Change in Fund Balance</i>	<u>(78,322.80)</u>	<u>(121,928.72)</u>	<u>13,120.74</u>	<u>135,049.46</u>
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>(72,104.10)</u>	<u>(72,104.10)</u>	<u>(72,104.10)</u>	<u>-</u>
Prior Year Encumbrances Appropriated	11,131.23	11,131.23	11,131.23	-
<i>Unencumbered Cash Balance End of Year</i>	<u>\$ (139,295.67)</u>	<u>\$ (182,901.59)</u>	<u>\$ (47,852.13)</u>	<u>\$ 135,049.46</u>

See accompanying notes to the basic financial statements

**MARION TOWNSHIP  
MARION COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
FIRE & RESCUE EMERGENCY MEDICAL SERVICES FUND  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Charges for Services	\$ 320,000.00	\$ 320,000.00	\$ 350,870.29	\$ 30,870.29
Intergovernmental	-	-	18,250.00	18,250.00
<i>Total Receipts</i>	<u>320,000.00</u>	<u>320,000.00</u>	<u>369,120.29</u>	<u>49,120.29</u>
<b>Disbursements</b>				
Current:				
Public Safety	88,470.39	88,470.39	75,105.41	13,364.98
Capital Outlay	780,000.00	780,000.00	712,097.79	67,902.21
<i>Total Disbursements</i>	<u>868,470.39</u>	<u>868,470.39</u>	<u>787,203.20</u>	<u>81,267.19</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(548,470.39)</u>	<u>(548,470.39)</u>	<u>(418,082.91)</u>	<u>130,387.48</u>
<i>Net Change in Fund Balance</i>	(548,470.39)	(548,470.39)	(418,082.91)	130,387.48
<i>Unencumbered Cash Balance Beginning of Year</i>	775,867.09	775,867.09	775,867.09	-
Prior Year Encumbrances Appropriated	4,900.00	4,900.00	4,900.00	-
<i>Unencumbered Cash Balance End of Year</i>	<u>\$ 232,296.70</u>	<u>\$ 232,296.70</u>	<u>\$ 362,684.18</u>	<u>\$ 130,387.48</u>

See accompanying notes to the basic financial statements

MARION TOWNSHIP  
MARION COUNTY

STATEMENT OF NET ASSETS - CASH BASIS  
DECEMBER 31, 2008

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	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 2,504,534.43
<i>Total Assets</i>	<u>\$ 2,504,534.43</u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes	984,115.32
Unrestricted	1,520,419.11
<i>Total Net Assets</i>	<u>\$ 2,504,534.43</u>

See accompanying notes to the basic financial statements

**MARION TOWNSHIP  
MARION COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
General Government	\$ 213,557.76	\$ -	\$ -	\$ (213,557.76)
Public Safety	2,571,372.36	356,173.31	563,410.25	(1,651,788.80)
Public Works	233,192.29	3,965.00	103,835.05	(125,392.24)
Health	86,231.19	-	-	(86,231.19)
Other	-	6,735.20	-	6,735.20
Capital Outlay	451,965.58	-	-	(451,965.58)
Debt Service:				
Principal	81,147.00	-	-	(81,147.00)
Interest	8,664.13	-	-	(8,664.13)
<i>Total Governmental Activities</i>	<u>\$ 3,646,130.31</u>	<u>\$ 366,873.51</u>	<u>\$ 667,245.30</u>	<u>\$ (2,612,011.50)</u>
<b>General Receipts</b>				
Property Taxes Levied for:				
General Operating				\$ 115,491.22
Fire Protection Services				1,736,131.45
Other Taxes				159,239.31
Grants and Entitlements not Restricted to Specific Programs				358,642.89
Cable Franchise Fees				46,774.55
Earnings on Investments				63,331.95
Miscellaneous				2,657.47
<i>Total General Receipts</i>				<u>2,482,268.84</u>
Change in Net Assets				(129,742.66)
<i>Net Assets Beginning of Year</i>				<u>2,634,277.09</u>
<i>Net Assets End of Year</i>				<u>\$ 2,504,534.43</u>

