

**MARION TOWNSHIP
HOCKING COUNTY
Regular Audit
December 31, 2007 and 2006**



Mary Taylor, CPA
Auditor of State

Board of Trustees
Marion Township
7320 Zwickel Road
Logan, Ohio 43138

We have reviewed the *Independent Accountants' Report* of Marion Township, Hocking County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2006 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Marion Township, Hocking County is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 10, 2008

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**MARION TOWNSHIP
HOCKING COUNTY**

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HOCKING COUNTY**

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Perry & Associates
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INDEPENDENT ACCOUNTANTS' REPORT

April 21, 2008

Marion Township
Hocking County
7320 Zwickel Road
Logan, OH 43138

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, Hocking 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 as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 2, the Township has prepared these financial statements following the cash basis of accounting. These practices differ from accounting principles generally accepted in the United States of America (GAAP).

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, Hocking County, Ohio, as of December 31, 2007 and 2006, and the respective changes in cash financial position and the respective budgetary comparison for the General, Gasoline Tax, Road & Bridge, Fire District, and Road District Funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

For the years ended December 31, 2007 and 2006, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

Marion Township
Hocking County
Independent Accountants' Report
Page 2

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully Submitted,

Perry and Associates
Certified Public Accountants, A.C.

Marion Township
Hocking County
Management's Discussion and Analysis
For the Year Ended December 31, 2007 and December 31,2006
Unaudited

This discussion and analysis of the Marion Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2007 and 2006, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2007 are as follows:

Net assets of governmental activities increased \$48,138, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund.

The Township's general receipts are primarily property tax, local government and permissive Bed Tax.

A new 2007 Caterpillar 420E Backhoe was purchased with payment being made from the Gasoline Tax Fund.

Our volunteer Fire department applied for a Federal Grant for a new fire truck which is schedule to arrive in late February or early March.

Key highlights for 2006 are as follows:

Net assets of governmental activities increased \$7122, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund.

The Township's general receipts are primarily property tax, local government and permissive Bed Tax.

On July 1, 2006, we opened our own Volunteer Fire Department.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Marion Township
Hocking County
Management's Discussion and Analysis
For the Year Ended December 31, 2007 and December 31,2006
Unaudited

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2007 and 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other non-financial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, we divide the Township into two types of activities:

Governmental Activities - All of the Township's basic services are reported here, including roads, and fire protection. Property taxes, bed tax gasoline tax and local government funding finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are placed into one categories: governmental.

Governmental Funds - Most of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is

Marion Township
Hocking County
Management's Discussion and Analysis
For the Year Ended December 31, 2007 and December 31, 2006
Unaudited

combined and presented in total in a single column. The Township's major governmental funds are the General Fund, Gasoline Tax, Road & Bridge, Fire District and Road District Funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2007 compared to 2006 and 2005 on a cash basis:

(Table 1)
Net Assets

	Governmental Activities		
	2007	2006	2005
Assets			
Cash and Cash Equivalents	\$ 452,095	\$ 403,959	\$ 396,837
Total Assets	\$ 452,095	\$ 403,959	\$ 396,837
Net Assets			
Restricted for:			
Debt Service	\$ 11	\$ 11	\$ 11
Other Purposes	330,914	293,222	231,699
Unrestricted	121,170	110,726	165,127
Total Net Assets	\$ 452,095	\$ 403,959	\$ 396,837

As mentioned previously, net assets of governmental activities increased \$ 48,138 during 2007. The primary reasons contributing to the increase in cash balances are as follows:

- Increases in interest earned on money in sweep account, bed tax, and property tax.

Marion Township
Hocking County
Management's Discussion and Analysis
For the Year Ended December 31, 2007 and December 31, 2006
Unaudited

Table 2 reflects the changes in net assets on a cash basis in 2007 and 2006 for governmental activities and total primary government.

(Table 2)
Changes in Net Assets

	Governmental Activities	
	2007	2006
Receipts:		
Program Receipts:		
Operating Grants and Contributions	106,059	114,930
Total Program Receipts	106,059	114,932
General Receipts:		
Property Taxes	248,155	242,380
Other Taxes	37,047	34,580
Grants and Entitlements Not Restricted to Specific Programs	69,384	53,276
Debt Proceeds	42,515	-
Interest	19,810	5,575
Miscellaneous	11,338	12,284
Total General Receipts	428,249	348,095
Total Receipts	534,308	463,027
Disbursements:		
General Government	114,586	117,584
Public Safety	34,860	63,121
Public Works	264,003	196,773
Public Health	3,588	3,435
Other	1,177	3,440
Capital Outlay	67,958	71,552
Total Disbursements	486,172	455,905
Increase (Decrease) in Net Assets	48,136	7,122
Net Assets, January 1	403,959	396,837
Net Assets, December 31	\$452,095	\$403,959

Marion Township
Hocking County
Management's Discussion and Analysis
For the Year Ended December 31, 2007 and December 31, 2006
Unaudited

Program receipts represent only 22 percent in 2007 and 25 percent in 2006 of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money. General receipts represent 78 percent in 2007 and 75 percent in 2006 of the Township's total receipts, and of this amount, over 64 percent in 2007 and 52 percent in 2006 are local taxes. State and federal grants and entitlements make up the balance of the Township's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Governmental Activities

If you look at the Statement of Activities on page 10, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for road maintenance, and fire protection. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

Table 3
Governmental Activities

	Total Cost of Services 2007	Net Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2006
General Government	\$ 114,586	\$ (114,586)	\$ 117,584	\$ (117,584)
Public Safety	34,860	(34,860)	63,121	(63,121)
Public Works	264,003	(157,944)	196,773	(86,372)
Public Health	3,588	(3,588)	3,435	(3,435)
Other	1,177	(1,177)	3,440	1,091
Capital Outlay	67,958	(67,958)	71,552	(71,552)
Total Expenses	\$ 486,172	\$ (380,113)	\$ 455,905	\$ (340,973)

- The dependence upon property, local government and bed tax receipts is apparent as a large percent of governmental activities are supported through these general receipts.

