

GRAND PRAIRIE TOWNSHIP

MARION COUNTY

JANUARY 1, 2009 TO DECEMBER 31, 2010

AGREED UPON PROCEDURES



Dave Yost • Auditor of State

Board of Trustees
Grand Prairie Township
3447 Marion-Bucyrus Road
Marion, Ohio 43302

We have reviewed the *Independent Accountants' Report on Applying Agreed-Upon Procedures* of Grand Prairie Township, Marion County, prepared by Holbrook & Manter, for the period January 1, 2009 through December 31, 2010. Based upon this review, we have accepted these reports 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. Grand Prairie 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 1, 2011

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INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

Board of Trustees
Grand Prairie Township
3447 Marion Bucyrus Road
Marion, Ohio 43302

We have performed the procedures enumerated below, with which the Board of Trustees and the management of Grand Prairie Township (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, 2010 and 2009, 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, 2010 and 2009 bank reconciliations.
 - No exceptions were noted during the testing of the bank reconciliations.
2. We agreed the January 1, 2009 beginning fund balances recorded in the Combined and Combining Statements of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances to the December 31, 2008 balances in the prior year audited financial statements.
 - The prior year audited balance was overstated within the General Fund by \$1,398 and understated in the Special Revenue Funds (Light Fund and Fire Fund) by \$1,398. After additional analysis, it has been determined that an error from the prior year has been corrected and the fund balances within the Township's accounting software is properly recorded at January 1, 2009 and carrying forward.

ROGER D. HOLBROOK, Ret. 1993
EARL W. MANTER, Ret. 1980

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CERTIFIED PUBLIC
ACCOUNTANTS

Cash and Investments (continued)

Official's Response – Error was due to a transitional attempt to convert statements in a prior year to the GASB 34 look-a-like. Amounts are properly corrected within UAN software.

3. We agreed the totals per the bank reconciliations to the corresponding totals in the December 31, 2010 and 2009 cash balances reported in the Fund Status Reports.
 - The amounts agreed from the bank reconciliation to the Fund Status Report.
4. We confirmed the December 31, 2010 and 2009 bank account balances with the Township's financial institutions and agreed the confirmed amounts to the corresponding amounts in the bank reconciliations noted in Cash Step 3.
 - We noted variances within the Township's investment balance of \$30 each year for the years ended December 31, 2010 and 2009, respectively.

Official's Response - The difference is an unidentified difference between the bank balance and the Township's records, however, it may be an interest posting from a prior year. The Fiscal Officer will continue to monitor the difference to verify it doesn't fluctuate moving forward and then try to identify the difference from prior years.

5. We selected the only two reconciling debits (such as outstanding checks) from the December 31, 2010 bank reconciliation and traced each debit appearing in the subsequent January bank statement. We also traced the amounts and date 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, 2010 and 2009 to determine that they were 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 2010 and one from 2009 and traced the gross receipts from the Statement to the amount recorded in the Receipt register Report. We also tested whether the receipt was allocated to the proper fund(s) as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10, and whether the receipt was recorded in the proper year.
 - We found no exceptions during our testing of the County receipts.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts (continued)

2. We scanned the Receipt Register Report to determine whether it included the proper number of tax receipts for 2010 and 2009, which consist of two personal property tax receipts and two real estate tax receipts.
 - We found no exceptions during our testing of receipts.
3. We selected all receipts from the State Distribution Transaction Lists (DTL) from 2010 and 2009 and compared the amount from the DTL to the amount recorded in the Receipt Register Report. 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.
4. We selected five receipts from the County Auditor’s confirmation from 2010 and five from 2009 and compared the amount to the amount recorded in the Receipt Register Report. 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 confirms to the Receipt Register Report.

Debt

1. From the prior audit report, we noted the following loan outstanding as of December 31, 2008. This amount agreed to the Townships January 1, 2009 balances on the summary we used in step 3.

Issue	Principal Outstanding as of December 31, 2008:
Chase Bank - Township Truck	\$ 34,789

2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of bonded or note debt issued during 2010 or 2009 or outstanding as of December 31, 2010 or 2009.
 - No new debt proceeds were noted and all debt payments agreed to the summary used in step 3 below.
3. We obtained a summary of debt activity for 2010 and 2009 and agreed principal and interest payments from the related debt amortization schedule to debt service payments reported in the Payment Register Detail Report. We also compared the date the debt service payments were due to the date the Township made the payment.
 - During the last payment in 2010, which paid off the debt, the payment was not properly allocated between principal and interest; however the debt was paid in full at the end of 2010. We found no other exceptions when testing debt payments for 2010 and 2009.

