



**MARION TOWNSHIP
MARION COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006



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, 2007 and December 31, 2006, 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 opinion.

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, 2007 and December 31, 2006, and the respective changes in cash financial position and the respective budgetary comparison for the General, Fire District, and Fire & Rescue Emergency Medical Services Funds and thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

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In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2008, 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.

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.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

November 12, 2008

MARION TOWNSHIP
MARION COUNTY

STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2007

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 2,634,277.25
<i>Total Assets</i>	<u>\$ 2,634,277.25</u>
Net Assets	
Restricted for:	
Other Purposes	1,099,168.14
Unrestricted	1,535,109.11
<i>Total Net Assets</i>	<u>\$ 2,634,277.25</u>

See accompanying notes to the basic financial statements

**MARION TOWNSHIP
MARION COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$ 231,679.88	\$ -	\$ -	\$ (231,679.88)
Public Safety	2,323,645.53	401,595.26	396,968.53	(1,525,081.74)
Public Works	175,336.19	-	97,791.43	(77,544.76)
Health	95,890.51	-	-	(95,890.51)
Other	-	34,491.72	-	34,491.72
Capital Outlay	600,173.65	-	-	(600,173.65)
Debt Service:				-
Principal	77,977.70	-	-	(77,977.70)
Interest	11,833.40	-	-	(11,833.40)
<i>Total Governmental Activities</i>	<u>\$ 3,516,536.86</u>	<u>\$ 436,086.98</u>	<u>\$ 494,759.96</u>	<u>\$ (2,585,689.92)</u>
General Receipts				
Property Taxes Levied for:				
General Operating				\$ 158,741.95
Fire Protection Services				1,962,584.05
Other Taxes				144,935.12
Grants and Entitlements not Restricted to Specific Programs				172,491.22
Cable Franchise Fees				48,651.37
Earnings on Investments				109,595.08
Miscellaneous				47,356.52
<i>Total General Receipts</i>				<u>2,644,355.31</u>
Change in Net Assets				58,665.39
<i>Net Assets Beginning of Year</i>				<u>2,575,611.86</u>
<i>Net Assets End of Year</i>				<u>\$ 2,634,277.25</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, 2007**

	GENERAL	FIRE DISTRICT	FIRE & RSC AMBULANCE EMS SERV	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 1,535,109.11	\$ 242,603.06	\$ 760,812.25	\$ 95,752.83	\$ 2,634,277.25
<i>Total Assets</i>	<u>\$ 1,535,109.11</u>	<u>\$ 242,603.06</u>	<u>\$ 760,812.25</u>	<u>\$ 95,752.83</u>	<u>\$ 2,634,277.25</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	14,794.64	11,664.18	590,574.16	794.04	617,827.02
Unreserved:					
Undesignated, Reported in:					
General Fund	1,520,314.47	-	-	-	1,520,314.47
Special Revenue Funds	-	230,938.88	170,238.09	94,958.79	496,135.76
<i>Total Fund Balances</i>	<u>\$ 1,535,109.11</u>	<u>\$ 242,603.06</u>	<u>\$ 760,812.25</u>	<u>\$ 95,752.83</u>	<u>\$ 2,634,277.25</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, 2007**

