

MARION TOWNSHIP
FAYETTE COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006
YEARS AUDITED UNDER GAGAS: 2007 AND 2006

CAUDILL & ASSOCIATES CPAs

725 5TH Street
Portsmouth, Ohio 45662



Mary Taylor, CPA
Auditor of State

Board of Trustess
Marion Township
9109 U.S. Route 22 NE
New Holland, Ohio 43145

We have reviewed the *Independent Auditor's Report* of Marion Township, Fayette County, prepared by Caudill & Associates, CPA's, for the audit period January 1, 2006 to 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 is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 21, 2009

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**MARION TOWNSHIP
FAYETTE COUNTY**

TABLE OF CONTENTS

TITLE	Page
Independent Auditor’s Report	1
Management’s Discussion and Analysis	3-8
Financial Statements:	
2007 Government-Wide Financial Statements:	
Statement of Net Assets-Cash Basis (2007)	9
Statement of Activities-Cash Basis (2007).....	10
2007 Fund Financial Statements:	
Statement of Assets and Fund Balances-Cash Basis-Governmental Funds.....	11
Statement of Cash Receipts, Disbursements and Changes in Fund Balances-Cash Basis-Governmental Funds.....	12
Statement of Cash Receipts, Disbursements and Changes in Fund Balance-Budget (Budgetary Basis) and Actual-General Fund	13
Statement of Cash Receipts, Disbursements and Changes in Fund Balance-Budget (Budgetary Basis) and Actual – Gasoline Tax Fund	14
Statement of Cash Receipts, Disbursements and Changes in Fund Balance-Budget (Budgetary Basis) and Actual – Road and Bridge Fund	15
2006 Government-Wide Financial Statements:	
Statement of Net Assets-Cash Basis (2006)	16
Statement of Activities-Cash Basis (2006).....	17

**MARION TOWNSHIP
FAYETTE COUNTY**

TABLE OF CONTENTS (Continued)

TITLE	Page
2006 Fund Financial Statements:	
Statement of Assets and Fund Balances-Cash Basis-Governmental Funds.....	18
Statement of Cash Receipts, Disbursements and Changes in Fund Balances-Cash Basis-Governmental Funds.....	19
Statement of Cash Receipts, Disbursements and Changes in Fund Balance-Budget (Budgetary Basis) and Actual-General Fund	20
Statement of Cash Receipts, Disbursements and Changes in Fund Balance-Budget (Budgetary Basis) and Actual – Gasoline Tax Fund.....	21
Statement of Cash Receipts, Disbursements and Changes in Fund Balance-Budget (Budgetary Basis) and Actual – Road and Bridge Fund.....	22
Notes to the Financial Statements.....	23-34
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	35-36
Schedule of Findings and Responses.....	37-40

Caudill & Associates, CPA's

725 5th Street
Portsmouth, OH 45662

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants
Kentucky Society of Certified Public Accountants

Independent Auditor's Report

To the Board of Trustees
Marion Township
Fayette County
9109 U.S. Route 22 NE
New Holland, Ohio 43145

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Marion Township (the Township), Fayette County, Ohio, as of and for the years ended December 31, 2007 and 2006. 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 obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the Township has prepared these financial statements and notes, using the cash basis of accounting. 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, Fayette County, Ohio as of December 31, 2007, and 2006, and the respective changes in cash financial position and the respective budgetary comparisons for the General Fund, the Gasoline Tax Fund, and the Road and Bridge Fund, thereof and for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2008, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Marion Township
Independent Auditor's Report

The Management's Discussion and Analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Caudill & Associates, CPAs

Caudill & Associates, CPAs

December 31, 2008

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

This discussion and analysis of 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 and 2006 are as follows:

In 2007, the Township's net assets increased \$218,881 or 140.1% over 2006. The increase is due to estate tax settlement received in 2007. In 2006, the Township's net assets decreased \$258 or 0.2% as compared to 2005. Both receipts and disbursements remain fairly consistent from 2005 to 2006.

The Township's general receipts are primarily property taxes. During 2007 and 2006 these receipts represented 12% and 23% respectively of the total cash received for governmental activities. Property tax receipts for 2007 increased \$6,556 or 17% compared to 2006. Property tax receipts for 2006 changed very little compared to 2005 as property values showed only moderate increases. The Township's program receipts are primarily excise gas tax. Excise tax receipts related to fuel sales increased \$2,779 or 3% in 2007 over 2006, and increased \$5,519 or 7% in 2006 over 2005. Motor vehicle license tax levied by the township for 2007 and 2006 remained fairly consistent.

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.

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.

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

Reporting the Government 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 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 nonfinancial 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 taxes.