See accompanying notes to the basic financial statements

**MARION TOWNSHIP  
MARION COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2008**

	GENERAL	FIRE DISTRICT	FIRE & RSC AMBULANCE EMS SERV	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 1,670,419.11	\$ (60,972.87)	\$ 780,767.09	\$ 114,321.10	\$ 2,504,534.43
<i>Total Assets</i>	<u>\$ 1,670,419.11</u>	<u>\$ (60,972.87)</u>	<u>\$ 780,767.09</u>	<u>\$ 114,321.10</u>	<u>\$ 2,504,534.43</u>
<b>Fund Balances</b>					
Reserved:					
Reserved for Encumbrances	3,177.41	11,131.23	4,900.00	19,913.33	39,121.97
Unreserved:					
Undesignated, Reported in:					
General Fund	1,667,241.70	-	-	-	1,667,241.70
Special Revenue Funds	-	(72,104.10)	775,867.09	94,407.77	798,170.76
<i>Total Fund Balances</i>	<u>\$ 1,670,419.11</u>	<u>\$ (60,972.87)</u>	<u>\$ 780,767.09</u>	<u>\$ 114,321.10</u>	<u>\$ 2,504,534.43</u>

See accompanying notes to the basic financial statements



**MARION TOWNSHIP  
MARION COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	GENERAL	FIRE DISTRICT	FIRE & RSC AMBULANCE EMS SERV	OTHER GOVERNMENTAL FUNDS	TOTAL
<b>Receipts</b>					
Property and Other Local Taxes	\$ 274,730.53	\$ 1,736,131.45	\$ -	\$ -	\$ 2,010,861.98
Charges for Services	-	-	356,173.31	-	356,173.31
Licenses, Permits and Fees	53,509.75	-	-	-	53,509.75
Intergovernmental	358,642.89	563,410.25	-	107,800.05	1,029,853.19
Earnings on Investments	63,331.95	-	-	39.76	63,371.71
Miscellaneous	1,371.61	1,246.10	-	-	2,617.71
<i>Total Receipts</i>	<u>751,586.73</u>	<u>2,300,787.80</u>	<u>356,173.31</u>	<u>107,839.81</u>	<u>3,516,387.65</u>
<b>Disbursements</b>					
Current:					
General Government	213,178.76	-	-	379.00	213,557.76
Public Safety	-	2,516,137.04	51,281.07	3,954.25	2,571,372.36
Public Works	-	-	-	233,192.29	233,192.29
Health	86,231.19	-	-	-	86,231.19
Capital Outlay	89,000.00	76,282.18	284,937.40	1,746.00	451,965.58
Debt Service:					
Principal Retirement	2,866.78	78,280.22	-	-	81,147.00
Interest and Fiscal Charges	-	8,664.13	-	-	8,664.13
<i>Total Disbursements</i>	<u>391,276.73</u>	<u>2,679,363.57</u>	<u>336,218.47</u>	<u>239,271.54</u>	<u>3,646,130.31</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>360,310.00</u>	<u>(378,575.77)</u>	<u>19,954.84</u>	<u>(131,431.73)</u>	<u>(129,742.66)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	-	75,000.00	-	150,000.00	225,000.00
Transfers Out	(225,000.00)	-	-	-	(225,000.00)
<i>Total Other Financing Sources (Uses)</i>	<u>(225,000.00)</u>	<u>75,000.00</u>	<u>-</u>	<u>150,000.00</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	135,310.00	(303,575.77)	19,954.84	18,568.27	(129,742.66)
Fund Balances Beginning of Year	1,535,109.11	242,602.90	760,812.25	95,752.83	2,634,277.09
<i>Fund Balances End of Year</i>	<u>\$ 1,670,419.11</u>	<u>\$ (60,972.87)</u>	<u>\$ 780,767.09</u>	<u>\$ 114,321.10</u>	<u>\$ 2,504,534.43</u>