	GENERAL	FIRE DISTRICT	FIRE & RSC AMBULANCE EMS SERV	OTHER GOVERNMENTAL FUNDS	TOTAL
Receipts					
Property and Other Local Taxes	\$ 303,677.07	\$ 1,962,584.05	\$ -	\$ -	\$ 2,266,261.12
Charges for Services	-	-	401,595.26	-	401,595.26
Licenses, Permits and Fees	83,143.09	-	-	-	83,143.09
Intergovernmental	172,491.22	396,968.53	-	97,791.43	667,251.18
Earnings on Investments	109,595.08	-	-	91.04	109,686.12
Miscellaneous	5,629.35	29,233.94	-	-	34,863.29
<i>Total Receipts</i>	<u>674,535.81</u>	<u>2,388,786.52</u>	<u>401,595.26</u>	<u>97,882.47</u>	<u>3,562,800.06</u>
Disbursements					
Current:					
General Government	231,679.88	-	-	-	231,679.88
Public Safety	-	2,253,330.81	65,007.58	5,307.14	2,323,645.53
Public Works	81,498.12	-	-	93,838.07	175,336.19
Health	95,890.51	-	-	-	95,890.51
Capital Outlay	69,363.95	422,062.08	108,747.62	-	600,173.65
Debt Service:					
Principal Retirement	2,866.78	75,110.92	-	-	77,977.70
Interest and Fiscal Charges	-	11,833.40	-	-	11,833.40
<i>Total Disbursements</i>	<u>481,299.24</u>	<u>2,762,337.21</u>	<u>173,755.20</u>	<u>99,145.21</u>	<u>3,516,536.86</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>193,236.57</u>	<u>(373,550.69)</u>	<u>227,840.06</u>	<u>(1,262.74)</u>	<u>46,263.20</u>
Other Financing Sources					
Other Financing Sources	12,402.19	-	-	-	12,402.19
<i>Total Other Financing Sources</i>	<u>12,402.19</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,402.19</u>
<i>Net Change in Fund Balances</i>	205,638.76	(373,550.69)	227,840.06	(1,262.74)	58,665.39
Fund Balances Beginning of Year	1,329,470.35	616,153.75	532,972.19	97,015.57	2,575,611.86
<i>Fund Balances End of Year</i>	<u>\$ 1,535,109.11</u>	<u>\$ 242,603.06</u>	<u>\$ 760,812.25</u>	<u>\$ 95,752.83</u>	<u>\$ 2,634,277.25</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, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 1,794,740.21	\$ 259,088.00	\$ 303,677.07	\$ 44,589.07
Licenses, Permits and Fees	-	15,000.00	83,143.09	68,143.09
Intergovernmental	-	226,346.00	172,491.22	(53,854.78)
Earnings on Investments	-	30,000.00	109,595.08	79,595.08
Miscellaneous	-	60,000.00	5,629.35	(54,370.65)
<i>Total Receipts</i>	<u>1,794,740.21</u>	<u>590,434.00</u>	<u>674,535.81</u>	<u>84,101.81</u>
Disbursements				
Current:				
General Government	361,557.81	361,557.81	246,474.52	115,083.29
Public Works	86,100.00	86,100.00	81,498.12	4,601.88
Health	105,000.00	105,000.00	95,890.51	9,109.49
Capital Outlay	65,766.27	65,766.27	69,363.95	(3,597.68)
Debt Service:				
Principal Retirement	2,866.78	2,866.78	2,866.78	-
<i>Total Disbursements</i>	<u>621,290.86</u>	<u>621,290.86</u>	<u>496,093.88</u>	<u>125,196.98</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,173,449.35</u>	<u>(30,856.86)</u>	<u>178,441.93</u>	<u>209,298.79</u>
Other Financing Sources (Uses)				
Advances Out	(200,000.00)	(200,000.00)	-	200,000.00
Other Financing Sources	-	5,000.00	12,402.19	7,402.19
Other Financing Uses	(5,090.24)	(5,090.24)	-	5,090.24
<i>Total Other Financing Sources (Uses)</i>	<u>(205,090.24)</u>	<u>(200,090.24)</u>	<u>12,402.19</u>	<u>212,492.43</u>
<i>Net Change in Fund Balance</i>	968,359.11	(230,947.10)	190,844.12	421,791.22
<i>Unencumbered Cash Balance Beginning of Year</i>	1,316,771.94	1,316,771.94	1,316,771.94	-
Prior Year Encumbrances Appropriated	12,698.41	12,698.41	12,698.41	-
<i>Unencumbered Cash Balance End of Year</i>	<u>\$ 2,297,829.46</u>	<u>\$ 1,098,523.25</u>	<u>\$ 1,520,314.47</u>	<u>\$ 421,791.22</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, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 2,618,319.70	\$ 2,078,245.00	\$ 1,962,584.05	\$ (115,660.95)
Intergovernmental	-	125,000.00	396,968.53	271,968.53
Miscellaneous	-	-	29,233.94	29,233.94
<i>Total Receipts</i>	<u>2,618,319.70</u>	<u>2,203,245.00</u>	<u>2,388,786.52</u>	<u>185,541.52</u>
Disbursements				
Current:				
Public Safety	2,439,975.66	2,439,975.66	2,263,537.28	176,438.38
Capital Outlay	110,055.68	110,055.68	423,519.79	(313,464.11)
Debt Service:				
Principal Retirement	75,110.92	75,110.92	75,110.92	-
Interest and Fiscal Charges	11,833.40	11,833.40	11,833.40	-
<i>Total Disbursements</i>	<u>2,636,975.66</u>	<u>2,636,975.66</u>	<u>2,774,001.39</u>	<u>(137,025.73)</u>
<i>Excess of Receipts Under Disbursements</i>	<u>(18,655.96)</u>	<u>(433,730.66)</u>	<u>(385,214.87)</u>	<u>48,515.79</u>
Other Financing Sources				
Advances In	-	200,000.00	-	(200,000.00)
<i>Total Other Financing Sources</i>	<u>-</u>	<u>200,000.00</u>	<u>-</u>	<u>(200,000.00)</u>
<i>Net Change in Fund Balance</i>	(18,655.96)	(233,730.66)	(385,214.87)	(151,484.21)
<i>Unencumbered Cash Balance Beginning of Year</i>	599,715.35	599,715.35	599,715.35	-
Prior Year Encumbrances Appropriated	16,438.40	16,438.40	16,438.40	-
<i>Unencumbered Cash Balance End of Year</i>	<u>\$ 597,497.79</u>	<u>\$ 382,423.09</u>	<u>\$ 230,938.88</u>	<u>\$ (151,484.21)</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, 2007**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive (Negative)
Receipts				
Charges for Services	\$ 858,056.19	\$ 275,000.00	\$ 401,595.26	\$ 126,595.26
<i>Total Receipts</i>	<u>858,056.19</u>	<u>275,000.00</u>	<u>401,595.26</u>	<u>126,595.26</u>
Disbursements				
Current:				
Public Safety	79,714.74	79,714.74	68,480.00	11,234.74
Capital Outlay	729,121.30	729,121.30	695,849.36	33,271.94
<i>Total Disbursements</i>	<u>808,836.04</u>	<u>808,836.04</u>	<u>764,329.36</u>	<u>44,506.68</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>49,220.15</u>	<u>(533,836.04)</u>	<u>(362,734.10)</u>	<u>171,101.94</u>
Other Financing Sources				
Advances In	-	60,000.00	-	(60,000.00)
<i>Total Other Financing Sources</i>	<u>-</u>	<u>60,000.00</u>	<u>-</u>	<u>(60,000.00)</u>
<i>Net Change in Fund Balance</i>	49,220.15	(473,836.04)	(362,734.10)	111,101.94
<i>Unencumbered Cash Balance Beginning of Year</i>	520,300.28	520,300.28	520,300.28	-
Prior Year Encumbrances Appropriated	12,671.91	12,671.91	12,671.91	-
<i>Unencumbered Cash Balance End of Year</i>	<u>\$ 582,192.34</u>	<u>\$ 59,136.15</u>	<u>\$ 170,238.09</u>	<u>\$ 111,101.94</u>