Reporting the Government'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 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 non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund, Gas Tax Fund, and the Road & Bridge Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

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

The Government as a Whole

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

(Table 1)
 Net Assets

	Governmental Activities		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
Assets			
Cash and Cash Equivalents	\$ 375,161	\$ 156,280	\$ 156,538
Total Assets	\$ 375,161	\$ 156,280	\$ 156,538
Net Assets			
Restricted for:			
Gasoline Tax	\$ 154,678	\$ 112,769	\$ 74,551
Other Purposes	60,208	51,275	75,141
Unrestricted	160,275	(7,764)	6,846
Total Net Assets	\$ 375,161	\$ 156,280	\$ 156,538

As mentioned previously, net assets of governmental activities increased \$ 218,881 or 140.1% during 2007, due to estate taxes received during 2007. The primary reasons contributing to the increase in cash is also due to estate taxes received during 2007.

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

Table 2 reflects the changes in net assets in 2007, 2006 and 2005.

(Table 2)
Changes in Net Assets

	Governmental Activities		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
Receipts			
Program Receipts:			
Charges for Services and Sales	\$ 54	\$ 295	\$ 500
Operating Grants and Contributions	99,598	99,834	91,720
<i>Total Program Receipts</i>	<u>99,652</u>	<u>100,129</u>	<u>92,220</u>
General Receipts:			
Property and Other Local Taxes	45,530	38,974	38,350
Grants and Entitlements Not Restricted to Specific Programs	220,887	14,661	17,671
Miscellaneous	2,021	1,901	1,598
Interest	13,499	5,352	547
<i>Total General Receipts</i>	<u>281,937</u>	<u>60,888</u>	<u>58,166</u>
Total Receipts	<u>381,589</u>	<u>161,017</u>	<u>150,386</u>
Disbursements			
General Government	71,490	57,083	32,419
Public Safety	-	-	5,764
Public Works	86,038	112,920	115,902
Health	1,559	2,382	1,361
Capital Outlay	3,621	-	13,784
Total Disbursements	<u>162,708</u>	<u>172,385</u>	<u>169,230</u>
Other Financing Sources (Uses)			
Sale of Fixed Assets	-	11,110	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>11,110</u>	<u>-</u>
Increase (Decrease) in Net Assets	218,881	(258)	(18,844)
Net Assets, January 1	<u>156,280</u>	<u>156,538</u>	<u>175,382</u>
Net Assets, December 31	<u>\$ 375,161</u>	<u>\$ 156,280</u>	<u>\$ 156,538</u>

In 2007, Program receipts represent 26% percent of total receipts. In 2006, program receipts represent 62% of total receipts. Program receipts are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

In 2007, General receipts represent 74% percent of the Township's total receipts, and of this amount, 16% percent are local taxes. State and federal grants and entitlements make up the balance of the Township's general receipts (78%). Other receipts are very insignificant and somewhat unpredictable revenue sources. In 2006, General receipts represent 38% percent of the Township's total receipts, and of this amount, 64% percent are local taxes. State and

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

federal grants and entitlements make up the balance of the Township's general receipts (24%). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of official's salaries and benefits, Township hall maintenance and utilities. Health costs are the property tax deductions to the county health department, and maintenance cost of the cemeteries. Public Works are the costs of maintaining the roads.

Governmental Activities

If you look at the Statement of Activities on page 10 and 17, 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 next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. 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	Total Cost of Services 2005	Net Cost of Services 2005
General Government	\$ 71,490	\$ 71,436	\$ 57,083	\$ 56,788	\$ 32,419	\$ 31,919
Public Safety	-	-	-	-	5,764	5,764
Public Works	86,038	(13,560)	112,920	13,086	115,902	24,182
Health	1,559	1,559	2,382	2,382	1,361	1,361
Capital Outlay	3,621	3,621	-	-	13,784	13,784
Total Expenses	\$ 162,708	\$ 63,056	\$ 172,385	\$ 72,256	\$ 169,230	\$ 77,010

The Government's Funds

In 2007, total governmental funds had receipts of \$381,589 and disbursements of \$162,708. The greatest change within governmental funds occurred within the General Fund. The balance of the General fund increased \$168,039 during 2007 due to estate taxes received during the year.

In 2006, total governmental funds had receipts of \$161,017 and disbursements of \$172,385. The greatest change within governmental funds occurred within the Gas Tax Fund. The balance of the Gasoline Tax Fund increased \$38,218 during 2006 due to a slight increase in intergovernmental receipts and a reduction of public works disbursements.

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. General Fund receipts received in 2007 were \$1,525 greater than was budgeted and were \$13,858 less than budgeted in 2006.

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

In 2007, final disbursements were budgeted at \$263,770 while actual disbursements were \$75,632. In 2006, final disbursements were budgeted at \$40,826 while actual disbursements were \$58,874.

