



**GRAND PRAIRIE TOWNSHIP
MARION COUNTY**

AGREED-UPON PROCEDURES

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Grand Prairie Township
Marion County
3447 Marion-Bucyrus Road
Marion, Ohio 43302

We have performed the procedures enumerated below, which were agreed to by the Board of Trustees and the management of Grand Prairie Township (the Township), on the receipts, disbursements and balances recorded in the Townships cash basis accounting records for the years ended December 31, 2018 and 2017 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Township. The Township is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2018 and 2017 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Township. 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 recalculated the December 31, 2018 and December 31, 2017 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2017 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2016 balances in documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2018 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2017 balances in the Fund Ledger Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2018 and 2017 fund cash balances reported in the Fund Status Report. The amounts agreed.
4. We confirmed the December 31, 2018 bank account balance with the Township's financial institution. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2018 bank reconciliation without exception.
5. We selected a sample (agreed upon) of five reconciling debits (such as outstanding checks) from the December 31, 2018 bank reconciliation:
 - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
 - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. There were no exceptions.

Cash and Investments (Continued)

6. We inspected investments held at December 31, 2018 and December 31, 2017 to determine that they:
 - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions
 - b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. We noted no exceptions.

Property Taxes and Intergovernmental Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2018 and one from 2017:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Revenue Receipt Register. The amounts agreed.
 - b. We inspected the Revenue Receipt Register to confirm the receipt was allocated to the proper funds as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We inspected the Revenue Receipt Register to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Revenue Receipt Register to determine whether it included two real estate tax receipts for 2018 and 2017. The Revenue Receipt Register included the proper number of tax receipts for each year.
3. We selected all receipts from the State Distribution Transaction Lists (DTL) from 2018 and all from 2017. We also selected a sample (agreed upon) of five receipts from the County Auditor's Expenditure by Vendor History Report from 2018 and five from 2017.
 - a. We compared the amount from the above reports to the amount recorded in the Revenue Receipt Register.
 - b. We inspected the Revenue Receipt Register to determine that these receipts were allocated to the proper funds.
 - c. We inspected the Revenue Receipt Register to determine whether the receipts were recorded in the proper year.

We noted one receipt from the State of Ohio was deposited on May 3, 2017 in the amount of \$219.80. However, the Township was unable to provide supporting documentation showing when this receipt was recorded in the Township's accounting system. However, because we did not inspect all receipts, our report provides no assurance regarding whether or not other similar errors occurred.

Debt

1. The prior agreed-upon procedures documentation disclosed no debt outstanding as of December 31, 2016.
2. We inquired of management, and inspected the Revenue Receipt Register and Payment Register Detail Report for evidence of debt issued during 2018 or 2017 or debt payment activity during 2018 or 2017. We noted loan proceeds (and related disbursements) in the amount of \$67,675 were not recorded in the Township's accounting system in 2017.

Debt (Continued)

3. We obtained a summary of the loan debt activity for 2018 and 2017 and agreed principal and interest payments from the related debt amortization schedule to debt payments reported in the Payment Register Detail Report. We noted the Township made additional principal payments totaling \$2,374 in 2018 and \$84 in 2017. We also compared the date the debt service payments were due to the date the Township made the payments. We found no exceptions.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Receipt Register Report. We noted loan proceeds (and related disbursements) in the amount of \$67,675 were not recorded in the Township's accounting system in 2017.
5. For new debt issued during 2018 and 2017, we inspected the debt legislation, which stated the Township must use the proceeds to purchase a snow plow truck. We inspected the Payment Register Detail Report and noted loan related disbursements in the amount of \$67,675 were not recorded in the Township's accounting system in 2017. We further inspected related purchase documentation and observed the Township purchased a truck in March of 2017.

