

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

Financial Statements
(Audited)

For The Years Ended
December 31, 2011 and 2010

ANNIE JOSEPH, FISCAL OFFICER



Dave Yost • Auditor of State

Board of Commissioners
Prospect Township Park District
P.O. Box 426
Prospect, Ohio 43342

We have reviewed the *Independent Accountants' Report* of the Prospect Township Park District, Marion County, prepared by Julian & Grube, Inc., for the audit period January 1, 2010 through December 31, 2011. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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. The Prospect Township Park District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

November 8, 2012

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**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Accountants' Report

Prospect Township Park District
P.O. Box 426
Prospect, Ohio 43342

To the Board of Commissioners:

We have audited the accompanying financial statements of the Prospect Township Park District, Marion County, Ohio, as of and for the years ended December 31, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the Prospect Township Park District'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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Prospect Township Park District has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Prospect Township Park District's larger (i.e. major) funds separately. While the Prospect Township Park District does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require the Prospect Township Park District to reformat their statements. The Prospect Township Park District has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

Independent Accountants' Report
Prospect Township Park District
Page Two

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Prospect Township Park District as of December 31 2011 and 2010, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 and 2010 and the reserves for encumbrances as of December 31, 2010 of the Prospect Township Park District, Marion County, Ohio, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1.F., during 2011 the Prospect Township Park District adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

As described further in Note 7 during 2010, the Prospect Township Park District changes its accounting basis from Governmental Accounting Standards Board Statement No. 34 Basic Financial Statements - Cash Basis to the cash (regulatory) basis of accounting.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2012, on our consideration of the Prospect Township Park District'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.



Julian & Grube, Inc.
August 29, 2012

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Governmental Fund Type</u>
	<u>General</u>
Cash receipts:	
Property and local taxes	\$ 57,892
Intergovernmental	10,173
Interest	10
Donations and contributions	9,700
Miscellaneous	10,632
Total cash receipts	<u>88,407</u>
Cash disbursements:	
Current:	
Conservation/Recreation	69,596
Capital outlay	16,731
Total cash disbursements	<u>86,327</u>
Total cash receipts over/(under) cash disbursements	2,080
Fund cash balances, January 1, 2011	<u>5,368</u>
Fund cash balances, December 31, 2011	<u>\$ 7,448</u>
Assigned	3,441
Unassigned	4,007
Fund cash balances, December 31, 2011	<u>\$ 7,448</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - GOVERNMENTAL FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2010

	Governmental Fund Type
	General
Cash receipts:	
Property and local taxes	\$ 57,162
Intergovernmental	7,836
Interest	14
Donations and contributions	13,599
Miscellaneous	7,150
Total cash receipts	85,761
Cash disbursements:	
Current:	
Conservation/Recreation	60,215
Capital outlay	37,147
Total cash disbursements	97,362
Total cash receipts over/(under) cash disbursements	(11,601)
Fund cash balances, January 1, 2010	16,969
Fund cash balances, December 31, 2010	\$ 5,368
Reserve for encumbrances, December 31, 2010	\$ 5,036

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Prospect Township Park District, Marion County, Ohio, (the "District") as a body corporate and politic. The probate judge of Marion County appoints a three-member Board of Commissioners to govern the District. The Commissioners are authorized to acquire, develop, protect, maintain, and improve park lands and facilities. The District may convert acquired land into forest reserves. The District is also responsible for activities related to conserving natural resources, including streams, lakes, submerged lands, and swamp lands. The District may also create parks, parkways, and other reservations and may afforest, develop, improve and protect and promote the use of these assets conducive to the general welfare. The reporting entity is comprised of the primary government.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposit and Investments

The District's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

STAR Ohio is recorded at share values.

D. Fund Accounting

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its fund into the following type:

General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2011 and 2010 budgetary activity appears in Note 3.