Capital Assets and Debt Administration

Capital Assets

The Township does not report capital assets under the cash basis of accounting.

Debt

The Township had no debt during the period January 1, 2006 through December 31, 2007.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, legislative bodies, management, 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 Diana Kirkpatrick, Fiscal Officer, Marion Township, 1790 Good Hope-New Holland Road NE, New Holland, Ohio 43145.

Marion Township
Statement of Net Assets - Cash Basis
December 31, 2007

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$ 375,161
<i>Total Assets</i>	<u><u>\$ 375,161</u></u>
<u>Net Assets:</u>	
Restricted for:	
Other Purposes	\$ 214,886
Unrestricted	160,275
<i>Total Net Assets</i>	<u><u>\$ 375,161</u></u>

See Accompanying Notes to the Financial Statements

Marion Township
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	
<u>Governmental Activities:</u>				
General Government	\$ 71,490	\$ 54	\$ -	\$ (71,436)
Public Works	86,038	-	99,598	13,560
Health Services	1,559	-	-	(1,559)
Capital Outlay	3,621	-	-	(3,621)
<i>Total Governmental Activities</i>	\$ 162,708	\$ 54	\$ 99,598	\$ (63,056)
 General Receipts				
Property and Other Taxes Levied for:				
General Purposes				\$ 12,560
Road and Bridge				32,970
Grants and Entitlements not				
Restricted to Specific Programs				220,887
Interest				13,499
Miscellaneous				2,021
<i>Total General Receipts</i>				281,937
Change in Net Assets				218,881
<i>Net Assets, Beginning of Year</i>				156,280
<i>Net Assets, End of Year</i>				\$ 375,161

See Accompanying Notes to the Financial Statements

Marion Township
Statement of Assets and Fund Balances - Governmental Funds (Cash Basis)
December 31, 2007

	General	Gasoline Tax	Road and Bridge	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	\$ 160,275	\$ 154,678	\$ 45,872	\$ 14,336	\$ 375,161
Investments	-	-	-	-	-
<i>Total Assets</i>	\$ 160,275	\$ 154,678	\$ 45,872	\$ 14,336	\$ 375,161
<u>Fund Balances:</u>					
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	\$ 160,275	\$ -	\$ -	\$ -	\$ 160,275
Special Revenue Funds	-	154,678	45,872	14,336	214,886
<i>Total Fund Balances</i>	\$ 160,275	\$ 154,678	\$ 45,872	\$ 14,336	\$ 375,161

See Accompanying Notes to the Financial Statements

Marion Township

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	Other Governmental Funds	Total Governmental Funds
<u>Receipts:</u>					
Property and Other Local Taxes	\$ 12,560	\$ -	\$ 32,970	\$ -	\$ 45,530
Charges for Services	54	-	-	-	54
Intergovernmental	220,887	88,980	-	10,618	320,485
Interest	10,070	3,374	-	55	13,499
Miscellaneous	100	1,921	-	-	2,021
Total Receipts	243,671	94,275	32,970	10,673	381,589
<u>Disbursements:</u>					
Current:					
General Government	71,490	-	-	-	71,490
Public Safety	-	-	-	-	-
Public Works	521	52,366	33,151	-	86,038
Health	-	-	-	1,559	1,559
Capital Outlay	3,621	-	-	-	3,621
Total Disbursements	75,632	52,366	33,151	1,559	162,708
Net Change in Fund Balances	168,039	41,909	(181)	9,114	218,881
Fund Balances, Beginning of Year	(7,764)	112,769	46,053	5,222	156,280
Fund Balances, End of Year	\$ 160,275	\$ 154,678	\$ 45,872	\$ 14,336	\$ 375,161

See Accompanying Notes to the Financial Statements

Marion Township
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 Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property and Other Local Taxes	\$ 11,000	\$ 11,000	\$ 12,560	\$ 1,560
Charges for Services	300	300	54	(246)
Intergovernmental	29,480	227,526	220,887	(6,639)
Interest	2,570	2,570	10,070	7,500
Miscellaneous	450	450	100	(350)
<i>Total Receipts</i>	43,800	241,846	243,671	1,825
<u>Disbursements:</u>				
Current:				
General Government	58,912	258,179	71,490	186,689
Public Works	540	570	521	49
Health	1,400	1,400	-	1,400
Capital Outlay	-	3,621	3,621	-
<i>Total Disbursements</i>	60,852	263,770	75,632	188,138
Excess of Receipts Over (Under) Disbursements	(17,052)	(21,924)	168,039	189,963
Net Change in Fund Balance	(17,052)	(21,924)	168,039	189,963
Fund Balance, Beginning of Year	(7,764)	(7,764)	(7,764)	-
Fund Balance, End of Year	\$ (24,816)	\$ (29,688)	\$ 160,275	\$ 189,963