The Township's Funds

Total governmental funds for 2006 had receipts of \$463,031 and disbursements of \$455,905.
Total governmental funds for 2007 had receipts of \$534,554 and disbursements of \$486,418.

- For the years 2006 & 2007 the township is doing fairly well. Medical Insurance premium cost will remain a big problem along with the increase in fuel cost, but for the most part we are doing fairly good financially.

Marion Township
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Management's Discussion and Analysis
For the Year Ended December 31, 2007 and December 31,2006
Unaudited

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2007, the Township amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were below original budgeted receipts due to unexpected slow growth in tax receipts. The difference between final budgeted receipts and actual receipts was not significant.

- Final disbursements for 2006 were budgeted at \$805,649 while actual disbursements were \$455,905.
- Final disbursements for 2007 were budgeted at \$800,778 while actual disbursements were \$486,418.

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure.

Debt

- At December 31, 2007, the Township's outstanding debt included \$42,515 in general obligation notes issued for a 2007 Caterpillar Backhoe, first payment due February 2008.

Current Issues

- At this time our biggest issue is maintaining the 40+ miles of township roads. With ever increasing cost of asphalt material, trucking charges to get necessary stone delivered to the township, and having dependable equipment to get this necessary work done.
- Our Fire Department has received a grant for a new Fire truck, the truck should arrive late February or early March 2008. There is still the ongoing expenses of new turn out gear and other safety related items that our needed to protect not only our firefighters but the residents of Marion Township.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Sandy Snider, Marion Township, Fiscal Officer, 7320 Zwickle Rd. Logan, Ohio 43138-9493.

Marion Township, Hocking County
Statement of Net Assets - Cash Basis
For the Year Ended December 31, 2007

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 452,095
<i>Total Assets</i>	452,095
Net Assets	
Restricted for:	
Debt Service	11
Other Purposes	330,914
Unrestricted	121,170
<i>Total Net Assets</i>	\$ 452,095

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

Marion Township, Hocking County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2007

	Cash Disbursements	Program Cash Receipts Operating Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Assets Governmental Activities
Governmental Activities			
General Government	\$ 114,586	\$ -	\$ (114,586)
Public Safety	34,860		(34,860)
Public Works	264,003	106,059	(157,944)
Health	3,588	-	(3,588)
Other	1,177		(1,177)
Capital Outlay	67,958	-	(67,958)
<i>Total Governmental Activities</i>	<u>\$ 486,172</u>	<u>\$ 106,059</u>	<u>\$ (380,113)</u>
General Receipts			
Property Taxes			248,155
Other Taxes			37,047
Grants and Entitlements not Restricted to Specific Programs			69,384
Debt Proceeds			42,515
Interest			19,810
Miscellaneous			11,338
<i>Total General Receipts</i>			<u>428,249</u>
Change in Net Assets			<u>48,136</u>
<i>Net Assets Beginning of Year</i>			<u>403,959</u>
<i>Net Assets End of Year</i>			<u>\$ 452,095</u>

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

Marion Township, Hocking County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	General	Gasoline Tax	Road and Bridge	Fire District	Road District	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$ 121,170	\$ 69,832	\$ 128,346	\$ 62,475	\$ 55,363	\$ 14,909	\$ 452,095
<i>Total Assets</i>	<u>121,170</u>	<u>69,832</u>	<u>128,346</u>	<u>62,475</u>	<u>55,363</u>	<u>14,909</u>	<u>452,095</u>
Fund Balances							
Unreserved:							
General Fund	121,170	-	-	-	-	-	121,170
Special Revenue Funds	-	69,832	128,346	62,475	55,363	14,898	330,914
Debt Service Fund	-	-	-	-	-	11	11
<i>Total Fund Balances</i>	<u>\$ 121,170</u>	<u>\$ 69,832</u>	<u>\$ 128,346</u>	<u>\$ 62,475</u>	<u>\$ 55,363</u>	<u>\$ 14,909</u>	<u>\$ 452,095</u>