See accompanying notes to the basic financial statements

MARION TOWNSHIP
MARION COUNTY

STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2006

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 2,575,611.86
<i>Total Assets</i>	<u>\$ 2,575,611.86</u>
Net Assets	
Restricted for:	
Other Purposes	926,141.51
Unrestricted	1,649,470.35
<i>Total Net Assets</i>	<u>\$ 2,575,611.86</u>

See accompanying notes to the basic financial statements

**MARION TOWNSHIP
MARION COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$ 247,166.16	\$ -	\$ -	\$ (247,166.16)
Public Safety	2,215,969.56	272,373.28	259,974.73	(1,683,621.55)
Public Works	170,827.09	-	99,551.66	(71,275.43)
Health	99,572.18	-	-	(99,572.18)
Other	819.82	26,804.68	-	25,984.86
Capital Outlay	194,946.76	-	-	(194,946.76)
Debt Service:				
Principal	2,866.78	-	-	(2,866.78)
Interest	8,832.00	-	-	(8,832.00)
<i>Total Governmental Activities</i>	<u>\$ 2,941,000.35</u>	<u>\$ 299,177.96</u>	<u>\$ 359,526.39</u>	<u>\$ (2,282,296.00)</u>
General Receipts				
Property Taxes Levied for:				
General Operating				\$ 154,942.81
Fire Protection Services				2,138,018.19
Other Taxes				133,125.00
Grants and Entitlements not Restricted to Specific Programs				458,586.42
Proceeds of Capital Lease				320,000.00
Cable Franchise Fees				45,181.75
Earnings on Investments				62,174.89
Miscellaneous				48,909.62
<i>Total General Receipts</i>				<u>3,360,938.68</u>
Change in Net Assets				1,078,642.68
<i>Net Assets Beginning of Year</i>				<u>1,496,969.18</u>
<i>Net Assets End of Year</i>				<u>\$ 2,575,611.86</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, 2006**

	GENERAL	FIRE DISTRICT	FIRE & RSC AMBULANCE EMS SERV	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 1,329,470.35	\$ 616,153.75	\$ 532,972.19	\$ 97,015.57	\$ 2,575,611.86
<i>Total Assets</i>	<u>\$ 1,329,470.35</u>	<u>\$ 616,153.75</u>	<u>\$ 532,972.19</u>	<u>\$ 97,015.57</u>	<u>\$ 2,575,611.86</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	12,698.41	16,438.40	12,671.91	5,686.04	47,494.76
Unreserved:					
Undesignated, Reported in:					
General Fund	1,316,771.94	-	-	-	1,316,771.94
Special Revenue Funds	-	599,715.35	520,300.28	91,329.53	1,211,345.16
<i>Total Fund Balances</i>	<u>\$ 1,329,470.35</u>	<u>\$ 616,153.75</u>	<u>\$ 532,972.19</u>	<u>\$ 97,015.57</u>	<u>\$ 2,575,611.86</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, 2006**