See Accompanying Notes to the Financial Statements

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

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Intergovernmental	\$ 86,200	\$ 80,319	\$ 88,980	\$ 8,661
Interest	2,700	2,700	3,374	674
Miscellaneous	3,100	3,100	1,921	(1,179)
<i>Total Receipts</i>	92,000	86,119	94,275	8,156
<u>Disbursements:</u>				
Current:				
Public Works	179,952	179,952	52,366	127,586
<i>Total Disbursements</i>	179,952	179,952	52,366	127,586
Excess of Receipts Over (Under) Disbursements	(87,952)	(93,833)	41,909	135,742
Fund Balance, Beginning of Year	112,769	112,769	112,769	-
Fund Balance, End of Year	\$ 24,817	\$ 18,936	\$ 154,678	\$ 135,742

See Accompanying Notes to the Financial Statements

Marion Township
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>	<i>Variance Positive (Negative)</i>
	<u>Original</u>	<u>Final</u>		
<u>Receipts:</u>				
Property and Other Local Taxes	\$ 27,125	\$ 32,095	\$ 32,970	\$ 875
Intergovernmental	875	875	-	(875)
<i>Total Receipts</i>	<u>28,000</u>	<u>32,970</u>	<u>32,970</u>	<u>-</u>
<u>Disbursements:</u>				
Public Works	74,053	74,053	33,151	40,902
<i>Total Disbursements</i>	<u>74,053</u>	<u>74,053</u>	<u>33,151</u>	<u>40,902</u>
Excess of Receipts Over (Under) Disbursements	<u>(46,053)</u>	<u>(41,083)</u>	<u>(181)</u>	<u>40,902</u>
Net Change in Fund Balance	<u>(46,053)</u>	<u>(41,083)</u>	<u>(181)</u>	<u>40,902</u>
Fund Balance, Beginning of Year	<u>46,053</u>	<u>46,053</u>	<u>46,053</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ -</u>	<u>\$ 4,970</u>	<u>\$ 45,872</u>	<u>\$ 40,902</u>

See Accompanying Notes to the Financial Statements

Marion Township
Statement of Net Assets - Cash Basis
December 31, 2006

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$ 156,280
<i>Total Assets</i>	<u><u>\$ 156,280</u></u>
<u>Net Assets:</u>	
Restricted for:	
Other Purposes	\$ 164,044
Unrestricted	<u>(7,764)</u>
<i>Total Net Assets</i>	<u><u>\$ 156,280</u></u>

See Accompanying Notes to the Financial Statements

Marion Township
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	
<u>Governmental Activities:</u>				
General Government	\$ 57,083	\$ 295	\$ -	\$ (56,788)
Public Works	112,920	-	99,834	(13,086)
Health Services	2,382	-	-	(2,382)
<i>Total Governmental Activities</i>	\$ 172,385	\$ 295	\$ 99,834	\$ (72,256)
General Receipts				
Property and Other Taxes Levied for:				
General Purposes			\$ 11,292	
Road and Bridge			27,682	
Grants and Entitlements not				
Restricted to Specific Programs			14,661	
Proceeds from the Sale of Fixed Asset			11,110	
Interest			5,352	
Miscellaneous			1,901	
<i>Total General Receipts</i>			71,998	
Change in Net Assets				(258)
<i>Net Assets, Beginning of Year</i>			156,538	
<i>Net Assets, End of Year</i>			\$ 156,280	

See Accompanying Notes to the Financial Statements

Marion Township
Statement of Assets and Fund Balances - Governmental Funds (Cash Basis)
December 31, 2006

	General	Gasoline Tax	Cemetery	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	\$ (7,764)	\$ 112,769	\$ 46,053	\$ 5,222	\$ 156,280
<i>Total Assets</i>	<u>\$ (7,764)</u>	<u>\$ 112,769</u>	<u>\$ 46,053</u>	<u>\$ 5,222</u>	<u>\$ 156,280</u>
<u>Fund Balances:</u>					
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	\$ (7,764)	\$ -	\$ -	\$ -	\$ (7,764)
Special Revenue Funds	-	112,769	46,053	5,222	164,044
<i>Total Fund Balances</i>	<u>\$ (7,764)</u>	<u>\$ 112,769</u>	<u>\$ 46,053</u>	<u>\$ 5,222</u>	<u>\$ 156,280</u>