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

Marion Township, Hocking County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	General	Gasoline Tax	Road and Bridge	Fire District	Road District	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$ 98,838	\$ -	\$ 71,991	\$ 45,749	\$ 68,624	\$ -	\$ 285,202
Intergovernmental	44,641	96,047	10,122	6,468	9,704	8,461	175,443
Interest	10,344	8,275	-	-	-	1,191	19,810
Other	238	-	-	-	-	-	238
<i>Total Receipts</i>	<u>154,061</u>	<u>104,322</u>	<u>82,113</u>	<u>52,217</u>	<u>78,328</u>	<u>9,652</u>	<u>480,693</u>
Disbursements							
Current:							
General Government	114,586	-	-	-	-	-	114,586
Public Safety	-	-	-	34,860	-	-	34,860
Public Works	-	111,287	49,965	-	93,444	9,307	264,003
Health	3,588	-	-	-	-	-	3,588
Other	-	-	-	-	-	64	64
Capital Outlay	-	57,958	-	-	-	10,000	67,958
<i>Total Disbursements</i>	<u>118,174</u>	<u>169,245</u>	<u>49,965</u>	<u>34,860</u>	<u>93,444</u>	<u>19,371</u>	<u>485,059</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	35,887	(64,923)	32,148	17,357	(15,116)	(9,719)	(4,366)
Other Financing Sources (Uses)							
Proceeds from Note	-	42,515	-	-	-	-	42,515
Transfers In	-	15,443	10,000	-	-	-	25,443
Transfers Out	(25,443)	-	-	-	-	-	(25,443)
Other Financing Sources	-	-	-	-	-	11,100	11,100
Other Financing Uses	-	-	-	-	-	(1,113)	(1,113)
<i>Total Other Financing Sources (Uses)</i>	<u>(25,443)</u>	<u>57,958</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>9,987</u>	<u>52,502</u>
<i>Net Change in Fund Balances</i>	<u>10,444</u>	<u>(6,965)</u>	<u>42,148</u>	<u>17,357</u>	<u>(15,116)</u>	<u>268</u>	<u>48,136</u>
<i>Fund Balances Beginning of Year</i>	<u>110,726</u>	<u>76,797</u>	<u>86,198</u>	<u>45,118</u>	<u>70,479</u>	<u>14,641</u>	<u>403,959</u>
<i>Fund Balances End of Year</i>	<u>\$ 121,170</u>	<u>\$ 69,832</u>	<u>\$ 128,346</u>	<u>\$ 62,475</u>	<u>\$ 55,363</u>	<u>\$ 14,909</u>	<u>\$ 452,095</u>

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

Marion Township, Hocking County
*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 94,150	\$ 94,150	\$ 98,838	\$ 4,688
Intergovernmental	28,135	28,135	44,641	16,506
Interest	4,500	4,500	10,344	5,844
Other	-	-	238	238
<i>Total receipts</i>	<u>126,785</u>	<u>126,785</u>	<u>154,061</u>	<u>27,276</u>
Disbursements				
Current:				
General Government	114,629	118,740	114,586	4,154
Health	3,650	4,025	3,588	437
<i>Total Disbursements</i>	<u>118,279</u>	<u>122,765</u>	<u>118,174</u>	<u>4,591</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>8,506</u>	<u>4,020</u>	<u>35,887</u>	<u>31,867</u>
Other Financing Sources (Uses)				
Transfers In	-	19,314	-	(19,314)
Transfers Out	(42,357)	(57,185)	(25,443)	31,742
Other Financing Sources	350	350	-	(350)
<i>Total Other Financing Sources (Uses)</i>	<u>(42,007)</u>	<u>(37,521)</u>	<u>(25,443)</u>	<u>12,078</u>
<i>Net Change in Fund Balance</i>	(33,501)	(33,501)	10,444	43,945
<i>Fund Balance Beginning of Year</i>	<u>109,964</u>	<u>109,964</u>	<u>109,964</u>	<u>-</u>
Prior Year Encumbrances Appropriated	<u>762</u>	<u>762</u>	<u>762</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 77,225</u>	<u>\$ 77,225</u>	<u>\$ 121,170</u>	<u>\$ 43,945</u>

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

Marion Township, Hocking County
*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$ 90,000	\$ 90,000	\$ 96,047	\$ 6,047
Interest	2,000	2,000	8,275	6,275
<i>Total receipts</i>	<u>92,000</u>	<u>92,000</u>	<u>104,322</u>	<u>12,322</u>
Disbursements				
Current:				
Public Works	119,950	119,950	111,287	8,663
Capital Outlay	25,684	41,127	57,958	(16,831)
<i>Total Disbursements</i>	<u>145,634</u>	<u>161,077</u>	<u>169,245</u>	<u>(8,168)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(53,634)</u>	<u>(69,077)</u>	<u>(64,923)</u>	<u>4,154</u>
Other Financing Sources (Uses)				
Discount on Note Issue	-	-	42,515	42,515
Transfers In	-	15,443	15,443	-
Transfers Out	(7,388)	(7,388)	-	7,388
Other Financing Uses	(9,001)	(9,001)	-	9,001
<i>Total Other Financing Sources (Uses)</i>	<u>(16,389)</u>	<u>(946)</u>	<u>57,958</u>	<u>58,904</u>
<i>Net Change in Fund Balance</i>	<u>(70,023)</u>	<u>(70,023)</u>	<u>(6,965)</u>	<u>63,058</u>
<i>Fund Balance Beginning of Year</i>	<u>76,797</u>	<u>76,797</u>	<u>76,797</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 6,774</u>	<u>\$ 6,774</u>	<u>\$ 69,832</u>	<u>\$ 63,058</u>