	GENERAL	FIRE DISTRICT	FIRE & RSC AMBULANCE EMS SERV	OTHER GOVERNMENTAL FUNDS	TOTAL
Receipts					
Property and Other Local Taxes	\$ 288,067.81	\$ 2,138,018.19	\$ -	\$ -	\$ 2,426,086.00
Charges for Services	-	-	272,373.28	-	272,373.28
Licenses, Permits and Fees	71,986.43	-	-	-	71,986.43
Intergovernmental	448,962.48	268,348.67	-	105,051.66	822,362.81
Earnings on Investments	62,174.89	-	-	199.37	62,374.26
Miscellaneous	22,539.99	8,542.95	-	4,428.20	35,511.14
<i>Total Receipts</i>	<u>893,731.60</u>	<u>2,414,909.81</u>	<u>272,373.28</u>	<u>109,679.23</u>	<u>3,690,693.92</u>
Disbursements					
Current:					
General Government	247,166.16	-	-	-	247,166.16
Public Safety	-	2,180,601.90	27,891.37	7,476.29	2,215,969.56
Public Works	63,416.43	-	-	107,410.66	170,827.09
Health	99,572.18	-	-	-	99,572.18
Capital Outlay	93,230.77	61,358.31	40,357.68	-	194,946.76
Debt Service:					
Principal Retirement	2,866.78	-	-	-	2,866.78
Interest and Fiscal Charges	8,832.00	-	-	-	8,832.00
<i>Total Disbursements</i>	<u>515,084.32</u>	<u>2,241,960.21</u>	<u>68,249.05</u>	<u>114,886.95</u>	<u>2,940,180.53</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>378,647.28</u>	<u>172,949.60</u>	<u>204,124.23</u>	<u>(5,207.72)</u>	<u>750,513.39</u>
Other Financing Sources (Uses)					
Proceeds of Capital Lease	-	320,000.00	-	-	320,000.00
Advances In	-	100,000.00	-	-	100,000.00
Advances Out	(100,000.00)	-	-	-	(100,000.00)
Other Financing Sources	8,949.11	-	-	-	8,949.11
Other Financing Uses	(819.82)	-	-	-	(819.82)
<i>Total Other Financing Sources (Uses)</i>	<u>(91,870.71)</u>	<u>420,000.00</u>	<u>-</u>	<u>-</u>	<u>328,129.29</u>
<i>Net Change in Fund Balances</i>	286,776.57	592,949.60	204,124.23	(5,207.72)	1,078,642.68
Fund Balances Beginning of Year	<u>1,042,693.78</u>	<u>23,204.15</u>	<u>328,847.96</u>	<u>102,223.29</u>	<u>1,496,969.18</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,329,470.35</u>	<u>\$ 616,153.75</u>	<u>\$ 532,972.19</u>	<u>\$ 97,015.57</u>	<u>\$ 2,575,611.86</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, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 135,216.06	\$ 135,216.06	\$ 288,067.81	\$ 152,851.75
Licenses, Permits and Fees	9,274.00	9,274.00	71,986.43	62,712.43
Intergovernmental	137,980.00	137,980.00	448,962.48	310,982.48
Earnings on Investments	10,609.00	10,609.00	62,174.89	51,565.89
Miscellaneous	173,421.00	173,421.00	22,539.99	(150,881.01)
<i>Total receipts</i>	<u>466,500.06</u>	<u>466,500.06</u>	<u>893,731.60</u>	<u>427,231.54</u>
Disbursements				
Current:				
General Government	331,589.46	311,089.46	254,098.30	56,991.16
Public Works	82,000.00	82,000.00	63,416.43	18,583.57
Health	95,000.00	102,433.42	99,572.18	2,861.24
Capital Outlay	84,463.00	101,463.00	98,997.04	2,465.96
Debt Service:				
Principal Retirement	2,866.78	2,866.78	2,866.78	-
Interest and Fiscal Charges	8,832.00	8,832.00	8,832.00	-
<i>Total Disbursements</i>	<u>604,751.24</u>	<u>608,684.66</u>	<u>527,782.73</u>	<u>80,901.93</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(138,251.18)</u>	<u>(142,184.60)</u>	<u>365,948.87</u>	<u>508,133.47</u>
Other Financing Sources (Uses)				
Transfers Out	(1,000.00)	-	-	-
Advances Out	(561,000.00)	(561,000.00)	(100,000.00)	461,000.00
Other Financing Sources	50.00	50.00	8,949.11	8,899.11
Other Financing Uses	-	(1,000.00)	(819.82)	180.18
<i>Total Other Financing Sources (Uses)</i>	<u>(561,950.00)</u>	<u>(561,950.00)</u>	<u>(91,870.71)</u>	<u>470,079.29</u>
<i>Net Change in Fund Balance</i>	(700,201.18)	(704,134.60)	274,078.16	978,212.76
<i>Fund Balance Beginning of Year</i>	964,683.64	964,683.64	964,683.64	-
Prior Year Encumbrances Appropriated	78,010.14	78,010.14	78,010.14	-
<i>Fund Balance End of Year</i>	<u>\$ 342,492.60</u>	<u>\$ 338,559.18</u>	<u>\$ 1,316,771.94</u>	<u>\$ 978,212.76</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, 2006**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 1,617,138.75	\$ 1,617,138.75	\$ 2,138,018.19	\$ 520,879.44
Intergovernmental	132,157.00	132,157.00	268,348.67	136,191.67
Miscellaneous	32,000.00	32,000.00	8,542.95	(23,457.05)
<i>Total receipts</i>	<u>1,781,295.75</u>	<u>1,781,295.75</u>	<u>2,414,909.81</u>	<u>633,614.06</u>
Disbursements				
Current:				
Public Safety	2,348,580.92	2,296,680.92	2,196,968.17	99,712.75
Capital Outlay	1,640.00	65,140.00	61,430.44	3,709.56
<i>Total Disbursements</i>	<u>2,350,220.92</u>	<u>2,361,820.92</u>	<u>2,258,398.61</u>	<u>103,422.31</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(568,925.17)</u>	<u>(580,525.17)</u>	<u>156,511.20</u>	<u>737,036.37</u>
Other Financing Sources				
Proceeds of Capital Lease	-	-	320,000.00	320,000.00
Advances In	561,000.00	561,000.00	100,000.00	(461,000.00)
<i>Total Other Financing Sources</i>	<u>561,000.00</u>	<u>561,000.00</u>	<u>420,000.00</u>	<u>(141,000.00)</u>
<i>Net Change in Fund Balance</i>	(7,925.17)	(19,525.17)	576,511.20	596,036.37
<i>Fund Balance Beginning of Year</i>	9,361.05	9,361.05	9,361.05	-
Prior Year Encumbrances Appropriated	13,843.10	13,843.10	13,843.10	-
<i>Fund Balance End of Year</i>	<u>\$ 15,278.98</u>	<u>\$ 3,678.98</u>	<u>\$ 599,715.35</u>	<u>\$ 596,036.37</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, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Charges for Services	\$ 320,000.00	\$ 320,000.00	\$ 272,373.28	\$ (47,626.72)
<i>Total receipts</i>	<u>320,000.00</u>	<u>320,000.00</u>	<u>272,373.28</u>	<u>(47,626.72)</u>
Disbursements				
Current:				
Public Safety	48,915.10	40,279.74	36,441.98	3,837.76
Capital Outlay	75,000.00	83,635.36	44,478.98	39,156.38
<i>Total Disbursements</i>	<u>123,915.10</u>	<u>123,915.10</u>	<u>80,920.96</u>	<u>42,994.14</u>
<i>Excess of Receipts Over Disbursements</i>	196,084.90	196,084.90	191,452.32	(4,632.58)
<i>Fund Balance Beginning of Year</i>	324,459.33	324,459.33	324,459.33	-
Prior Year Encumbrances Appropriated	<u>4,388.63</u>	<u>4,388.63</u>	<u>4,388.63</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 524,932.86</u>	<u>\$ 524,932.86</u>	<u>\$ 520,300.28</u>	<u>\$ (4,632.58)</u>

