

PROSPECT TOWNSHIP

MARION COUNTY

**JANUARY 1, 2013 TO DECEMBER 31, 2014
AGREED UPON PROCEDURES**



Dave Yost • Auditor of State

Board of Trustees
Prospect Township
P.O. Box 2
Prospect, Ohio 43342

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of Prospect Township, Marion County, prepared by Holbrook & Manter, for the period January 1, 2013 through December 31, 2014. Based upon this review, we have accepted this report in lieu of the audit required by Section 117.11, Revised Code.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 8, 2015

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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

Prospect Township
Marion County
P.O. Box 2
Prospect, Ohio 43342

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Prospect Township, Marion County, Ohio (the Township) and the Auditor of State agreed, solely to assist the Board in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2014 and 2013, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management and the Board are responsible for complying with the compliance requirements. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

Cash and Investments

1. We tested the mathematical accuracy of the December 31, 2014 and 2013 bank reconciliations.
 - No exceptions were noted during the testing of the bank reconciliations.
2. We agreed the January 1, 2013 beginning fund balances recorded in the Cash Journal to the December 31, 2012 balances in the prior year audited statements. We also agreed the January 1, 2014 beginning fund balances recorded in the Cash Journal to the December 31, 2013 balances in the Cash Journal.
 - The January 1, 2013 beginning fund balances agreed to the December 31, 2012 balances in the prior year audited statements and the January 1, 2014 beginning fund balances agreed to the December 31, 2013 balances.
3. We agreed the totals per the bank reconciliations to the totals in the December 31, 2014 and 2013 fund cash balances reported in the Combined Statements.
 - The amounts agreed from the bank reconciliations to the Combined Statements.

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4. We confirmed the December 31, 2014 and 2013 bank account balances with the Township's financial institutions and agreed the confirmed balances to the amounts appearing in the December 31, 2014 and 2013 bank reconciliations.
 - The confirmed balances agreed to those amounts within the bank reconciliation for 2014 and 2013 and no exceptions were noted.
5. We selected all four reconciling debits (such as outstanding checks) from the December 31, 2014 bank reconciliation and traced each debit appearing in the subsequent January, February, and April bank statements. We also traced the amounts and dates written to the check register, to determine that the debits were dated prior to December 31.
 - We found no exceptions when testing the reconciling debits.
6. We tested investments held at December 31, 2014 and 2013 to determine that they were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144 and matured within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14.
 - We found no exceptions when testing investments.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the statement) for 2014 and one from 2013 and traced the gross receipts from the *Statement* to the amount recorded in the Receipt Journal, determined whether the receipt was allocated to the proper fund(s) as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10, and determined whether the receipt was recorded in the proper year.
 - We found no exceptions during our testing of the County receipts.
2. We scanned the Receipt Journal to determine whether it included two real estate tax receipts for 2014 and 2013.
 - We found no exceptions during our testing of receipts.
3. We selected all four receipts from the State Distribution Transaction Lists (DTL) from 2014 and all four receipts from 2013 and compared the amount from the DTL to the amount recorded in the Receipt Journal. We also determined whether these receipts were allocated to the proper funds and whether the receipts were recorded in the proper year.
 - We found no exceptions during our testing of the State receipts.

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4. We also selected five receipts from the County Auditor's DTLs from 2014 and five from 2013 and compared the amount from the DTL to the amount recorded in the Receipt Journal. We also determined whether these receipts were allocated to the proper funds and whether the receipts were recorded in the proper year.
 - We found no exceptions when comparing the County Auditor's DTLs to the Receipt Register Report.

Debt

1. The prior audit documentation disclosed no debt outstanding as of December 31, 2012.
2. We inquired of management, and scanned the Receipt Journal and Appropriation Ledger for evidence of debt issued during 2014 or 2013 or payment activity during 2014 or 2013.
 - We noted no new debt issuances, nor any debt revenue or payment activity during 2014 or 2013.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2014 and one payroll check for five employees from 2013 from the Employee Detail Report and tested the following attributes:
 - We compared the hours and pay rate, or salary recorded in the Employee Detail Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary)
 - We recomputed gross and net pay and agreed it to the amount recorded in the payroll register.
 - We determined whether the fund and account code(s) to which the check was posted was reasonable based on the employees' duties as documented in the employees' personnel files and time records and determined whether the payment was posted to the proper year.
 - We found no exceptions when testing payroll checks.

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2. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2014 to determine whether remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period of 2014. We noted the following:

Withholding (Plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare	January 31, 2015	January 2, 2015	1,081.03	1,081.03
State income taxes	January 15, 2015	January 2, 2015	1,618.48	1,618.48
School district income taxes	January 15, 2015	January 2, 2015	141.99	141.99
OPERS retirement	January 30, 2015	January 12, 2015	1,720.27	1,720.27

- No exceptions were noted during the testing of the withholdings and all payments tested were made timely.
3. We inquired of management and scanned the Appropriation Ledger for the years ended December 31, 2014 and 2013 to determine if township employees and/or trustees were reimbursed for out-of-pocket insurance premiums.
 - We noted no such reimbursements.