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

Marion Township, Hocking County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional)
	<u>Original</u>	<u>Final</u>		Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 70,100	\$ 70,100	\$ 71,991	\$ 1,891
Intergovernmental	9,450	9,450	10,122	672
<i>Total receipts</i>	<u>79,550</u>	<u>79,550</u>	<u>82,113</u>	<u>2,563</u>
Disbursements				
Current:				
Public Works	69,171	84,171	49,965	34,206
<i>Total Disbursements</i>	<u>69,171</u>	<u>84,171</u>	<u>49,965</u>	<u>34,206</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>10,379</u>	<u>(4,621)</u>	<u>32,148</u>	<u>36,769</u>
Other Financing Sources (Uses)				
Transfers In	-	10,000	10,000	-
Transfers Out	(88,642)	(83,642)	-	83,642
<i>Total Other Financing Sources (Uses)</i>	<u>(88,642)</u>	<u>(73,642)</u>	<u>10,000</u>	<u>83,642</u>
<i>Net Change in Fund Balance</i>	(78,263)	(78,263)	42,148	120,411
<i>Fund Balance Beginning of Year</i>	<u>84,727</u>	<u>84,727</u>	<u>84,727</u>	<u>-</u>
Prior Year Encumbrances Appropriated	1,471	1,471	1,471	-
<i>Fund Balance End of Year</i>	<u>\$ 7,935</u>	<u>\$ 7,935</u>	<u>\$ 128,346</u>	<u>\$ 120,411</u>

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

Marion Township, Hocking 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*

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
Receipts				
Property and Other Local Taxes	\$ 44,100	\$ 44,100	\$ 45,749	\$ 1,649
Intergovernmental	5,325	5,325	6,468	1,143
<i>Total receipts</i>	<u>49,425</u>	<u>49,425</u>	<u>52,217</u>	<u>2,792</u>
Disbursements				
Current:				
Public Safety	85,000	87,500	34,860	52,640
<i>Total Disbursements</i>	<u>85,000</u>	<u>87,500</u>	<u>34,860</u>	<u>52,640</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(35,575)</u>	<u>(38,075)</u>	<u>17,357</u>	<u>55,432</u>
Other Financing Sources (Uses)				
Transfers Out	(9,543)	(7,043)	-	7,043
<i>Total Other Financing Sources (Uses)</i>	<u>(9,543)</u>	<u>(7,043)</u>	<u>-</u>	<u>7,043</u>
<i>Net Change in Fund Balance</i>	(45,118)	(45,118)	17,357	62,475
<i>Fund Balance Beginning of Year</i>	45,118	45,118	45,118	-
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,475</u>	<u>\$ 62,475</u>

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

Marion Township, Hocking County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road District Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 66,150	\$ 66,150	\$ 68,624	\$ 2,474
Intergovernmental	8,500	8,500	9,704	1,204
<i>Total receipts</i>	<u>74,650</u>	<u>74,650</u>	<u>78,328</u>	<u>3,678</u>
Disbursements				
Current:				
Public Works	145,129	145,129	93,444	51,685
<i>Total Disbursements</i>	<u>145,129</u>	<u>145,129</u>	<u>93,444</u>	<u>51,685</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(70,479)</u>	<u>(70,479)</u>	<u>(15,116)</u>	<u>55,363</u>
<i>Fund Balance Beginning of Year</i>	<u>70,479</u>	<u>70,479</u>	<u>70,479</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,363</u>	<u>\$ 55,363</u>

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

Marion Township, Hocking County
Statement of Net Assets - Cash Basis
For the Year Ended December 31, 2006

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 403,959
<i>Total Assets</i>	403,959
 Net Assets	
Restricted for:	
Debt Service	11
Other Purposes	293,222
Unrestricted	110,726
<i>Total Net Assets</i>	\$ 403,959

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

Marion Township, Hocking County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2006

		<u>Program Cash Receipts</u>	<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
	Cash <u>Disbursements</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities			
General Government	\$ 117,584	\$ -	\$ (117,584)
Public Safety	63,121	-	(63,121)
Public Works	196,773	110,401	(86,372)
Health	3,435	-	(3,435)
Other	3,440	4,531	1,091
Capital Outlay	71,552	-	(71,552)
<i>Total Governmental Activities</i>	<u>\$ 455,905</u>	<u>\$ 114,932</u>	<u>\$ (340,973)</u>
General Receipts			
Property Taxes			242,380
Other Taxes			34,580
Grants and Entitlements not Restricted to Specific Programs			53,276
Interest			5,575
Miscellaneous			12,284
<i>Total General Receipts</i>			<u>348,095</u>
Change in Net Assets			<u>7,122</u>
<i>Net Assets Beginning of Year</i>			<u>396,837</u>
<i>Net Assets End of Year</i>			<u>\$ 403,959</u>

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

Marion Township, Hocking County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	General	Gasoline Tax	Road and Bridge	Fire Distric	Road District	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$ 110,726	\$ 76,797	\$ 86,198	\$ 45,118	\$ 70,479	\$ 14,641	\$ 403,959
<i>Total Assets</i>	<u>110,726</u>	<u>76,797</u>	<u>86,198</u>	<u>45,118</u>	<u>70,479</u>	<u>14,641</u>	<u>403,959</u>
Fund Balances							
Reserved:							
Reserved for Encumbrances	762	368	1,471	-	-	-	2,601
Unreserved:							
General Fund	109,964	-	-	-	-	-	109,964
Special Revenue Funds	-	76,429	84,727	45,118	70,479	14,630	291,383
Debt Service Fund	-	-	-	-	-	11	11
<i>Total Fund Balances</i>	<u>\$ 110,726</u>	<u>\$ 76,797</u>	<u>\$ 86,198</u>	<u>\$ 45,118</u>	<u>\$ 70,479</u>	<u>\$ 14,641</u>	<u>\$ 403,959</u>