See accompanying notes to the basic financial statements

**MARION TOWNSHIP
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006**

NOTE 1 – REPORTING ENTITY

The Marion Township, Marion County, Ohio (the Township), is a body politic and corporate established in 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.

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

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, 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 FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 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.

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.

**MARION TOWNSHIP
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgetary Process (continued)

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 2007 and 2006, the Township invested in nonnegotiable certificates of deposit. These 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 2007 was \$109,595. Interest receipts credited to the General Fund during 2006 was \$62,175.

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.

**MARION TOWNSHIP
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 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 and 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 FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

NOTE 3 – COMPLIANCE

In fiscal year 2007, the General Fund and Fire District special revenue fund had expenditures plus encumbrances in excess of appropriations, in the amounts of \$3,598 and \$313,464, respectively.

In fiscal years 2007 and 2006, thirty-one percent of transactions tested were not certified by the Fiscal Officer prior to the commitment being incurred, nor were they certified using a then and now certificate.

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, Fire District Fund, and Fire & Rescue Emergency Medical Services Fund 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, 2007 (budgetary basis) amounted to \$14,795 for the General Fund, \$11,664 for the Fire District Fund, and \$590,574 for the Fire & Rescue Emergency Medical Services Fund. The encumbrances outstanding at December 31, 2006 (budgetary basis) amounted to \$12,698 for the General Fund, \$16,438 for the Fire District Fund, and \$12,672 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 FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

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, 2007, \$2,606,602 of the Township's bank balance of \$2,806,602 was exposed to custodial credit risk, while at December 31, 2006, \$2,535,616 of the Township's bank balance of \$2,735,616 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 2007 and 2006 for real and public utility property taxes represents collections of the 2006 and 2005 taxes. Property tax payments received during 2007 and 2006 for tangible personal property (other than public utility property) is for 2007 and 2006 taxes.

2007 real property taxes are levied after October 1, 2007, on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2007 real property taxes are collected in and intended to finance 2008.

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.

**MARION TOWNSHIP
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

NOTE 6 – PROPERTY TAXES (continued)

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. 2007 public utility property taxes which became a lien on December 31, 2006, are levied after October 1, 2007, and are collected in 2008 with real property taxes.

2007 tangible property taxes are levied after October 1, 2006, on the value as of December 31, 2006. Collections are made in 2007. 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, 2007, was \$10.50 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2007 property tax receipts were based are as follows:

Real Property	\$516,822,700
Public Utility Property	33,725,490
Tangible Personal Property	57,855,000
Total Assessed Values	\$608,403,190

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 2007, the Township contracted for the 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
	Vehicle	\$1,000,000
	Commercial Crime	\$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 FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

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, 2007 and December 31, 2006, members in the local classification contributed 9.5 and 9 percent of covered payroll.