Non-Payroll Cash Disbursements

1. From the Appropriation Ledger we re-footed checks recorded as General fund disbursements for health, and checks recorded as public works in the Gasoline tax fund for 2014.
 - We found no exceptions when re-footing checks.
2. We haphazardly selected ten disbursements from the Cash Journal for the year ended December 31, 2014 and ten from the year ended 2013 to determine the following:
 - The disbursements are for a proper public purpose.
 - The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Appropriation Ledger and to the names and amounts on the supporting invoices.
 - The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used.
 - The fiscal officer certified disbursements requiring certification or issued a Then and Now Certificate, as required by Ohio Rev. Code Section 5705.41(D).

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- We found one instance where the certification date was after the vendor invoice date, and there was also no evidence that a *Then and Now Certificate* was issued. Ohio Rev. Code Section 5705.41(D) requires certifying at the time of a commitment, which should be on or before the invoice date, unless a *Then and now Certificate* is used. Because we did not test all disbursements requiring certification, our report provides no assurance whether or not additional similar errors occurred.

Compliance-Budgetary

1. We compared the total estimated receipts from the *Amended Official Certificate of Estimated Resources* required by Ohio Rev. Code Section 5705.36 (A)(1), to the amounts recorded in the Receipt Journal for the General, Motor Vehicle License Tax, and Gasoline Tax funds for the years ended December 31, 2014 and 2013.
 - We noted that the Township is not tracking estimated resources in the receipt journal and they are not comparing actual receipts received to the *Amended Official Certificate of Estimated Resources*. The fiscal officer should periodically compare amounts recorded in the Receipt Journal to amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree, the Trustees may be using inaccurate information for budgeting and monitoring purposes.
2. We scanned the appropriation measures adopted for 2014 and 2013 to determine whether, for the General Fund, Motor Vehicle License Tax Fund, and Gasoline Tax Fund, the Trustees appropriated separately for “each office, department, and division, and within each, the amount appropriated for personal services,” as is required by Ohio Rev. Code Section 5705.38(c).
 - We found no exceptions when scanning appropriation measures to determine that each department had personal services appropriated separately.
3. We compared the total appropriations required by Ohio Rev. Code Section 5705.38 and 5705.40 to the amounts recorded in the Appropriation Ledger for 2014 and 2013 for the following funds: General, Motor Vehicle License Tax, and Gasoline Tax funds.
 - The amounts agreed when comparing the total appropriations to the amounts recorded in the Appropriation Ledger except for the General Fund. The Appropriation Ledger recorded budgeted (i.e. certified) resources for the General fund of \$347,595 for 2014. However, the final Appropriation Resolution reflected \$347,095.
4. Ohio Rev. Code Section 5705.36 (A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Gasoline Tax, and Cemetery funds for the years ended December 31, 2014 and 2013.
 - We noted no exceptions when comparing appropriations to certified resources.

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5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2014 and 2013 for the General, Gasoline Tax, and Cemetery funds, as recorded in the Appropriation Ledger.
 - We noted no exceptions when comparing total expenditures to total appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipts Journal for evidence of new restricted receipts requiring a new fund during December 31, 2014 and 2013. We also inquired of management regarding whether the Township received new restricted receipts.
 - We noted no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Township to establish a new fund.
7. We scanned the 2014 and 2013 Receipt Journals and Appropriation Ledgers for evidence of interfund transfers exceeding \$1,000 which Ohio Rev. Code Sections 5705.14 -.16 restrict.
 - We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner and Court of Common Pleas. No exceptions were noted.
8. We inquired of management and scanned the Appropriation Ledger to determine whether the Township elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13.
 - We noted the Township did not establish these reserves.
9. We scanned the Cash Summary by Fund Report for the years ended December 31, 2014 and 2013 for negative cash fund balance. Ohio Rev. Code Section 5705.10 (I) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another.
 - We noted no funds having a negative cash fund balance.

Compliance-Contracts & Expenditures

1. We inquired of management and scanned the Appropriation Ledger for the years ended December 31, 2014 and 2013 to determine if the Township proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project \$15,000-\$45,000) or to construct or reconstruct township roads (cost of project \$5,000-\$15,000 per mile) for which Ohio Rev. Code Section 5575.01 requires the county engineer to completed a force account project assessment from (i.e., cost estimate).

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- We identified no projects requiring the county engineer to complete a force account cost estimated.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the Township's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management, those charged with governance, the Auditor of State, and others within the Township, and is not intended to be, and should not be used by anyone other than these specified parties.

Shullbrook & Mante

Certified Public Accountants

Marion, Ohio
August 4, 2015

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Dave Yost • Auditor of State

PROSPECT TOWNSHIP

MARION COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 22, 2015**