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

Marion Township, Hocking County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	General	Gasoline Tax	Road and Bridge	Fire District	Road District	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$ 94,801	\$ -	\$ 70,251	\$ 44,893	\$ 67,015	\$ -	\$ 276,960
Intergovernmental	29,840	92,923	9,714	6,197	9,305	15,698	163,677
Interest	3,443	1,924	-	-	-	208	5,575
Other	1,546	-	-	-	-	4,531	6,077
<i>Total Receipts</i>	<u>129,630</u>	<u>94,847</u>	<u>79,965</u>	<u>51,090</u>	<u>76,320</u>	<u>20,437</u>	<u>452,289</u>
Disbursements							
Current:							
General Government	117,584	-	-	-	-	-	117,584
Public Safety	-	-	-	63,121	-	-	63,121
Public Works	-	60,875	56,939	-	69,402	9,557	196,773
Health	3,435	-	-	-	-	-	3,435
Other	-	-	-	-	-	3,195	3,195
Capital Outlay	-	16,488	-	-	-	55,064	71,552
<i>Total Disbursements</i>	<u>121,019</u>	<u>77,363</u>	<u>56,939</u>	<u>63,121</u>	<u>69,402</u>	<u>67,816</u>	<u>455,660</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	8,611	17,484	23,026	(12,031)	6,918	(47,379)	(3,371)
Other Financing Sources (Uses)							
Transfers In	-	-	-	19,000	-	44,205	63,205
Transfers Out	(63,205)	-	-	-	-	-	(63,205)
Other Financing Sources	438	-	-	-	-	10,300	10,738
Other Financing Uses	(245)	-	-	-	-	-	(245)
<i>Total Other Financing Sources (Uses)</i>	<u>(63,012)</u>	<u>-</u>	<u>-</u>	<u>19,000</u>	<u>-</u>	<u>54,505</u>	<u>10,493</u>
<i>Net Change in Fund Balances</i>	<u>(54,401)</u>	<u>17,484</u>	<u>23,026</u>	<u>6,969</u>	<u>6,918</u>	<u>7,126</u>	<u>7,122</u>
<i>Fund Balances Beginning of Year</i>	<u>165,127</u>	<u>59,313</u>	<u>63,172</u>	<u>38,149</u>	<u>63,561</u>	<u>7,515</u>	<u>396,837</u>
<i>Fund Balances End of Year</i>	<u>\$ 110,726</u>	<u>\$ 76,797</u>	<u>\$ 86,198</u>	<u>\$ 45,118</u>	<u>\$ 70,479</u>	<u>\$ 14,641</u>	<u>\$ 403,959</u>

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

Marion Township, Hocking County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 88,500	\$ 88,500	\$ 94,801	\$ 6,301
Intergovernmental	27,875	27,875	29,840	1,965
Interest	2,000	2,000	3,443	1,443
Other	-	1,546	1,546	-
<i>Total receipts</i>	<u>118,375</u>	<u>119,921</u>	<u>129,630</u>	<u>9,709</u>
Disbursements				
Current:				
General Government	116,673	125,972	117,584	8,388
Health	3,000	3,630	3,435	195
<i>Total Disbursements</i>	<u>119,673</u>	<u>129,602</u>	<u>121,019</u>	<u>8,583</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,298)</u>	<u>(9,681)</u>	<u>8,611</u>	<u>18,292</u>
Other Financing Sources (Uses)				
Transfers In	-	44,205	-	(44,205)
Transfers Out	(25,000)	(79,576)	(63,205)	16,371
Other Financing Sources	350	350	438	88
Other Financing Uses	-	(245)	(245)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(24,650)</u>	<u>(35,266)</u>	<u>(63,012)</u>	<u>(27,746)</u>
<i>Net Change in Fund Balance</i>	(25,948)	(44,947)	(54,401)	(9,454)
<i>Fund Balance Beginning of Year</i>	<u>165,127</u>	<u>165,127</u>	<u>165,127</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 139,179</u>	<u>\$ 120,180</u>	<u>\$ 110,726</u>	<u>\$ (9,454)</u>

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

Marion Township, Hocking County
*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$ 73,000	\$ 73,000	\$ 92,923	\$ 19,923
Interest	1,000	1,000	1,924	924
<i>Total receipts</i>	<u>74,000</u>	<u>74,000</u>	<u>94,847</u>	<u>20,847</u>
Disbursements				
Current:				
Public Works	85,000	86,186	60,875	25,311
Capital Outlay	40,626	39,440	16,488	22,952
<i>Total Disbursements</i>	<u>125,626</u>	<u>125,626</u>	<u>77,363</u>	<u>48,263</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(51,626)</u>	<u>(51,626)</u>	<u>17,484</u>	<u>69,110</u>
Other Financing Sources (Uses)				
Transfers Out	(7,688)	(7,688)	-	7,688
<i>Total Other Financing Sources (Uses)</i>	<u>(7,688)</u>	<u>(7,688)</u>	<u>-</u>	<u>7,688</u>
<i>Net Change in Fund Balance</i>	(59,314)	(59,314)	17,484	76,798
<i>Fund Balance Beginning of Year</i>	<u>59,313</u>	<u>59,313</u>	<u>59,313</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ 76,797</u>	<u>\$ 76,798</u>