See accompanying notes to the basic financial statements

**MARION TOWNSHIP  
MARION COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$ 122,267.00	\$ 122,267.00	\$ 330,815.76	\$ 208,548.76
Licenses, Permits and Fees	30,277.00	30,277.00	53,509.75	23,232.75
Intergovernmental	77,146.00	77,146.00	302,557.66	225,411.66
Earnings on Investments	25,951.00	25,951.00	63,331.95	37,380.95
Miscellaneous	2,163.00	2,163.00	1,371.61	(791.39)
<i>Total receipts</i>	<u>257,804.00</u>	<u>257,804.00</u>	<u>751,586.73</u>	<u>493,782.73</u>
<b>Disbursements</b>				
Current:				
General Government	321,815.30	323,100.30	216,387.53	106,712.77
Public Works	1,000.00	1,000.00	-	1,000.00
Health	100,000.00	100,000.00	86,231.19	13,768.81
Capital Outlay	96,000.00	96,000.00	89,000.00	7,000.00
Debt Service:				
Principal Retirement	2,866.78	2,866.78	2,866.78	-
<i>Total Disbursements</i>	<u>521,682.08</u>	<u>522,967.08</u>	<u>394,485.50</u>	<u>128,481.58</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(263,878.08)</u>	<u>(265,163.08)</u>	<u>357,101.23</u>	<u>622,264.31</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	-	(150,000.00)	(225,000.00)	(75,000.00)
Advances Out	(350,000.00)	(350,000.00)	-	350,000.00
Other Financing Sources	3,482.00	3,482.00	-	(3,482.00)
<i>Total Other Financing Sources (Uses)</i>	<u>(346,518.00)</u>	<u>(496,518.00)</u>	<u>(225,000.00)</u>	<u>271,518.00</u>
<i>Net Change in Fund Balance</i>	(610,396.08)	(761,681.08)	132,101.23	893,782.31
<i>Fund Balance Beginning of Year</i>	1,520,314.47	1,520,314.47	1,520,314.47	-
Prior Year Encumbrances Appropriated	14,794.64	14,794.64	14,794.64	-
<i>Fund Balance End of Year</i>	<u>\$ 924,713.03</u>	<u>\$ 773,428.03</u>	<u>\$ 1,667,210.34</u>	<u>\$ 893,782.31</u>

See accompanying notes to the basic financial statements

**MARION TOWNSHIP  
MARION COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
FIRE DISTRICT FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$ 2,115,307.00	\$ 2,115,307.00	\$ 1,736,131.45	\$ (379,175.55)
Intergovernmental	60,000.00	60,000.00	563,410.25	503,410.25
Miscellaneous	32,000.00	32,000.00	1,246.10	(30,753.90)
<i>Total receipts</i>	<u>2,207,307.00</u>	<u>2,207,307.00</u>	<u>2,300,787.80</u>	<u>93,480.80</u>
<b>Disbursements</b>				
Current:				
Public Safety	2,543,721.53	2,609,022.17	2,527,228.37	81,793.80
Capital Outlay	92,513.36	92,513.36	76,322.08	16,191.28
Debt Service:				
Principal Retirement	78,280.22	78,280.22	78,280.22	-
Interest and Fiscal Charges	8,664.13	8,664.13	8,664.13	-
<i>Total Disbursements</i>	<u>2,723,179.24</u>	<u>2,788,479.88</u>	<u>2,690,494.80</u>	<u>97,985.08</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(515,872.24)</u>	<u>(581,172.88)</u>	<u>(389,707.00)</u>	<u>191,465.88</u>
<b>Other Financing Sources</b>				
Transfers In	-	-	75,000.00	75,000.00
Advances In	200,000.00	200,000.00	-	(200,000.00)
<i>Total Other Financing Sources</i>	<u>200,000.00</u>	<u>200,000.00</u>	<u>75,000.00</u>	<u>(125,000.00)</u>
<i>Net Change in Fund Balance</i>	(315,872.24)	(381,172.88)	(314,707.00)	66,465.88
<i>Fund Balance Beginning of Year</i>	230,938.88	230,938.88	230,938.88	-
Prior Year Encumbrances Appropriated	11,664.18	11,664.18	11,664.18	-
<i>Fund Balance End of Year</i>	<u>\$ (73,269.18)</u>	<u>\$ (138,569.82)</u>	<u>\$ (72,103.94)</u>	<u>\$ 66,465.88</u>

See accompanying notes to the basic financial statements

**MARION TOWNSHIP  
MARION COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
FIRE & RESCUE EMERGENCY MEDICAL SERVICES FUND  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Charges for Services	\$ 275,000.00	\$ 275,000.00	\$ 356,173.31	\$ 81,173.31
<i>Total receipts</i>	<u>275,000.00</u>	<u>275,000.00</u>	<u>356,173.31</u>	<u>81,173.31</u>
<b>Disbursements</b>				
Current:				
Public Safety	90,312.42	90,312.42	56,181.07	34,131.35
Capital Outlay	924,922.37	924,922.37	284,937.40	639,984.97
<i>Total Disbursements</i>	<u>1,015,234.79</u>	<u>1,015,234.79</u>	<u>341,118.47</u>	<u>674,116.32</u>
<i>Excess of Receipts Over Disbursements</i>	(740,234.79)	(740,234.79)	15,054.84	755,289.63
<i>Fund Balance Beginning of Year</i>	170,238.09	170,238.09	170,238.09	-
Prior Year Encumbrances Appropriated	<u>590,574.16</u>	<u>590,574.16</u>	<u>590,574.16</u>	-
<i>Fund Balance End of Year</i>	<u>\$ 20,577.46</u>	<u>\$ 20,577.46</u>	<u>\$ 775,867.09</u>	<u>\$ 755,289.63</u>