The Township's contribution rate for 2007 was 13.85 percent. For the period January 1, through June 30, 2007, a portion of the Township's contribution equal to 5 percent of covered payroll was allocated to fund the post-employment healthcare plan; for the period July 1 through December 31, 2007 this amount was increased to 6 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, 2007, 2006, and 2005 were \$23,305, \$25,096, and \$27,402 respectively. The full amount has been contributed for 2007, 2006 and 2005.

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.

**MARION TOWNSHIP
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

NOTE 8 – DEFINED BENEFIT PENSION PLAN (continued)

B. Ohio Police and Fire Pension Fund (continued)

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 2007, a portion of the Township's contribution equal to 6.75 percent of covered payroll was allocated to fund the postemployment healthcare plan. The Township's contributions to OP&F for firefighters were \$212,603 for the year ended December 31, 2007, \$185,860 for the year ended December 31, 2006 and \$175,536 for the year ended December 31, 2005. The full amount has been contributed for 2007, 2006 and 2005.

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 2007, local government employers contributed 13.85 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 5 percent of covered payroll from January 1 through June 30, 2007, and 6 percent from July 1 through December 31, 2007.

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, 2007, 2006, and 2005 were \$17,812, \$12,275, and \$11,477 respectively; 100 percent has been contributed for 2007, 2006 and 2005.

**MARION TOWNSHIP
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

NOTE 9 - POSTEMPLOYMENT BENEFITS (continued)

A. Ohio Public Employees Retirement System (continued)

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.

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, 2007, 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 \$83,192 for the year ended December 31, 2007, \$88,641 for the year ended December 31, 2006 and \$83,717 for the year ended December 31, 2005. The full amount has been contributed for 2007, 2006, and 2005.

**MARION TOWNSHIP
MARION COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007 AND 2006
(Continued)**

NOTE 10 – DEBT

The Township's long-term debt activity for the year ended December 31, 2007, was as follows:

	Interest Rate	Balance December 31, 2006	Additions	Reductions	Balance December 31, 2007	Due Within One Year
Ohio Public Works Commission Loan	0%	\$31,535	\$0	\$2,867	\$28,668	\$2,867

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:

<u>Year</u>	<u>OPWC Loan</u>	
	<u>Principal</u>	<u>Interest</u>
2008	1,433	-
2009	2,867	-
2010	2,867	-
2011	2,867	-
2012	2,867	-
2013-2017	14,334	-
2018-2022	1,433	-
	<u>28,668</u>	<u>-</u>

NOTE 11 – LEASE

The Township leases a fire truck under a noncancelable lease. The Township disbursed \$86,944 to pay lease costs for the year ended December 31, 2007. Future lease payments, including interest, are as follows:

<u>Year</u>	<u>Amount</u>
2008	86,944
2009	86,944
2010	86,934
	<u>260,822</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, 2007 and 2006, which collectively comprise the Township's basic financial statements and have issued our report thereon dated November 12, 2008, 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 expressing our opinions on the financial statements, but not to opine 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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-001 through 2007-003.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe findings number 2007-002 and 2007-003 are also material weaknesses.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated November 12, 2008.

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 instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2007-003 through 2007-006.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated November 12, 2008.

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

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



Mary Taylor, CPA
Auditor of State

November 12, 2008

**MARION TOWNSHIP
MARION COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2007-001
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**Significant Deficiency
Monthly Bank Reconciliations**

Monthly bank reconciliations should be performed by the Fiscal Officer to determine if all receipts and disbursements have been properly posted. Reconciling items should be investigated at the time of the reconciliation and resolved in a timely manner. Documentation supporting all reconciling items should be included with the reconciliation. Once completed, the reconciliation should be reviewed for completeness and accuracy by the Trustees.

When bank reconciliations are not properly performed, monthly fund balances may be understated or overstated and management cannot be assured that the ledgers reflect the proper financial activities of the Township. Also, lack of legislative monitoring of the monthly bank reconciliations may lead to errors, irregularities, or misappropriation of the Township's assets.

During 2006 and 2007, the Fiscal Officer did not reconcile the Township's accounting ledgers to the bank balances. This was due to the Fiscal Officer not posting interest receipts from one of the Township's high yield savings accounts at all in 2006 and only periodically in 2007 and not posting any activity from the Township's other high yield savings accounts.

Also during 2006 and 2007, the Township had thirty outstanding warrants older than one year old, some of which date back to 1998.

We recommend that the Fiscal Officer perform monthly bank to book reconciliations that properly account for all transactions during the respective month. All receipts and expenditures should be posted to the accounting ledgers in a timely manner to aid in the reconciliation process. Old outstanding warrants should be investigated by the Fiscal Officer and voided as deemed necessary. In addition, the bank reconciliations, including supporting documentation, should be reviewed by the Board in order to assure accuracy and that all errors and/or irregularities are detected in a timely manner.