Payroll Cash Disbursements

1. We selected one payroll check for five employees from 2018 and one payroll check for five employees from 2017 from the Wage Detail Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Wage Detail Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found one instance where an employee's timecard was not maintained to support the two hours worked for the pay period. Ohio Rev. Code Section 149.351 provides that records of the public office shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of except as provided by law. Because we did not compare all timecards, our report provides no assurance whether or not other similar errors occurred.
 - b. We inspected the fund and account codes to which the check was posted to determine the posting was reasonable based on the employees' duties as documented in the employees' personnel files and/or minute record or as required by statute. We also confirmed the payment was posted to the proper year. We found the zoning inspector's salary in both 2018 and 2017 was paid from the Motor Vehicle License Tax fund totaling \$3,748. This fund accounts for license tax monies that Ohio Rev. Code Section 4503.02 restricts for planning, constructing, maintaining, and repairing public roads, highways, and streets and maintaining and repairing bridges and viaducts. The fiscal officer has adjusted the Township's financial ledgers to increase the fund balance of the Motor Vehicle License Tax Fund and decrease the General Fund by \$3,748.

We further found that the Trustees were paid annual salaries during 2018 and 2017 in accordance with Ohio Rev. Code Section 505.24. Ohio Rev. Code Section 505.24(C) states that by unanimous vote, a board of trustees may adopt a method of compensation consisting of an annual salary to be paid in equal monthly payments. The amount of the annual salary approved by the board shall be no more than the maximum amount that could be received annually by a trustee if the trustee were paid on a per diem basis as specified in this division, and shall be paid from the township general fund or from other township funds in such proportions as the board may specify by resolution. Each trustee shall certify the percentage of time spent working on matters to be paid from the township general fund and from other township funds in such proportions as the kinds of services performed.

Payroll Disbursements (Continued)

The Township did not pass a resolution to establish an annual salary method of compensation or to specify an allocation of salaries to the General and the Gasoline Tax funds and paid \$56,580 of the Board's salaries and benefits from the Gasoline Tax Fund. The Township financial ledgers have been adjusted to increase the fund balance of the Gasoline Tax Fund and decrease the fund balance in the General Fund by \$56,580.

2. For any new employees selected in procedure 1, we inspected the employees' personnel files and/or minute record for the following information and compared it with the information used to compute gross and net pay related to this check:
 - a. Name
 - b. Authorized salary or pay rate
 - c. Department(s) and fund(s) to which the check should be charged
 - d. Retirement system participation and payroll withholding
 - e. Federal, State & Local income tax withholding authorization and withholding
 - f. Any other deduction authorizations (deferred compensation, etc.)

We found no exceptions related to procedures a. – f. above, except the federal tax withholding authorization and department and fund to be charged were not maintained for the one employee tested. We recommend the Township maintain all documentation to support wages paid and deductions withheld.

3. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2018 to confirm 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 2018. We observed the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2019	December 19, 2018	1,179.76	1,179.76
State income taxes	January 15, 2019	December 17, 2018	164.11	164.11
OPERS retirement	January 30, 2019	December 17, 2018	1,155.87	1,155.87

4. For the pay periods ended March 19, 2018 and December 20, 2017, we recomputed the allocation of the Boards' salaries to the General and Gasoline Tax funds per the Wage Detail Report. The Township did not pass a resolution to establish an annual salary method of compensation or to specify an allocation of salaries and benefits to the General and the Gasoline Tax funds and paid \$56,580 of the Board's salaries from the Gasoline Tax Fund. The Township financial ledgers have been adjusted to increase the fund balance of the Gasoline Tax Fund and decrease the fund balance in the General Fund by \$56,580.
5. We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2018 and 2017 to determine if Township employees and/or Trustees were reimbursed for out-of-pocket insurance premiums. Insurance reimbursements made were in compliance with ORC 505.60 and 505.601 and federal regulations.