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

Marion Township, Hocking County
*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road & Bridge Fund
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 70,000	\$ 70,000	\$ 70,251	\$ 251
Intergovernmental	10,000	10,000	9,714	(286)
<i>Total receipts</i>	<u>80,000</u>	<u>80,000</u>	<u>79,965</u>	<u>(35)</u>
Disbursements				
Current:				
Public Works	95,950	95,950	56,939	39,011
<i>Total Disbursements</i>	<u>95,950</u>	<u>95,950</u>	<u>56,939</u>	<u>39,011</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(15,950)</u>	<u>(15,950)</u>	<u>23,026</u>	<u>38,976</u>
Other Financing Sources (Uses)				
Transfers Out	(39,536)	(39,536)	-	39,536
<i>Total Other Financing Sources (Uses)</i>	<u>(39,536)</u>	<u>(39,536)</u>	<u>-</u>	<u>39,536</u>
<i>Net Change in Fund Balance</i>	(55,486)	(55,486)	23,026	78,512
<i>Fund Balance Beginning of Year</i>	<u>63,172</u>	<u>63,172</u>	<u>63,172</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 7,686</u>	<u>\$ 7,686</u>	<u>\$ 86,198</u>	<u>\$ 78,512</u>

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

Marion Township, Hocking 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*

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 45,000	\$ 45,000	\$ 44,893	\$ (107)
Intergovernmental	6,300	6,300	6,197	(103)
<i>Total receipts</i>	<u>51,300</u>	<u>51,300</u>	<u>51,090</u>	<u>(210)</u>
Disbursements				
Current:				
Public Safety	68,350	96,350	63,121	33,229
<i>Total Disbursements</i>	<u>68,350</u>	<u>96,350</u>	<u>63,121</u>	<u>33,229</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(17,050)</u>	<u>(45,050)</u>	<u>(12,031)</u>	<u>33,019</u>
Other Financing Sources (Uses)				
Transfers In	-	19,000	19,000	-
Transfers Out	(21,099)	(12,099)	-	12,099
<i>Total Other Financing Sources (Uses)</i>	<u>(21,099)</u>	<u>6,901</u>	<u>19,000</u>	<u>12,099</u>
<i>Fund Balance Beginning of Year</i>	<u>38,149</u>	<u>38,149</u>	<u>38,149</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,118</u>	<u>\$ 45,118</u>

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

Marion Township, Hocking County
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual -Budget Basis
 Road District Fund
 For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
Receipts				
Property and Other Local Taxes	\$ 67,000	\$ 67,000	\$ 67,015	\$ 15
Intergovernmental	8,400	8,400	9,305	905
<i>Total receipts</i>	<u>75,400</u>	<u>75,400</u>	<u>76,320</u>	<u>920</u>
Disbursements				
Current:				
Public Works	138,961	138,961	69,402	69,559
<i>Total Disbursements</i>	<u>138,961</u>	<u>138,961</u>	<u>69,402</u>	<u>69,559</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(63,561)</u>	<u>(63,561)</u>	<u>6,918</u>	<u>70,479</u>
<i>Fund Balance Beginning of Year</i>	<u>63,561</u>	<u>63,561</u>	<u>63,561</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,479</u>	<u>\$ 70,479</u>

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

Marion Township
Hocking County
Notes to the Financial Statements
For the Year Ended December 31, 2007 and December 31, 2006

Note 1 – Reporting Entity

The Marion Township, Hocking County, Logan, Ohio, is a body politic and corporate established on December 5, 1832 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.

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, cemetery maintenance and operates and fire department for protection. Police protection is provided by Hocking County Sheriff's department.

B. Jointly Governed Organizations and Public Entity Risk Pools

The Township participates in Ohio Township Association Risk Management Authority public entity risk pools. Note 6 to the financial statements provides additional information for this entity. This organizations is:

Public Entity Risk Pool:

The OTARMA is a public entity self-insurance pool providing property and liability coverage to townships in the State of Ohio. Nearly 500 risk-sharing, self-insurance pools across the country have been formed to provide protection

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 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. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash and investment balances, dept services, other purposes and unrestricted amounts 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

Marion Township
Hocking County
Notes to the Financial Statements
For the Year Ended December 31, 2007 and December 31, 2006

Note 2 – Summary of Significant Accounting Policies (continued)

Government-Wide Financial Statements (continued)

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 activity is self-financing on a cash basis or draws from the Township's general receipts.

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 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 categorized as 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 General Fund, Gasoline Tax, Road & Bridge, Fire District And Road District Funds. 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. The Gas Tax is used for salaries, fuel, debt service for 2008, and other maintenance. Road & Bridge is used for road maintenance, and repair service. Fire District fund is used to support the township volunteer fire department. Road District is used to do chip & seal work on township roads and also ice & snow removal materials.

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. Except for modifications having substantial support, 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. Any such modifications made by the Township are described in the appropriate section in this note.

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
Hocking County
Notes to the Financial Statements
For the Year Ended December 31, 2007 and December 31, 2006

Note 2 – Summary of Significant Accounting Policies (continued)

D. Budgetary Process

All funds, except agency 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, program, 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

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".