F. Fund Balance

For December 31, 2011, the District implemented Governmental Accounting Standards Board (GASB) No. 54, "Fund Balance Reporting and Governmental Fund Definitions" which had no effect on fund balances. Under GASB No. 54, fund balances are divided into five classifications based primarily on the extent to which the District must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws of regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

The Board can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes, but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by District Board or a District official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant and Equipment

The District records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 2 - EQUITY IN POOLED DEPOSITS AND INVESTMENTS

The District maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2011	2010
Deposits:		
Demand deposits	\$ 6,892	\$ 1,812
Investments:		
STAR Ohio	556	3,556
Total deposits and investments	\$ 7,448	\$ 5,368

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

NOTE 3 - BUDGETARY ACTIVITY

Budgetary activity for the year ended 2011 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 84,561	\$ 88,407	\$ (3,846)

2011 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 89,597	\$ 89,768	\$ (171)

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 3 - BUDGETARY ACTIVITY - (Continued)

Budgetary activity for the year ended 2010 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ -	\$ 85,761	\$ (85,761)

2010 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 3,024	\$ 102,398	\$ (99,374)

NOTE 4 - PROPERTY TAX

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

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

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

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

NOTE 5 - RETIREMENT SYSTEMS

The District's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OPERS members contributed 10%, of their gross salaries and the District contributed an amount equaling 14% of participants' gross salaries. The District has paid all contributions required through December 31, 2011.

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 6 - RISK MANAGEMENT

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

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

The District belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2010, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP'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, 2010 and 2009 (the latest information available):

	<u>2010</u>	<u>2009</u>
Assets	\$34,952,010	\$36,374,898
Liabilities	<u>(14,320,812)</u>	<u>(15,256,862)</u>
Net Assets	<u>\$20,631,198</u>	<u>\$21,118,036</u>

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$12.9 million and \$14.1 million of estimated incurred claims payable. The assets above also include approximately \$12.4 million and \$13.7 million of unpaid claims to be billed to approximately 454 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2011, the District's share of these unpaid claims collectible in future years is approximately \$4,000.

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 6 - RISK MANAGEMENT - (Continued)

Based on discussions with PEP, the expected rates PEP 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 PEP for each year of membership.

<u>Contributions to PEP</u>	
<u>2011</u>	<u>2010</u>
\$4,550	\$4,041

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. 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 - ACCOUNTABILITY AND COMPLIANCE

1. Compliance

- A. The District did not approve permanent appropriations until August 8, 2011 for the year ending December 31, 2011 and the District did not approve permanent appropriations for the year ended December 31, 2010 in noncompliance with Ohio Revised Code 5705.38.
- B. The District had disbursements in excess of appropriations for the years ended December 31, 2011 and December 31, 2010 in noncompliance with Ohio Revised Code Sections 5705.41(B) and 5705.40.
- C. The District did not properly complete purchase orders for the years ended December 31, 2011 and December 31, 2010 resulting in a noncompliance with Ohio Revised Code Section 5705.41(D).
- D. The District did not timely file the certificate of available resources for the year ended December 31, 2011 and did not file a certificate for the year ended December 31, 2010, in noncompliance with Ohio Revised Code Section 5705.36.
- E. The District did not deposit monies in a timely manner, in noncompliance with Ohio Revised Code Section 9.38.

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

NOTE 7 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

- F.** The District is in noncompliance with Internal Revenue Code Section 3403, Chapter 26 due to lack of timely filing and payment of federal and state tax withholding and employer liability statements.
- G.** The District failed to file their annual report for the year ended December 31, 2010. The District could not provide proof of publication for public inspection of their annual reports for the years ended December 31, 2011 and 2010 in noncompliance of Ohio Revised Code Section 117.38.
- 2.** The District changed its accounting basis from GASB 34 - Cash Basis to the cash (regulatory) basis of accounting. There was no effect on fund balances at January 1, 2010.

NOTE 8 - CONTINGENT LIABILITIES

The District is not party to any litigation that would have a negative impact on the District.

NOTE 9 - MISCELLANEOUS RECEIPTS

2011 and 2010 miscellaneous receipts consists primarily of rental of park shelters and advertising at the baseball fields.



Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Required by *Government Auditing Standards***

Prospect Township Park District
P.O. Box 426
Prospect, Ohio 43342

To the Board of Commissioners:

We have audited the financial statement of the Prospect Township Park District, Marion County, as of and for the year ended December 31, 2011, and have issued our report thereon dated August 29, 2012, wherein we noted that the Prospect Township Park District followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. As described in Note 1.F. during 2011, the Prospect Township Park District adopted Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" and as described in Note 7, the Prospect Township Park District changed its accounting basis from Governmental Accounting Board Standard No. 34 - Basic Financial Statements - Cash Basis to the cash (regulatory) basis of accounting. 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 Prospect Township Park District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Prospect Township Park District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Prospect Township Park District's internal control over financial reporting.

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

Board of Commissioners
Prospect Township Park District

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Prospect Township Park District's financial statements will not be prevented, or detected and timely corrected. We consider findings 2011-PTPD-001 through 2011-PTPD-006 and 2011-PTPD-009 described in the accompanying schedule of findings and responses to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2011-PTPD-007 described in the accompanying schedule of findings and responses to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Prospect Township Park District's financial statement is free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and other matters, 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 eight instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2011-PTPD-001 through 2011-PTPD-006 and 2011-PTPD-008 and 2011-PTPD-009.

We also noted certain matters not requiring inclusion in this report that reported to the Prospect Township Park District's management in a separate letter dated August 29, 2012.

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

We intend this report solely for the information and use of management, the Board of Commissioners, and members of the Prospect Township Park District. We intend it for no one other than these specified parties.



Julian & Grube, Inc.
August 29, 2012

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2011 AND 2010**

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

Finding Number	2011-PTPD-001
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Noncompliance - Material Weakness - Budgetary Controls

Ohio Revised Code Section 5705.38 requires the annual appropriation measure be passed on or about the first day of each fiscal year. Temporary appropriations may be adopted until April 1 if the taxing authority wishes to postpone the passage of the annual appropriations measure until the county budget commission sends out the amended certificate based on year end balances. In addition, the District appropriation measure is the foundation of the District's anticipated activities for any given year.

For 2011, permanent appropriations were not approved until August 8, 2011.

The District could not provide evidence of any Commissioner approved or certified permanent appropriations for 2010.

While the District did not spend more monies that actually available, the lack of evidence of appropriations and timely approval may hinder its ability to effectively budget and monitor disbursements related to the budget.

We recommend that the District adopt procedures for approving the appropriation measure and include these procedures in an accounting policy and procedures manual. We recommend the Clerk/Treasurer develop a tickler file including all significant due dates of the budgeting process. The temporary or permanent appropriation measure should be passed prior to incurring expenditures.

Client Response: During July 2011, there was a turnover in fiscal personnel. 2012 appropriations were approved and certified to the County Auditor in a timely manner.

Finding Number	2011-PTPD-002
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Noncompliance - Material Weakness - Budgetary Controls

Ohio Revised Code Section 5705.40 outlines the requirements for amending and supplementing appropriations. This section requires that any amendments to an appropriation measure be made by Commissioners resolution and comply with the same provisions of the law as used in making the original appropriations.

Disbursements exceeded appropriations during 2011 and 2010 due to the District not timely or properly approving permanent appropriations.

By not timely and properly modifying the District's appropriations, the District is not adequately monitoring appropriations versus expenditures. With expenditures exceeding appropriations, overspending may occur which may result in a negative fund balance.

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2011 AND 2010**

FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2011-PTPD-002 - (Continued)

We recommend that the District comply with Ohio Revised Code and Auditor of State Bulletin 97-010 by monitoring expenditures so they do not exceed lawful appropriations. This may be achieved by monitoring the budget more closely on a continual basis and making appropriation amendments as necessary.

Client Response: During July 2011, there was a turnover in fiscal personnel. 2012 appropriations were approved and certified to the County Auditor.

Finding Number	2011-PTPD-003
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Noncompliance - Material Weakness - Budgetary Controls

Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated.

The District had disbursements exceeding appropriations at December 31, 2011 and December 31, 2010 due to not passing an appropriation measure and not recording auditor and treasurer fees gross.