Debt (continued)

Official's Response - Debt was paid off in 2010, last payment was made and allocation was unclear due to early payoff. No new debt proceeds since this debt was paid in full.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2010 and one payroll check for five employees from 2009 from the Employee Detail Adjustment Report and determined whether the following information in the employee's files was consistent with the information used to compute gross and net pay related to this check:
 - Name
 - Authorized salary or pay rate as documented in the minutes or as required by statute
 - Department(s) and fund(s) to which the check should be charged.
 - Retirement system participation and payroll withholding
 - Federal, State and Local income tax withholding authorization and withholding
 - Any other deduction authorizations (deferred compensation, etc.)
- No exceptions were noted during the payroll check testing.
2. We tested the checks noted in Payroll Cash Disbursements Step 1 as follows:
 - We compared the hours and pay rate, or salary amount used in computing gross pay to supporting documentation (timecard, legislatively or statutorily-approved rate or salary).
 - 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 minute record or as required by statute. We also determined whether the payment was posted to the proper year.
- No exceptions were noted during our testing of payroll cash disbursements.
3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2010 to determine whether remittances were timely paid and that the amounts paid agreed to the amounts withheld, plus the employee's share where applicable, during the final withholding period during 2010. We noted the following:

Withholding (plus employer share where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income tax	January 31, 2011	December 20, 2010	493.80	493.80
State income taxes	January 15, 2011	December 15, 2010	120.20	120.20
OPERS retirement (withholding plus employee share)	January 30, 2011	December 15, 2010	1,195.18	1,195.18

Payroll Cash Disbursements (continued)

- No exceptions were noted during the testing of the withholdings and all payments tested were made timely.
4. For the years ended 2010 and 2009, we compared documentation and re-computation supporting the allocation of Board salaries to the General and Special Revenue Funds.
- The Township Trustees were only maintaining summary timesheets on a monthly basis to support the 67% allocation to the gasoline tax fund during 2009 and the 97% allocation to the gasoline tax fund during 2010. Even though the allocations appeared reasonable based upon the work performed by the Township Trustees each month, the timesheets provided were not detailed enough to be able to re-calculate the percentages based upon regulations set forth for documentation requirements in the Ohio Compliance Supplement. As stated within the Ohio Compliance Supplement, the 2004 Ohio Attorney General Opinion 2004-036 established the following documentation requirements: If any part of a salaried trustee's compensation is paid from any fund other than the general fund, the salaried trustee must document all time spent and the type of services performed. The Auditor of State requires the township to maintain daily records of tasks performed for each individual trustee that, when reviewed cumulatively for the fiscal year, will provide reasonable justification for the apportionment of salary between funds as specified in the resolution. The AOS will not accept monthly summaries in lieu of daily records. There is no requirement to provide an hourly breakdown. Rather, a sufficient description of tasks performed during a calendar day, with a percentage of total time worked during that day attributed to each task would be sufficient.

Official's Response - The Township Trustees will begin maintaining monthly timesheets with daily details regarding hours spent and the Fiscal Officer will allocate time accordingly.

5. For the years described in the preceding step, we traced Board time or services performed to time or activity sheets.
- Only monthly time summaries were maintained by the trustees. See notation provided in Step 4 above, along with the Official's Response provided by the Township above.

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2010 and ten from the year ended 2009 and determined 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 Payment Register Detail Report and to the names and amounts on the supporting invoices.

Non-Payroll Cash Disbursements (continued)

- The disbursements are 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).
- During our testing of non-payroll disbursements, we found six instances where the certification date was after the vendor invoice date, and there was 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 disbursement requiring certification, our report provides no assurance whether or not additional similar errors occurred.
- No other exceptions were noted.

Official's response - The Fiscal Officer is aware that all disbursements should be certified at the time a commitment is made and in the future will complete the certification at that time or prepare a *Then and Now Certificate* for the disbursement.