In compliance with the GASB guidelines, the Township has no investments.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2007 was \$10,343.68, Motor Vehicle Fund \$1,191.30 and Gas Tax Fund \$8,273.87

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent all funds with the exception of the General Fund. These funds represent the majority expenditures for supplies, repair and maintenance for the Township.

G. 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.

H. 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. All vacation time and personal time are to be used in the calendar year with no carryovers.

Marion Township
Hocking County
Notes to the Financial Statements
For the Year Ended December 31, 2007 and December 31, 2006

Note 2 – Summary of Significant Accounting Policies (continued)

I. 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 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor capital outlay expenditure are reported at inception. Lease payments are reported when paid. The township does not have any capital leases.

K. 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 *special revenue funds*. 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.

L. 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 fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

M. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

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 is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year-end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance. The Township did not have outstanding year-end encumbrances.

Note 4 – 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 sweep account, or in money market deposit accounts.

Marion Township
Hocking County
Notes to the Financial Statements
For the Year Ended December 31, 2007 and December 31, 2006

Note 4 – Deposits and Investments (continued)

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;
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.

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.

At year-end, the Township had \$-0- in undeposited cash on hand which is included as part of Equity in Pooled Cash and Cash Equivalents on the financial statements.

Deposits

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.

Marion Township
Hocking County
Notes to the Financial Statements
For the Year Ended December 31, 2007 and December 31, 2006

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2007 and 2006 represent the collection of 2006 and 2005 taxes. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. 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 property tax receipts received in 2007 and 2006 represent the collection of 2006 and 2005 taxes. Public utility real and tangible personal property taxes received in 2007 and 2006 became a lien on December 31, 2006 and 2005, were levied after October 1, 2006 and 2005, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2007 and 2006 represent the collection of 2006 and 2005 taxes. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2006 (the latest information available) was \$5.20 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 and 2006 property tax receipts were based are as follows:

Real Property	
Residential	\$ 48,056,640
Agricultural	5,362,180
Commercial/Industrial/Mineral	1,285,590
Tangible Personal Property	
Business	224,800
Public Utility	2,268,590
Total Assesed Property	<u>\$ 57,197,800</u>

Note 6 – Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Marion Township
Hocking County
Notes to the Financial Statements
For the Year Ended December 31, 2007 and December 31, 2006

Note 6 – Risk Management (continued)

Casualty Coverage

For an occurrence prior to January 1, 2006 OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA’s retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members’ total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA’s primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective township.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

OTARMA’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006 and 2005 (the latest information available):

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$32,031,312	\$30,485,638
Liabilities	<u>(11,443,952)</u>	<u>(12,344,576)</u>
Retained earnings	<u>\$ 20,587,360</u>	<u>\$18,141,062</u>
<u>Property Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$10,010,963	\$9,177,796
Liabilities	<u>(676,709)</u>	<u>(1,406,031)</u>
Retained earnings	<u>\$ 9,334,254</u>	<u>\$7,771,765</u>

Marion Township
Hocking County
Notes to the Financial Statements
For the Year Ended December 31, 2007 and December 31, 2006

Note 6 – Risk Management (continued)

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$10.8 million and \$11.6 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$10.8 million and \$11.6 million of unpaid claims to be billed to approximately 958 member governments in the future, as of December 31, 2006 and 2005, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$7,000. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

Financial Position (continued)

<u>Year</u>	<u>Contribution</u>
2007	\$ 7,874
2006	9,807
2005	8,490

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they give written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 7 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

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) 222-6705 or (800) 222-7377.

Marion Township
Hocking County
Notes to the Financial Statements
For the Year Ended December 31, 2007 and December 31, 2006

Note 7 – Defined Benefit Pension Plan (continued)

For the year ended December 31, 2007, the members of all three plans were required to contribute 9.5 percent of their annual covered salaries. In 2006 it was 9.0. The Township's contribution rate for pension benefits for 2007 was 13.85 percent, and 2006 was 13.70 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, \$24,876.83. The full amount has been contributed for 2007. Contributions to the member-directed plan for 2007 and 2006 were \$14,756 and \$13,271 made by the Township and \$10,121 and \$8,700 made by the plan members.

Note 8 – Post-employment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 local government employer contribution rate was 13.85 percent of covered payroll; 5.50 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care cost were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 0.50 and 5.00 percent for the next eight years. In subsequent years, (9 and beyond) health care costs were assumed to increase at 4% (the projected wage inflation rate).

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 374,979 as of December 31, 2007. Actual employer contributions for 2007 that were used to fund post-employment benefits were 13.85 % of covered payroll. The portion of employers contributions, for employers, allocated to health care was 5.00% from January 1, through June 30, 2007 and 6.00% July 1, 2007 through December 31, 2007. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. Members 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 health care plan.

Marion Township
Hocking County
Notes to the Financial Statements
For the Year Ended December 31, 2007 and December 31, 2006

Note 9 – Debt

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

<u>Governmental Activities</u>	<u>Interest Rate</u>	<u>Balance December 31, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance December 31, 2007</u>	<u>Due Within One Year</u>
General Obligation Bonds	5.5%	\$ -	\$ 42,515	\$ -	\$ 42,515	\$ 10,871

The general obligation bonds are supported by the full faith and credit of the Township and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments. Annual payments are made in the amount of \$8,504 plus interest.