See Accompanying Notes to the Financial Statements

Marion Township

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	Other Governmental Funds	Total Governmental Funds
<u>Receipts:</u>					
Property and Other Local Taxes	\$ 11,292	\$ -	\$ 27,682	\$ -	\$ 38,974
Charges for Services	295	-	-	-	295
Intergovernmental	14,661	86,201	2,998	10,635	114,495
Interest	2,566	2,724	-	62	5,352
Miscellaneous	450	1,451	-	-	1,901
<i>Total Receipts</i>	<u>29,264</u>	<u>90,376</u>	<u>30,680</u>	<u>10,697</u>	<u>161,017</u>
<u>Disbursements:</u>					
Current:					
General Government	57,083	-	-	-	57,083
Public Works	409	63,268	38,806	10,437	112,920
Health	1,382	-	-	1,000	2,382
<i>Total Disbursements</i>	<u>58,874</u>	<u>63,268</u>	<u>38,806</u>	<u>11,437</u>	<u>172,385</u>
Net Change in Fund Balances	<u>(29,610)</u>	<u>27,108</u>	<u>(8,126)</u>	<u>(740)</u>	<u>(11,368)</u>
<u>Other Financing Sources (Uses):</u>					
Proceeds from the Sale of Fixed Assets	-	11,110	-	-	11,110
Transfer In	15,000	-	-	-	15,000
Transfer Out	-	-	(15,000)	-	(15,000)
<i>Total Other Financing Sources (Uses)</i>	<u>15,000</u>	<u>11,110</u>	<u>(15,000)</u>	<u>-</u>	<u>11,110</u>
Net Change in Fund Balances	<u>(14,610)</u>	<u>38,218</u>	<u>(23,126)</u>	<u>(740)</u>	<u>(258)</u>
Fund Balances, Beginning of Year	<u>6,846</u>	<u>74,551</u>	<u>69,179</u>	<u>5,962</u>	<u>156,538</u>
Fund Balances, End of Year	<u>\$ (7,764)</u>	<u>\$ 112,769</u>	<u>\$ 46,053</u>	<u>\$ 5,222</u>	<u>\$ 156,280</u>

See Accompanying Notes to the Financial Statements

Marion Township
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	<i>Variance Positive (Negative)</i>
	Original	Final		
<u>Receipts:</u>				
Property and Other Local Taxes	\$ 10,160	\$ 10,160	\$ 11,292	\$ 1,132
Charges for Services	100	100	295	195
Intergovernmental	21,720	30,762	14,661	(16,101)
Interest	1,000	1,000	2,566	1,566
Miscellaneous	1,000	1,000	450	(550)
<i>Total Receipts</i>	33,980	43,022	29,264	(13,758)
<u>Disbursements:</u>				
Current:				
General Government	39,054	38,990	57,083	(18,093)
Public Works	410	454	409	45
Health	1,362	1,382	1,382	-
<i>Total Disbursements</i>	40,826	40,826	58,874	(18,048)
Excess of Receipts Over (Under) Disbursements	(6,846)	2,196	(29,610)	(31,806)
<u>Other Financing Sources (Uses):</u>				
Transfer In	-	-	15,000	15,000
<i>Total Other Financing Sources (Uses)</i>	-	-	15,000	15,000
Net Change in Fund Balance	(6,846)	2,196	(14,610)	(16,806)
Fund Balance, Beginning of Year	6,846	6,846	6,846	-
Fund Balance, End of Year	\$ -	\$ 9,042	\$ (7,764)	\$ (16,806)

See Accompanying Notes to the Financial Statements

Marion Township
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>		<u>Actual</u>	<i>Variance Positive (Negative)</i>
	<u>Original</u>	<u>Final</u>		
<u>Receipts:</u>				
Intergovernmental	\$ 71,505	\$ 89,832	\$ 86,201	\$ (3,631)
Interest	1,000	1,000	2,724	1,724
Miscellaneous	1,600	1,600	1,451	(149)
<i>Total Receipts</i>	<u>74,105</u>	<u>92,432</u>	<u>90,376</u>	<u>(2,056)</u>
<u>Disbursements:</u>				
Current:				
Public Works	148,655	148,655	63,268	85,387
<i>Total Disbursements</i>	<u>148,655</u>	<u>148,655</u>	<u>63,268</u>	<u>85,387</u>
Excess of Receipts Over (Under) Disbursements	(74,550)	(56,223)	27,108	83,331
<u>Other Financing Sources (Uses):</u>				
Sale of Fixed Assets	-	-	11,110	11,110
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>11,110</u>	<u>11,110</u>
Net Change in Fund Balance	<u>(74,550)</u>	<u>(56,223)</u>	<u>38,218</u>	<u>94,441</u>
Fund Balance, Beginning of Year	<u>74,551</u>	<u>74,551</u>	<u>74,551</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1</u>	<u>\$ 18,328</u>	<u>\$ 112,769</u>	<u>\$ 94,441</u>