Finding Number	2007-002
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**Significant Deficiency/Material Weakness
Financial Reporting**

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

The following audit adjustments were made to the December 31, 2007 financial statements and accounting records:

1. Reclassifications of \$2,867 of debt expenditures from general government to debt service in the General Fund and Governmental Activities, respectively.
2. Reclassifications of \$86,944 of debt expenditures from capital outlay to debt service in the Fire District Fund and Governmental Activities, respectively.
3. Adjustments of \$20,354 and \$320,000 to record the purchase of a fire truck in the General Fund, Fire District Fund, and Governmental Activities, respectively.

**MARION TOWNSHIP
MARION COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number	2007-002 (Continued)
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**Significant Deficiency/Material Weakness (Continued)
Financial Reporting (Continued)**

4. Adjustments of \$9,094 to record unposted interest noted in Finding 2007-001 in the General Fund and Governmental Activities, respectively.
5. Adjustments of \$33,880 to account for fiscal year 2006 interest that was recorded in fiscal year 2007 in the General Fund and Governmental Activities, respectively.
6. Reclassifications of \$333,744 of tangible personal property reimbursements and rollbacks from property & other local taxes to intergovernmental receipts in the Fire District Fund and Governmental Activities, respectively.
7. Reclassifications of \$68,441 of intergovernmental receipts miscoded as property taxes in Governmental Activities.

The following adjustments and reclassifications were inconsequential to the overall financial statements of the Township and were not posted to the December 31, 2007 financial statements:

1. Reclassifications of \$25,000 of homestead & rollbacks, tangible personal property reimbursements, and deregulation reimbursements from property & other local taxes to intergovernmental receipts in the General Fund and Governmental Activities, respectively.
2. Reclassifications of \$19,640 of deregulation reimbursements and \$5,982 of manufactured homes tax receipts from miscellaneous receipts to intergovernmental receipts and property & other local taxes, respectively, in the Fire District Fund and Governmental Activities, respectively.

The following audit adjustments were made to the December 31, 2006 financial statements and accounting records:

1. Reclassifications of \$45,182 of cable franchise fees from miscellaneous receipts to licenses, permits, & fees in the General Fund and Governmental Activities, respectively.
2. Reclassification of \$11,699 of debt expenditures from general government to debt service in the General Fund and Governmental Activities, respectively.
3. Adjustments of \$320,000 to record the proceeds of a capital lease in the Fire District Fund and Governmental Activities, respectively.
4. Adjustments of \$11,260 to record unposted interest noted in Finding 2007-001 in the General Fund and Governmental Activities, respectively.
5. Adjustments of \$33,880 to record fiscal year 2006 interest that was recorded in fiscal year 2007 in the General Fund and Governmental Activities, respectively.
6. Reclassifications of \$132,440 of tangible personal property reimbursements from property & other local taxes to intergovernmental receipts in the Fire District Fund and Governmental Activities.
7. Reclassifications of \$138,047 of intergovernmental receipts miscoded as property taxes in Governmental Activities.

The following adjustments and reclassifications were inconsequential to the overall financial statements of the Township and were not posted to the December 31, 2006 financial statements:

1. Adjustments of \$1,056 to record fiscal year 2006 interest that was recorded in fiscal year 2005 in the General Fund and Governmental Activities, respectively.

**MARION TOWNSHIP
MARION COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number	2007-002 (Continued)
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**Significant Deficiency/Material Weakness (Continued)
Financial Reporting (Continued)**

2. Reclassifications of \$13,135 of deregulation reimbursements from miscellaneous receipts to intergovernmental receipts in the General Fund and Governmental Activities, respectively.
3. Reclassifications of \$7,644 of tangible personal property reimbursements from property & other local taxes to intergovernmental receipts in the General Fund and Governmental Activities, respectively.

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

Finding Number	2007-003
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**Noncompliance/Significant Deficiency/Material Weakness
Board Approval of Interfund Advances**

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;
- The reimbursement from the debtor fund to the creditor fund must not violate any restrictions on use of the money to be used to make the reimbursement; 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.

**MARION TOWNSHIP
MARION COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number	2007-003 (Continued)
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**Noncompliance/Significant Deficiency/Material Weakness (Continued)
Board Approval of Interfund Advances (Continued)**

The following inter-fund transactions were posted to the system and no evidence of Board of Trustees approval was noted:

Unapproved Advances:

Date	From	To	Amount
01/15/06	001: General Fund	2111: Fire District Fund	\$ 100,000.00
02/13/07	001: General Fund	2111: Fire District Fund	50,000.00

The financial statements and accounting records were adjusted to return these advances to the General Fund.

Inter-fund advances should be specifically approved by Board resolution pursuant to Auditor of State Bulletin 97-003.