Compliance-Budgetary

1. We compared the total from the Amended Certificate of Estimated Resources, if there was an amendment, required by Ohio Rev. Code Section 5705.36 (A)(1) to the amounts recorded in the Revenue Status Report for each Fund for the years ended December 31, 2010 and 2009.
 - The amounts on the *Certificate* did not agree to the amount recorded in the accounting system. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General Fund of \$69,597 and \$69,708 for 2010 and 2009, respectively, and in the Special Revenue Funds of \$125,040 and \$124,947 for 2010 and 2009, respectively. However, the final *Amended Official Certificate of Estimated Resources* reflected \$69,678 and \$69,709 for the General Fund and \$121,435 and \$121,348 for the Special Revenue Funds for 2010 and 2009 respectively. The Fiscal Officer should periodically compare amounts recorded in the Revenue Status Report 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.

Official's response - The Fiscal Officer is aware of the requirement to amend the Certificate of Estimated Resources with the County Auditor and the Fiscal Officer will closely monitor moving forward.

2. We scanned the appropriation measures adopted for 2010 and 2009 to determine whether, for the General and Special Revenue funds, 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.

Compliance-Budgetary (continued)

- We found no exceptions when comparing appropriation measures to salaries for personal services.
3. We compared the total appropriations required by Ohio Rev. Code Section 5705.38 and 5705.40 to the amounts recorded in the Appropriation Status Report for 2010 and 2009 for the General and Special Revenue Funds.
 - The amounts agreed for 2010; however, in 2009 we noted that the General Fund had a difference of \$201.

Official's Response - The Fiscal Officer is aware of the requirement to amend the Appropriations with the County Auditor when deemed necessary and moving forward, the Fiscal Officer will closely monitor.

4. Ohio Rev. Code Section 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to certified resources for the General and Special Revenue Funds and for the years ended December 31, 2010 and 2009.
 - We found no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2010 and 2009 for the General and Special Revenue Funds, as recorded in the Appropriation Status Report.
 - We noted no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally restricted resources. We scanned the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2010 and 2009. 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. No exceptions were noted.
7. We scanned the 2010 and 2009 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers 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 Status Reports to determine whether the Township elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13.

Compliance-Budgetary (continued)

- We noted the Township did not establish these reserves.

Compliance-Contracts & Expenditures

1. We inquired of management and scanned the Payment Register Detail report for the years ended December 31, 2010 and 2009 for procurements requiring competitive bidding under the following statutes:
 - Materials, machinery and tools used in constructing, maintaining and repairing roads and culverts, where costs exceeded \$25,000. (Ohio Rev. Code Section 5549.21)
 - Construction and erection of a memorial building or monument costs exceeding \$25,000. (Ohio Rev. Code Section 511.12)
 - Equipment for fire protection and communication costs exceeding \$50,000. (Ohio Rev. Code Sections 505.37 to 505.42)
 - Street lighting systems or improvement costs exceeding \$25,000. (Ohio Rev. Code Section 515.07)
 - Building modification costs exceeding \$25,000 to achieve energy savings. (Ohio Rev. code Section 505.264)
 - Private sewage collection tile costs exceeding \$25,000. (Ohio Rev. Code Sections 521.02 to 521.05)
 - Fire apparatus, mechanical resuscitators, other fire equipment, appliances, materials, fire hydrants, buildings, or fire-alarm communications equipment or service costs exceeding \$50,000. (Ohio Rev. Code Section 505.37(A))
 - Maintenance and repair of roads exceeding \$45,000 (Ohio Rev. Code Section 5575.01)
 - Construction or reconstruction of a township road exceeding \$15,000/ per mile (Ohio Rev. Code Section 5575.01)
- We identified one contract with a third party consisting of multiple road projects during 2010 that in total exceeded \$45,000. The Township properly completed the competitive bidding requirements for the project, as is required by Ohio Rev. Code.
2. We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2010 and 2009 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 / per mile) for which Ohio Rev. Code Section 5575.01 requires the county engineer to complete a force account project assessment form (i.e., cost estimate).
 - We identified no projects requiring the county engineer to complete a force account cost estimate.
3. For the road maintenance project described in step 1 above, we read the contract and noted that it required the contractor to pay prevailing wages to their employees as required by Ohio Rev. code Sections 4115.04 and 4115.05.

Compliance-Contracts & Expenditures (continued)

- The contract included the Ohio Department of Commerce's schedule of prevailing rates.

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 and 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

July 5, 2011

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Dave Yost • Auditor of State

GRAND PRAIRIE 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 15, 2011**