See Accompanying Notes to the Financial Statements

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

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property and Other Local Taxes	\$ 27,940	\$ 13,955	\$ 27,683	\$ 13,728
Intergovernmental	1,725	1,725	2,997	1,272
<i>Total Receipts</i>	29,665	15,680	30,680	15,000
<u>Disbursements:</u>				
Public Works	98,844	98,844	38,806	60,038
<i>Total Disbursements</i>	98,844	98,844	38,806	60,038
Excess of Receipts Over (Under) Disbursements	(69,179)	(83,164)	(8,126)	75,038
<u>Other Financing Sources (Uses):</u>				
Transfers Out	-	(15,000)	(15,000)	-
<i>Total Other Financing Sources (Uses)</i>	-	(15,000)	(15,000)	-
Net Change in Fund Balance	(69,179)	(98,164)	(23,126)	75,038
Fund Balance, Beginning of Year	69,179	69,179	69,179	-
Fund Balance, End of Year	\$ -	\$ (28,985)	\$ 46,053	\$ 75,038

See Accompanying Notes to the Financial Statements

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

Note 1 – Reporting Entity

Marion Township, Fayette County, Ohio (the Township), is a body politic and corporate established in 1819 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 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 and bridges, cemetery maintenance and fire protection.

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. 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 balance of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for 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 or business-type activity is self-financing on a cash basis or draws from the Township's general receipts.

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

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 and enterprise 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 only governmental funds.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. Monies are assigned to the various governmental funds according to the purpose for which they may or must be used. The following are the Township's major funds:

General Fund - The General Fund is the general operating fund. It 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.

Gasoline Tax Fund – This fund receives gasoline tax money to pay for the constructing, maintaining and repairing Township roads.

Road and Bridge Fund – This fund receives property tax money for construction, maintaining and repairing Township roads and bridges.

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 expenses and liabilities) are not recorded in these financial statements.

Marion Township
Fayette County
Notes to the Financial Statements
For the Years 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 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 Clerk. 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 certificated 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".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase 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 (contra revenue), respectively.

During 2007 and 2006, the Township invested all available funds in a public fund business interest checking account with a Huntington National Bank, or business premier MMA public funds account, also with Huntington National Bank.

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 and 2006 was \$10,070 and \$2,566 respectively. Interest receipts credited to other Township Funds in 2007 and 2006 totaled to \$3,429 and \$2,786 respectively.

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

Note 2 – Summary of Significant Accounting Policies (continued)

F. 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

G. 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.

H. 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.

I. 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.

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. Restricted net assets represent \$214,886 of a total fund balance of \$375,161 in 2007 and \$164,044 of a total fund balance of \$156,280 in 2006.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and any major special revenue fund are 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, and are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). There were no material encumbrances outstanding at year end.

Note 4 – Deposits and Investments

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

Active monies are public monies necessary to meet current demands on the 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.

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

Note 4 – Deposits and Investments (Continued)

Inactive deposits are public deposits that the Township has 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 may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, 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 obligations or securities 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 that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that 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) of this section 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 (STAROhio).

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. Investments may only be made through specified dealers and institutions.

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

Note 4 – Deposits and Investments (Continued)

Deposits

Custodial credit risk for deposits 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. Fiscal year end At December 31, 2007 and December 31, 2006, the Township's bank balances were \$377,918 and \$157,279, respectively, of which, \$277,918 and \$57,279 were exposed to custodial credit risk because they were uninsured and collateralized with securities held by the pledging financial institution, 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 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 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, the lien date. 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 represent the collection of 2006 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2006, were levied after October 1, 2007, 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 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. 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.

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

Note 5 – Property Taxes (continued)

The full tax rate for all Township operations for the year ended December 31, 2007, was \$4.70 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property:	2007	2006
Agricultural/ Residential	\$ 11,461,010	\$ 11,364,250
Commercial / industrial / Mineral	114,840	51,230
Tangible Personal Property:		
General	120,310	2,020
Public utility Real	1,617,420	1,617,420
Total Assessed Value	\$ 13,313,580	\$ 13,034,920

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 governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

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. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,695,000 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 PEP’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 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

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

Note 6 – Risk Management (Continued)

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. APEEP's Guarantee Fund was responsible for losses and loss adjustment expenses exceeding operating contributions.

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 values. 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 their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 (latest information available) was \$2,014,548.

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.

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA. They must provide 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 contributions. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

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, 2007 and 2006.

	2007	2006
Assets	\$43,210,706	\$ 42,042,275
Liabilities	<u>(13,357,837)</u>	<u>(12,120,661)</u>
Retained Earnings	<u>\$29,852,869</u>	<u>\$ 29,921,614</u>

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

Note 6 – Risk Management (Continued)

Financial Position (Continued)

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, 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.

Contributions to OTARMA

2006	\$7,851
2007	\$7,152

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide 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.

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

Note 7 – Defined Benefit Pension Plan (continued)

A. Ohio Public Employees Retirement System (continued)

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.