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

Year	<u>G.O. Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$8,501	\$2,371
2009	\$8,503	\$1,897
2010	\$8,504	\$1,423
2011	\$8,504	\$ 948
2012	\$8,504	\$ 474
Totals	<u>\$42,515</u>	<u>\$7,113</u>

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2007, were an overall debt margin of \$42,515 and an unvoted debt margin of \$42,515.

Note 10 – Interfund Transfers

During 2007 the following transfers were made:

Transfers from the General Fund to:	
Major Governmental Fund	\$25,443
Other Governmental Funds	
Major Enterprise Fund	
Other Enterprise Funds	
Total Transfers from the General Fund	<u>\$25,443</u>

On February 27, 2007, \$15,443 was transferred to the Gas Tax Fund for down payment on a 2007 Caterpillar 420E Backhoe. On July 20, 2007, \$10,000 was transferred to the Road & Bridge Fund for Chip & Seal material.

Marion Township
Hocking County
Notes to the Financial Statements
For the Year Ended December 31, 2007 and December 31, 2006

Note 10 – Interfund Transfers (continued)

During 2006 the following transfers were made:

Transfers from the General Fund to:	
Major Governmental Fund	\$63,205
Other Governmental Funds	
Major Enterprise Fund	
Other Enterprise Funds	
Total Transfers from the General Fund	<u>\$63,205</u>

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 11– Contingent Liabilities

Litigation

The Township is party to legal proceedings. The Township is of the opinion that the ultimate disposition of this claim will not have a material effect, if any, on the financial condition of the Township.

The Township was a defendant in a lawsuit filed in March 2006 concerning Marion Township Community Center construction not being finished in the time frame as was agreed upon in the contract. In December 2006, two of the trustees had a private meeting (Sunshine Law) with the plaintiff and agreed on dollar amount settlement. The matter was then brought before the Trustees in an open meeting where it was voted (and passed) to settle the lawsuit for the prearranged dollar figure.

Note 12 – Subsequent Events

In October 2007, the Marion Twp Volunteer Fire Department received word that they had been awarded a FEMA Grant for a new Fire truck. Grant totaling \$275,000.

Perry & Associates
Certified Public Accountants, A.C.

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1035 Murdoch Avenue
Parkersburg, WV 26101
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428 Second Street
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**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

April 21, 2008

Marion Township
Hocking County
7320 Zwickel Road
Logan, OH 43138

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, Hocking 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 April 21, 2008, wherein we noted the Township revised its financial statements making them comparable to the requirements of governmental Auditing Standard Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis – for the State and Local 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 the 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 considered significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be 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 a 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.

Internal Control Over Financial Reporting (Continued)

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-001 thru 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. We believe none of the significant deficiencies described above are material weaknesses.

We noted one internal control matter that we reported to the Township's management in a separate letter dated April 21, 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 the following instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2007-003.

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

Respectfully Submitted,

Perry and Associates
Certified Public Accountants, A.C.

**MARION TOWNSHIP
HOCKING COUNTY**

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

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

FINDING NUMBER 2007-001

Significant Deficiency

Posting Estimated Receipts

The Township did not have a control procedure in place to ensure estimated receipts, as authorized by the Board of Trustees and approved by the County Budget Commission, were reconciled to estimated receipts posted to the accounting system.

This resulted in incorrect amounts posted to the accounting system and information available to Township officials to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate. Adjustments were made to the budgetary activity reported in Note 3 to the financial statements in order to accurately present estimated receipts as Certified by the County Budget Commission.

We recommend the Township implement procedures to ensure estimated receipts are accurately posted to the accounting system and reconciled to the amounts approved by the budget commission after each amendment.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2007-002

Significant Deficiency

Posting Receipts and Expenditures

Receipts and expenditures should be posted to the fund and line item accounts as established by Ohio Administrative Code Section 117-7-01.

During 2007, the Township took out a promissory note for the purchase of a backhoe. The expenditure for the purchase of the backhoe was sent directly from the bank to the vendor on behalf of the Township, however, the Township did not record this activity into the accounting system.

By not recording this activity, the Townships receipts and expenditures were understated and resulted in an audit adjustment being made to the financial statements.

We recommend the Clerk refer to Ohio Administrative Code Section 117-7-01 and/or the Ohio Township Handbook for guidance to determine the proper establishment of receipt and expenditure accounts and posting of receipts and expenditures.

Management's Response – We did not receive a response from officials to this finding.

**MARION TOWNSHIP
HOCKING COUNTY**

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

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

FINDING NUMBER 2007-003

Noncompliance Citation/Significant Deficiency

Ohio Rev. Code § 5705.39 provides that the total appropriations from each fund shall not exceed the total estimated revenue. No appropriation measure shall become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

The appropriations exceeded the total estimated resources for 2007 in the Road & Bridge Fund. An unfavorable variance was noted for the Road and Bridge Fund (\$11,471) for 2007.

The Township should obtain a certificate from the County Auditor stating that the total appropriations do not exceed the total estimated resources whenever an amendment is made to the original appropriation measure.

Management's Response – We did not receive a response from officials to this finding.



Mary Taylor, CPA
Auditor of State

MARION TOWNSHIP

HOCKING 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
JUNE 24, 2008**