With disbursements exceeding appropriations, the District is expending monies that have not been appropriated and approved by the Commissioners. This may result in unnecessary purchases or overspending which may lead to a fund deficit.

We recommend that the District comply with the Ohio Revised Code and the Auditor of State Bulletin 97-010 by monitoring expenditures so they do not exceed lawful appropriations and amending the budget prior to year end. This may be achieved by monitoring the budget more closely on a continual basis.

Client Response: During July 2011, there was a turnover in fiscal personnel. 2012 appropriations were approved and certified to the County Auditor.

Finding Number	2011-PTPD-004
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Noncompliance - Material Weakness - Budgetary Controls

Ohio Revised Code Section 5705.41(D) requires that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer 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.

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2011 AND 2010**

FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2011-PTPD-004 - (Continued)

Due to the District not timely approving permanent appropriations during 2011 and not approving permanent appropriations during 2010, the District did not properly certify disbursements.

Without certification, the District may expend more funds than available in the Treasury, in the process of collection or the funds appropriated. It may also result in unnecessary purchases.

We recommend that all orders or contracts involving the expenditure of money be timely certified to ensure all monies expended are lawfully appropriated and available in the treasury or in the process of collection. A policy and procedure statement adopted by the Commissioners and distributed at least annually may be beneficial. The District should consider using “Then” and “Now” certificates where applicable.

Client Response: During July 2011, there was a turnover in fiscal personnel. 2012 appropriations were approved and purchase orders are being properly used in 2012.

Finding Number	2011-PTPD-005
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Noncompliance - Material Weakness - Budgetary Controls

Ohio Revised Code Section 5705.36, in part, requires Fiscal Officers to certify to the county auditor the total amount from all sources which is available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year on or about the first day of the fiscal year.

The District did not timely certify available balances or estimated resources until August 8, 2011.

The District did not certify available balances or estimated resources for 2010.

Lack of timely filing and filing the certificate inhibits the Board from properly monitoring funds.

We recommend the District approve the certificate of available resources on or about the first of the fiscal year or amend the certificate if the District wishes to complete the certificate at an earlier date.

Client Response: During July 2011, there was turnover in fiscal personnel. 2012 certificate of available balances and estimated resources were filed in 2012.

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2011 AND 2010**

FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2011-PTPD-006

Noncompliance - Material Weakness - Deposit of Public Funds

Ohio Revised Code Section 9.38 requires that deposits of public funds must be made in a timely manner. Public money must be deposited to a designated depository by the business day following the day of receipt, if the total of such receipts exceed one thousand dollars.

During 2011 and 2010, monies received were not deposited in a timely manner.

Lack of timely deposits could make the District to be susceptible to misuse of stale dated checks.

We recommend the District monitor all collections and ensure that monies are deposited timely. This will lead to improved cash flow and reduce the risk of loss or fees.

Client Response: During July 2011, there was turnover in fiscal personnel. 2012 receipts are being properly safeguarded and deposited timely.

Finding Number	2011-PTPD-007
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Significant Deficiency - Financial Presentation

We identified misstatements in the financial statements for the years ended December 31, 2011 and December 31, 2010 that were not initially identified by the District's internal controls. A description of the adjustments follows:

Intergovernmental Receipts - The District posted \$4,417 and \$6,432, in 2011 and 2010, respectively, as tax receipts instead of intergovernmental receipts with regards to homestead and rollback receipts and tangible personal property reimbursement receipts. In addition, real estate tax receipts were recorded net of fees in 2011 in the amount of \$550.

The presentation of materially correct financial statements and the related footnotes is the responsibility of the District. We recommend the District implement control procedures that enable the District to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes.

The audited financial statements and the clients records have been adjusted to properly reflect these audit adjustments.

We further recommend the District attempt to properly classify receipts in the accounting system.

Client Response: The Fiscal Officer will frequent the Auditor of State website for guidance and the handbooks/UAN manual available for guidance.