See accompanying notes to the basic financial statements

**MARION TOWNSHIP  
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

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**Note 1 – Reporting Entity**

The Marion Township, Marion 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. The Township also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading. There were no component units or other organizations requiring inclusion in the report.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, cemetery maintenance, fire protection, and emergency medical services.

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

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

**A. Basis of Presentation**

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

**MARION TOWNSHIP  
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008  
(Continued)**

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**Note 2 – Summary of Significant Accounting Policies** (continued)

A. Basis of Presentation (continued)

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are all governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the following:

General Fund - The General Fund is used to account for all financial resources, except those required to be accounted for 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.

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

Fire & Rescue Emergency Medical Services Fund – The Fire & Rescue Emergency Medical Services Fund receives money through charges for services for the operation of the EMS service of the Township.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

**MARION TOWNSHIP  
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008  
(Continued)**

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**Note 2 – Summary of Significant Accounting Policies** (continued)

**D. Budgetary Process**

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

**E. Cash and Investments**

Township records identify the purchase of specific investments by specific funds.

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2009 and 2008, the Township invested in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit are reported at cost.

Interest earnings are allocated to Township funds according to State statutes. Interest receipts credited to the General Fund during 2009 was \$11,867. Interest receipts credited to the General Fund during 2008 was \$63,332.

**MARION TOWNSHIP  
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008  
(Continued)**

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**Note 2 – Summary of Significant Accounting Policies** (continued)

**F. Inventory and Prepaid Items**

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**G. Capital Assets**

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

**H. Interfund Receivables/Payables**

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**I. Accumulated Leave**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's cash basis of accounting.

**J. Employer Contributions to Cost-Sharing Pension Plans**

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

**K. Long-Term Obligations**

The Township's cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Lease payments are reported when paid.

**L. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for maintenance of Township roads and bridges, fire protection, and emergency medical services. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**M. Fund Balance Reserves**

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved and undesignated fund balances indicate that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.



**MARION TOWNSHIP  
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008  
(Continued)**

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**Note 3 – Compliance**

The Fire District Fund had negative fund balances of \$41,679 at December 31, 2009 and \$60,973 at December 31, 2008.

The Township will monitor budgetary activity to avoid this situation in the future.

**Note 4 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and any major special revenue funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at December 31, 2009 (budgetary basis) amounted to \$1,173 for the General Fund, \$6,173 for the Fire District Fund, and \$687,844 for the Fire & Rescue Emergency Medical Services Fund. The encumbrances outstanding at December 31, 2008 (budgetary basis) amounted to \$3,177 for the General Fund, \$11,131 for the Fire District Fund, and \$4,900 for the Fire & Rescue Emergency Medical Services Fund.

**Note 5 – Deposits and Investments**

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**MARION TOWNSHIP  
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008  
(Continued)**

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**Note 5 - Deposits and Investments** (continued)

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

**Deposits**

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2009, \$2,480,323 of the Township's bank balance of \$2,680,323 was exposed to custodial credit risk, while at December 31, 2008, \$2,340,006 of the Township's bank balance of \$2,540,006 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**Note 6 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Property tax receipts received in 2009 for real and public utility property taxes represents collections of the 2008 taxes. Property tax payments received during 2009 for tangible personal property (other than public utility property) is for 2009 taxes.

2009 real property taxes are levied after October 1, 2009 on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2009 real property taxes are collected in and intended to finance 2010.

**MARION TOWNSHIP  
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008  
(Continued)**

**Note 6 – Property Taxes** (continued)

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2009 public utility property taxes which became a lien on December 31, 2008, are levied after October 1, 2009, and are collected in 2010 with real property taxes.