For the years ended December 31, 2007 and December 31, 2006, the members of all three plans were required to contribute 9.5 percent and 9.0 percent respectively of their annual covered salaries. The Township's contribution rate for pension benefits for 2007 and 2006 were 13.70% and 13.85% respectively. 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, 2006 and 2005 were \$10,356, \$9,649 and \$9,521 respectively. The full amount has been contributed for 2007, 2006 and 2005.

Note 8 - Postemployment 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 qualified survivor benefit 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 Postemployment 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 2006 (latest information available) local government employer contribution rate was 13.7 percent of covered payroll; 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005 (latest information available), 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 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

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

Note 8 - Postemployment Benefits (continued)

A. Ohio Public Employees Retirement System (continued)

All investments are carried at market value. 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 369,214. The number of active contributing participants for both plans used in the December 31, 2006 (latest information available), actuarial valuation was 358,804. Actual employer contributions for 2007 which were used to fund postemployment benefits were \$1,887. 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 \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 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. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

Note 9 – Transfers

The transfer made in 2006, included in the financial statements was made in accordance to laws governing the transfer of funds.

Note 10 – Related Party Transactions

During the audit period the following related party transactions occurred:

- (1) The Township disbursed to JD Equipment \$7,830 and \$2,200 in 2007 and 2006 respectively. JD Equipment is the employer of Trustee, Gary Miller and Cody Kirkpatrick, son of the Fiscal Officer, Diana Kirkpatrick. The transactions pertain to servicing of vehicles and for rental of equipment.
- (2) The Township disbursed to Dennis Miller \$1,394 and \$2,087 in 2007 and 2006 respectively. Dennis Miller is the brother of Trustee, Gary Miller. He mowed the Township roads an average of six months in both 2007 and 2006.
- (3) The Township disbursed to Sharon Miller \$794 and \$865 in 2007 and 2006 respectively. Sharon Miller is the wife of Trustee, Gary Miller. She cleaned the Township on a monthly basis in both 2007 and 2006.

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

Note 11 – Compliance

- (1) Contrary to Ohio Revised Code Section 5705.36, in 2007 and 2006, the Township's estimated resources were greater than actual resources in the General Fund. There was no amended certificate of estimated resources obtained from the county auditor to reduce the estimated figures.
- (2) Contrary to Ohio Revised Code Section 5705.39, the Township appropriations in the Road and Bridge Fund and General Fund for 2006, and the General fund for 2007, exceeded the estimated resources certified on the certificate of estimate resources for those funds.
- (3) Contrary to Ohio Revised Code Section 5705.41(B), township expenditures for several line items during both 2006 and 2007 in the General Fund and Gasoline Tax Fund exceeded appropriations for those line items.
- (4) Contrary to Ohio Revised Code Section 5705.41 (D), the Township did not properly certify the availability of funds prior to obligation for 72.5% or \$80,538 of purchases tested in 2006 and 64.8% or \$62,955 of the purchases tested in 2007.
- (5) Contrary to Ohio Rev. Code Section 5705.10, the Township's general fund had a negative fund balance as of December 31, 2006. This indicates that money from the general fund was used to cover the expense of another fund. This section provides that all money paid into a fund must be used only for purposes for which the fund was established.

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Ohio Society of Certified Public Accountants
Kentucky Society of Certified Public Accountants

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Marion Township
Fayette County
9109 U.S. Route 22 NE
New Holland, Ohio 43145

We have audited the financial statements of Marion Township (the Township), Fayette County, as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated December 31, 2008 wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness on the Township's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect 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 a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control. We consider the following deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting as items 2007-006 and 2007-007.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

Our consideration of 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 internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. The significant deficiencies reported are not material weaknesses in internal control over financial reporting.

Marion Township
Fayette County

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed five instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings and Responses as items 2007-001, 2007-002, 2007-003, 2007-004 and 2007-005,

We noted a certain noncompliance that we reported to the Township's management in a separate letter dated December 31, 2008.

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

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

Caudill & Associates, CPA's

Caudill & Associates, CPA's

December 31, 2008

**MARION TOWNSHIP
FAYETTE COUNTY**

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

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

FINDING NUMBER 2007-001

Noncompliance Citation – Ohio Rev. Code Section 5705.36

The Ohio Revised Code Section 5705.36 (A)(2) allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. ORC 5705.36 requires the Township to obtain an increased amended certificate of estimated resources from the budget commission if the legislative authority intends to appropriate and expend excess revenue. The Ohio Revised Code Section 5705.36 (A) (4) requires the Township to obtain a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation.

In 2007 and 2006, estimated resources were greater than actual resources in the General Fund. There was no amended certificate of estimated resources obtained from the county auditor to reduce the estimated figures.