Non-Payroll Cash Disbursements

1. We selected a sample (agreed upon) of 10 disbursements from the Payment Register Detail Report for the year ended December 31, 2018 and 10 from the year ended 2017 and determined whether:
 - a. The disbursements were for a proper public purpose. We found no exceptions.
 - b. 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. We noted the Township did not maintain supporting documentation for check number 9176 dated February 15, 2018 in the amount of \$120 and check number 9332 dated December 6, 2018 in the amount of \$98. Ohio Rev. Code Section 149.351 provides that records of the public office shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of except as provided by law. Because we did not inspect all non-payroll disbursements, our report provides no assurance whether or not other similar errors occurred.
 - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
 - d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found two instances in 2018 and one instance in 2017 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 inspect 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 Revenue Status Report for the General, Fire Levy and Gasoline Tax funds for the years ended December 31, 2018 and 2017. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General and Gasoline Tax funds of \$59,011 and \$82,025, respectively, for 2017. However, the final *Amended Official Certificate of Estimated Resources* reflected \$59,211 and \$114,520, 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.
2. We inspected the appropriation measures adopted for 2018 and 2017 to determine whether, for the General, Fire Levy and Gasoline Tax 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(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2018 and 2017 for the following funds: General, Fire Levy and Gasoline Tax. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status Report.
4. Ohio Rev. Code Sections 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, Fire Levy and Gasoline Tax funds for the years ended December 31, 2018 and 2017. There were no funds for which appropriations exceeded certified resources.

Compliance – Budgetary (continued)

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, 2018 and 2017 for the General, Fire Levy and Gasoline Tax funds, as recorded in the Appropriation Status Report. There were no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We inspected the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2018 and 2017. We also inquired of management regarding whether the Township received new restricted receipts. The Township established the State Farm fund during 2018 to segregate insurance receipts and disbursements, in compliance with Section 5705.09.
7. For funds existing in prior years, we inspected the fund activity to determine whether the fund is still being used for the statutorily approved purpose and that all the required funds were established. All the required funds were established and no funds for which the statutorily approved purpose was no longer valid were included on the accounting records.
8. We inspected the 2018 and 2017 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$100 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 (effective after June 30, 2017) or Court of Common Pleas (effective through June 30, 2017).
9. We inquired of management and inspected the Appropriation Status Reports to determine whether the Township elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13 or 5705.132. The Township did not establish these reserves. We further inquired of management and inspected the Appropriation Status Reports to determine whether the Township elected to establish a contingency, not designated for any particular purpose (contingency reserve balance - spending reserve) permitted by Ohio Rev. Code Section 5705.29(A)(1). The Township did not establish these reserves.
10. We inspected the Cash Summary by Fund Report for the years ended December 31, 2018 and 2017 for negative cash fund balances. 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. No funds had a negative cash fund balance.

Compliance – Contracts & Expenditures

We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2018 and 2017 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 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.

Other Compliance

1. Ohio Rev. Code Section 117.38 requires townships to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies regarding the filing of complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System. We confirmed the Township filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy, within the allotted timeframe for the years ended December 31, 2018 and 2017 in the Hinkle system. Financial information was filed on 06/24/19 for both 2018 and 2017, which was not within the allotted timeframe.

2. For all credit card accounts we obtained:
 - copies of existing internal control policies,
 - a list(s) of authorized users, and
 - a list of all credit card account transactions.

We selected three credit card transactions for testing. For selected transactions, we inspected documentation to determine that each transaction was supported with original invoices and for a proper public purpose. We found that charges included with check #8975 dated February 15, 2017 were not supported by original and/or itemized invoices. Ohio Rev. Code Section 149.351 provides that records of the public office shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of except as provided by law. Because we did not inspect all credit card disbursements, our report provides no assurance whether or not other similar errors occurred.

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

This report is to provide assistance in the evaluation of the Township's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2018 and 2017, and certain compliance requirements related to these transactions and balances and is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

November 18, 2019

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OHIO AUDITOR OF STATE KEITH FABER



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
DECEMBER 31, 2019**