2009 tangible property taxes are levied after October 1, 2008, on the value as of December 31, 2008. Collections are made in 2009. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

The full tax rate for all Township operations for the year ended December 31, 2009, was \$10.50 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2009 property tax receipts were based are as follows:

Real Property	\$	556,482,300
Public Utility Property		36,235,560
Tangible Personal Property		751,060
Total Assessed Values	\$	593,468,920

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

**Note 7 – Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2009, the Township contracted with several companies for various types of insurance coverage as follows:

Company	Type of Coverage	Amount of Coverage
Westfield Insurance	Commercial Property	\$2,053,507
	General Liability	3,000,000
	Commercial Crime	1,000,000
	Vehicle	25,000

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Township participates in the Ohio Township Association Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The intent of the Plan is to achieve the benefit of a reduced premium for the Township by virtue of its grouping and representation with other participants in the Plan. The third party administrator of the Plan is Avizent/Frank Gates.

**MARION TOWNSHIP  
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008  
(Continued)**

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**Note 8 – Defined Benefit Pension Plan**

**A. Ohio Public Employees Retirement System**

Plan Description - The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the years ended December 31, 2009 and December 31, 2008, members in local classifications contributed 14 percent of covered payroll.

The Township's contribution rate for 2009 was 14 percent. For the period January 1, through March 31, 2009, a portion of the Township's contribution equal to 7 percent of covered payroll was allocated to fund the postemployment healthcare plan; for the period April 1 through December 31, 2009 this amount was decreased to 5.5 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Township of 14 percent.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008, and 2007 were \$33,585, \$34,225, and \$23,305 respectively. The full amount has been contributed for 2009, 2008 and 2007.

**B. Ohio Police and Fire Pension Fund**

Plan Description - The Township contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Township is required to contribute 24 percent for firefighters. Contributions are established by State statute. For 2009, a portion of the Township's contribution equal to 24 percent of covered payroll was allocated to fund the postemployment healthcare plan. The Township's contributions to OP&F for firefighters were \$323,909 for the year ended December 31, 2009, \$308,575 for the year ended December 31, 2008 and \$212,603 for the year ended December 31, 2007. The full amount has been contributed for 2009, 2008 and 2007.

**MARION TOWNSHIP  
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008  
(Continued)**

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**Note 9 - Postemployment Benefits**

**A. Ohio Public Employees Retirement System**

Plan Description - OPERS maintains a cost-sharing multiple-employer defined benefit postemployment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised code permits, but does not require, OPERS to provide healthcare benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222 – 7377.

Funding Policy – The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund postemployment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2009, local government employers contributed 14 percent of covered payroll. Each year, The OPERS retirement board determines the portion of the employer contribution that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions which was allocated to fund postemployment healthcare was 7 percent of covered payroll from January 1 through March 31, 2009, and 5.5% percent from April 1 through December 31, 2009.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

The Township's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2009, 2008, and 2007 were \$16,792, \$17,112, and \$17,812 respectively; 100 percent has been contributed for 2009, 2008 and 2007.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

**B. Ohio Police and Fire Pension Fund**

Plan Description – The Township contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium reimbursement and long term care to retirees, qualifying benefit recipients and their eligible dependents.

**MARION TOWNSHIP  
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008  
(Continued)**

**Note 9 - Postemployment Benefits** (continued)

**B. Ohio Police and Fire Pension Fund** (continued)

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit or is a spouse or eligible dependent child of such person.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority of the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5146.

Funding Policy – OP&F's postemployment healthcare plan was established and is administered as an Internal Revenue Code 401 (h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan, members, currently, 24 percent of covered payroll for fire employers.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401 (h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2009, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401 (h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the OPEB Plan.

The Township's contributions to OP&F which were allocated to fund postemployment healthcare benefits for firefighters were \$104,262 for the year ended December 31, 2009, \$100,239 for the year ended December 31, 2008 and \$83,192 for the year ended December 31, 2007. The full amount has been contributed for 2009, 2008, and 2007.

**Note 10 – Debt**

The Township's long-term debt activity for the year ended December 31, 2009, was as follows:

	Interest Rate	Balance December 31, 2008	Additions	Reductions	Balance December 31, 2009	Due Within One Year
<u>Governmental Activities</u>						
Ohio Public Works						
Commission Loan	0%	\$ 25,801	\$ 0	\$ 2,867	\$ 22,934	\$ 2,867

**MARION TOWNSHIP  
MARION COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008  
(Continued)**

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**Note 10 – Debt** (continued)

The Ohio Public Works Commission Loan was issued in 1997 to finance a storm sewer drainage project for a housing development within the Township.