This could allow deficit spending to occur.

We recommend the Fiscal Officer obtain a reduced certificate of estimated resources when it is determined that estimated receipts will be less than the actual receipts causing resources to fall below the level of appropriations. Approval of the modifications should be enacted and documented in the Township Minutes.

Township Response:

The Township will monitor budgetary activity more closely.

FINDING NUMBER 2007-002

Noncompliance Citation – Ohio Rev. Code Section 5705.39

The Ohio Revised Code Section 5705.39 requires in part that total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure is 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.

Contrary to this requirement, the Township made appropriations in excess of the total estimated resources available for appropriation concerning the Road and Bridge Fund and General Fund by \$28,985 and \$15,773 in 2006, and in the General Fund by \$29,688 in 2007.

This could allow deficit spending to occur.

We recommend that the Township appropriate only those resources certified on Certificate of Estimated Resources for each fund.

Township Response:

The Township will monitor budgetary activity more closely.

**MARION TOWNSHIP
FAYETTE COUNTY**

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

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

FINDING NUMBER 2007-003

Noncompliance Citation – Ohio Rev. Code Section 5705.41(B)

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. This law applies at both the fund level and the legal level of control. The legal level of control is define as the level at which the legislative body appropriates. In this case the object level.

Contrary to this requirement, the Township expended money beyond what was appropriated for several line items the Gasoline Tax Fund and General Fund in both 2006 and 2007.

We recommend that he Township expend for each fund and line item no more than what has been appropriated.

Township Response:

The Township will monitor budgetary expenditures more closely.

FINDING NUMBER 2007-004

Noncompliance Citation – Ohio Rev. Code Section 5705.41 (D)

Ohio Rev. Code Section 5705.41 (D) states no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer attached that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by Ohio Rev. Code Section 5705.41 (D):

Then and Now Certificate: If the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, 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 taxing authority can authorize the drawing of a warrant for the payment of the amount due.

The taxing authority has 30 days from the receipt of the “then and now” certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$100 for counties, or less than \$3,000 for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority 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 taxing authority.

The Township did not properly certify the availability of funds prior to obligation for 72.5% or \$80,538 of purchases tested in 2007 and 64.8% or \$62,955 of the purchases tested in 2007.

**MARION TOWNSHIP
FAYETTE COUNTY**

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

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

FINDING NUMBER 2007-004 (Continued)

We recommend the Township implement policies to ensure that all purchases first have monies certified by the Fiscal Officer before purchasing or ordering an item. We also recommend the use of a "then and now" certificate in instances of emergency or absence of proper authority.

Township Response:

The Township will monitor proper certification of expenditures more closely.

FINDING NUMBER 2007-005

Non Compliance Citation Ohio Rev. Code Section 5705.10

Ohio Rev. Code Section 5705.10 provides that all money paid into a fund must be used only for purposes for which the fund was established.

Negative fund balances indicate that money from one fund was used to cover the expense of another fund. The township had negative fund balance in the General Fund as of December 31, 2006.

We recommend that the Township monitor fund balances to ensure that funds are used solely for their intended purpose.

Township Response:

The Township will monitor expenditures more closely to ensure that funds are used solely for their intended purpose.

FINDING NUMBER 2007-006

Significant Deficiency - Payroll Procedures

In 2007 and 2006, timesheets were not signed by a supervisor prior to payment. Failure to review and authorize timesheets could lead to errors and discrepancies in hours compensated.

All timesheets should have supervision to ensure the accuracy of hours worked. As well all timesheets should be dated to document the date and amount of work performed for appropriation purposes.

We recommend the Township develop and adopt appropriate procedures to ensure that all timesheets are properly reviewed and authorized to ensure accuracy of hours worked and to ensure that time did not overextend beyond approved hours of work for job description or beyond appropriated amounts.

Township Response:

The Township will implement administrative procedures for recording, reviewing, and approving time worked by non-salaried employees.

**MARION TOWNSHIP
FAYETTE COUNTY**

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

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

FINDING NUMBER 2007-007

Significant Deficiency – System Discrepancies

Estimated receipts and appropriations should be posted to the accounting system so that they reflect Trustee approved amounts per the amended Certificate of Estimated Resources and the Appropriation Resolution.

Township filed amended Certificate of Estimated Resources during both 2006 and 2007 and did not properly post budgetary adjustment to the accounting system

We recommend the Fiscal Officer post budgetary amendments to the accounting system to reflect the actual appropriations and estimate resources approved by the Board of Trustees, and that they are posted in an accurate and timely manner.

Township Response:

The Fiscal Officer will post all budgetary amendments to the accounting system in an accurate and timely manner.



Mary Taylor, CPA
Auditor of State

MARION TOWNSHIP

FAYETTE 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
AUGUST 4, 2009**