Finding Number	2007-004
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**Noncompliance
Certification of Expenditures**

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the Fiscal Officer is attached thereto. The Fiscal Officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a Fiscal Officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate – If the Fiscal Officer can certify that both at the time that the contract or order was made ("then"), and at the time that the Fiscal Officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the Fiscal Officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

**MARION TOWNSHIP
MARION COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number	2007-004 (Continued)
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**Noncompliance (Continued)
Certification of Expenditures (Continued)**

2. Blanket Certificate – Fiscal Officer’s may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the Fiscal Officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Thirty-one percent of the transactions tested during the audit period were not certified by the Fiscal Officer prior to the commitment being incurred, nor were they certified using a then and now certificate. This procedure is not only required by Ohio law, but is a key internal control procedure in the disbursement process to assure purchase commitments receive prior approval, and to help reduce the possibility of the Township’s funds being over-expended or exceeding budgetary spending limitations.

We recommend the Township certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification prior to the time the Township incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The approved purchase commitments should be posted to the proper appropriation code to reduce the available appropriation. When prior certification is not possible, “then and now” certification should be used.

Finding Number	2007-005
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**Noncompliance
Expenditures Exceed Appropriations**

Ohio Rev. Code Section 5705.41(B) states in part that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated against an appropriate fund. Furthermore, expenditures may not exceed appropriations at the legal level of control. Ohio Admin. Code Section 117-2-02(C) defines the legal level of control as the level in which appropriations are approved by the Board of Trustees.

The legal level of control for the Township is at the object level. At 12/31/07, budgetary expenditures exceeded appropriations at the object level as follows:

**MARION TOWNSHIP
MARION COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number	2007-005 (Continued)
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**Noncompliance (Continued)
Expenditures Exceed Appropriations (Continued)**

Fund	Object	Appropriations	Budgetary Expenditures	Variance
General	Capital Outlay	\$65,766	\$69,364	(\$3,598)
Fire District	Capital Outlay	\$110,056	\$423,520	(\$313,464)

We recommend the Township closely monitor budget vs. actual reports throughout the year to ensure expenditures do not exceed appropriations. In order to keep expenditures within appropriated amounts, the Township may amend the annual appropriation measure by approving supplemental appropriations or by transferring appropriations from one line item to another.

Finding Number	2007-006
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**Noncompliance/Finding Repaid Under Audit
Compensation of Trustees**

Ohio Rev. Code § 505.24 establishes the maximum allowable compensation for township trustees. Each township trustee is entitled to compensation for each day of service in the business of the township, not exceeding two hundred days, to be paid from the township treasury. Furthermore, by unanimous vote, a board of township trustees may adopt a method of compensation consisting of an annual salary to be paid in equal monthly payments. The amount of the annual salary approved by the board shall be no more than the maximum amount that could be received annually by a trustee if the trustee were paid on a per diem basis.

In fiscal years 2007 and 2006 the Township's budget fell within the \$3,500,001 - \$6,000,000 range. Additionally, the trustees adopted a method of compensation consisting of an annual salary to be paid in equal monthly payments.

In fiscal year 2007 and 2006, Trustee compensation exceeded the limits set forth in Ohio Rev. Code § 505.24 as follows:

Trustee	Fiscal Year	Compensation Paid	Allowable Compensation	Variance
Lynn Clabaugh	2006	\$11,956.74	\$11,810.00	\$146.74
Lynn Clabaugh	2007	\$12,073.26	\$12,010.00	\$63.26
			Total	\$210.00

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Trustee Lynn Clabaugh and Ohio Casualty Group, his bonding company, in the amount of \$210.00 and in favor of Marion Township's General Fund.

**MARION TOWNSHIP
MARION COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number	2007-006 (Continued)
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**Noncompliance/Finding Repaid Under Audit (Continued)
Compensation of Trustees (Continued)**

Additionally, under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of such expenditure. *Seward v. National Surety Co.* (1929), 120 Ohio St. 47; 1980 Op. Att’y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex.rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are secondarily liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att’y Gen. No. 80-074.

Therefore, because other Township Officers signed or approved the warrants resulting in improper payments, the following are jointly and severally liable for the following corresponding amounts: Sheila Perin (\$210.00), Fiscal Officer, Richard Rasmussen (\$137.55), Trustee, Bradley McGinniss (\$185.10), Trustee, and Ohio Casualty Group (\$210.00), their bonding company. This recovery is in favor of Marion Township’s General Fund.

Sheila Perin, Fiscal Officer, Richard Rasmussen, Trustee, and Bradley McGinniss, Trustee, shall be secondarily liable for such illegal expenditures to the extent that recovery or restitution is not obtained from Lynn Clabaugh.

Trustee Lynn Clabaugh repaid \$210.00 to the Township’s General Fund on January 9, 2009.

Officials’ Responses

Suggestions and recommendations were taken into serious consideration and efforts will be taken to improve and correct transactions for the Township in future years.

**MARION TOWNSHIP
MARION COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	Revised Code § 5705.41(B) – Expenditures Exceeding Appropriations	No	Not corrected, this comment is being repeated as finding 2007-005
2005-002	Revised Code § 5705.41(D) – Certification of Expenditures	No	Not corrected, this comment is being repeated as finding 2007-004
2005-003	Revised Code § 5705.39 – Appropriations Limited by Estimated Resources	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
JANUARY 22, 2009**