The following is a summary of the Township's future annual debt service requirements:

Year	G.O. Bonds	
	Principal	Interest
2010	\$ 1,433	\$ 0
2011	2,867	0
2012	2,867	0
2013	2,867	0
2014	2,867	0
2015–2018	10,033	0
Totals	<u>\$ 22,934</u>	<u>\$ 0</u>

**Note 11 – Leases**

The Township leases a fire truck under a noncancelable lease. The Township disbursed \$86,944 which includes interest of \$ 5,361 to pay lease costs for the year ended December 31, 2009. Future lease payments including interest are as follows:

Year	Amount
2010	\$ 86,944
Total	<u>\$ 86,944</u>

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# Mary Taylor, CPA

Auditor of State

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

Marion Township  
Marion County  
129 South Main Street  
P.O. Box 79  
Marion, Ohio, 43302

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Marion Township, Marion County, Ohio, (the Township) as of and for the years ended December 31, 2009 and 2008, which collectively comprise the Township's basic financial statements and have issued our report thereon dated October 8, 2010, wherein we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on the Township, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

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

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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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-001 described in the accompanying schedule of findings to be a material weakness.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2009-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated October 8, 2010.

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

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



**Mary Taylor, CPA**  
Auditor of State

October 8, 2010

**MARION TOWNSHIP  
MARION COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008**

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

**FINDING NUMBER 2009-001**

**Noncompliance/Material Weakness**

**Board Approval of Interfund Advances/Transfers**

Auditor of State Bulletin 97-003 sets forth the requirements for inter-fund advances and provides additional guidance for recording such transactions in that, inter-fund cash advances are subject to the following requirements:

- Any advance must be clearly labeled as such, and must be distinguished from a transfer. Transfers are intended to reallocate money permanently from one fund to another and may be made only as authorized in Sections 5705.14 to 5705.16 of the Revised Code. Advances, on the other hand, temporarily reallocate cash from one fund to another and involve an expectation of repayment;
- In order to advance cash from one fund to another, there must be statutory authority to use the money in the fund advancing the cash (the "creditor" fund) for the same purpose for which the fund receiving the cash (the "debtor" fund) was established; and
- Advances must be approved by a formal resolution of the taxing authority of the subdivision which must include;
  - A specific statement that the transaction is an advance of cash, and
  - An indication of the money (fund) from which it is expected that repayment will be made.

Additionally, Ohio Rev. Code Sections 5705.14, 5705.15, & 5705.16 provide guidelines pertaining to allowable interfund transfers. Ohio Rev. Code Section 5705.14 provides that interfund transfers shall only be made by resolution of the taxing authority. See also 1989 Op. Att'y Gen. No. 89-075 (Ohio Rev. Code Section 5705.14(E) has been interpreted to require a resolution passed by a simple majority when transferring funds from the general revenue fund to specific funds).

Although the Township reported advances of \$75,000 and \$100,000 from the General Fund to the Fire Fund in 2008 and 2009, respectively, management indicated there was no intent to repay the advances. As a result, the transactions should have been reported as transfers. Additionally, the 2009 advance was not approved by the Township Trustees.

The \$75,000 advance in 2008, was reclassified as a transfer and the \$100,000 advance in 2009, which was not approved by the Trustee's was adjusted to return the balance to the General Fund. The reclassification and adjustment have been made by the Fiscal Officer to the accounting records and are reflected in the financial statements.

All inter-fund advances and transfers should be specifically approved by the Board of Trustees by resolution. In addition, the Township should follow the procedures outlined in Auditor of State Bulletin 97-003 for inter-fund advances.

**Officials' Response:**

The Township is committed to putting controls in place to ensure compliance in the future with transactions that were found to be out of compliance in this audit.

**MARION TOWNSHIP  
MARION COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i></b>
2007-001	Monthly Bank Reconciliations	Yes	
2007-002	Financial Reporting	No	Not Corrected; This comment is being reissued in management letter.
2007-003	Board Approval of Interfund Advances	No	This comment is being repeated as finding 2009-001.
2007-004	Certification of Expenditures	Yes	
2007-005	Expenditures Exceed Appropriations	No	Partially Corrected; This comment is being reissued in management letter.
2007-006	Compensation of Trustees	Yes	



**Mary Taylor, CPA**  
Auditor of State

**MARION TOWNSHIP**

**MARION COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 7, 2010**