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2011 AND 2010**

FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2011-PTPD-008

Noncompliance

Internal Revenue Code (IRC) Chapter 26 Section 3403 states the requirements for tax withholder and employer liability statements.

The District delayed in filing and related payment of its 2008, 2009, 2010 and partial 2011 federal and State of Ohio tax withholdings. This resulted in the District incurring a penalty to the Internal Revenue Service and Ohio Department of Taxation in the amount of \$280 and \$1,245, respectively.

By not submitting the proper reports and withholdings in the required time frame this could result in the District incurring additional fines and penalties.

We recommend the District submit the correct reports and the employee and employer withholdings to the required agencies by the required time period.

Client Response: The District is working diligently to correct this issue. The District currently submits all reports within the required timelines. The District is currently pursuing restitution from the previous Fiscal Officer for this amount.

Finding Number	2011-PTPD-009
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Noncompliance - Material Weakness - Annual Report Filing

Ohio Revised Code Section 117.38 requires cash basis entities file annual reports with the Auditor of State within 60 days of the fiscal year end and that a notice be published regarding availability of year-end reports filed with the Auditor of State.

The District failed to file their annual report for the year ending December 31, 2010. The District also did not provide proof of publication for public inspection of their annual reports for the years ended December 31, 2011 and 2010.

In addition to the non filing of financial reports and an annual possible \$750 fine imposed, the District's management is unable to review the financial records and make decisions based on accurate financial information and make such information available to the public.

We recommend that the Fiscal Officer annually file in a timely manner the required reports and maintain proof of publication that the annual report is available for public inspection. This will ensure compliance with the requirement and prevent the District from being assessed a penalty.

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2011 AND 2010**

FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2011-PTPD-009 - (Continued)

Client Response: The District changed Fiscal Officers in July 2011. The District has a new Fiscal Officer and does not anticipate future problems. In addition, the Board has taken a more active role in the daily operations.

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</u>
2009-PTPD-001	<u>Noncompliance - Material Weakness - Budgetary Controls</u> - Ohio Revised Code Section 5705.38 requires the annual appropriations measure be passed on or about the first day of each fiscal year.	No	Repeated as finding 2011-PTPD-001
2009-PTPD-002	<u>Noncompliance - Material Weakness - Budgetary Controls</u> - Ohio Revised Code Section 5705.40 outlines the requirements for amending and supplementing appropriations. This section requires that any amendments to an appropriation measure be made by Commissioners resolution and comply with the same provisions of the law as used in making the original appropriations.	No	Repeated as finding 2011-PTPD-002
2009-PTPD-003	<u>Noncompliance - Material Weakness - Budgetary Controls</u> - Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend money unless it has been appropriated.	No	Repeated as finding 2011-PTPD-003
2009-PTPD-004	<u>Noncompliance - Material Weakness - Budgetary Controls</u> - Ohio Revised Code Section 5705.41(D) requires that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the Fiscal Officer 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.	No	Repeated as finding 2011-PTPD-004

**PROSPECT TOWNSHIP PARK DISTRICT
MARION COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding <u>No Longer Valid; Explain:</u>
2009-PTPD-005	<u>Noncompliance - Material Weakness - Budgetary Controls</u> - Ohio Revised Code Section 5705.36 in part requires Fiscal Officers to certify to the County Auditor the total amount from all sources which is available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year on or about the first day of the fiscal year.	No	Repeated as finding 2011-PTPD-005
2009-PTPD-006	<u>Noncompliance - Significant Deficiency - Deposit of Public Funds</u> - Ohio Revised Code Section 9.38 requires that deposits of public funds must be made in a timely manner. Public money must be deposited to a designed depository b the business day following the day of receipt, if the total of such receipts exceed one-thousand dollars.	No	Repeated as finding 2011-PTPD-006
2009-PTPD-007	<u>Significant Deficiency - Financial Presentation</u> - Misstatements in the financial statements were not initially identified by the District's internal controls.	No	Repeated as finding 2011-PTPD-007



Dave Yost • Auditor of State

PROSPECT TOWNSHIP PARK DISTRICT

MARION COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 20, 2012**