

PROSPECT TOWNSHIP
COLUMBUS REGION, MARION COUNTY
REPORT ON FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Prospect Township
200 S. Elm Street
Prospect, Ohio 43342

We have reviewed the Independent Auditor's Report of Prospect Township, Marion County, prepared by Holbrook & Manter, for the audit period January 1, 1999 through December 31, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Prospect Township is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

July 9, 2001

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Prospect Township
Marion County
200 S. Elm St.
Prospect, Ohio 43342

We have audited the accompanying financial statements of Prospect Township, Marion County, Ohio, (the Township) as of and for the years ended December 31, 2000 and December 31, 1999. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Prospect Township, Marion County, as of December 31, 2000 and December 31, 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2001 on our consideration of the Government's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Holbrook & Manter

Certified Public Accountants

March 16, 2001
Marion, Ohio

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MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
OHIO SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

PROSPECT TOWNSHIP
MARION COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENT, AND CHANGES IN FUNDS
CASH BALANCES – ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000

	General	Special Revenue	(Memorandum Only) Total
Cash receipts:			
Local taxes	\$ 57,044	\$ 0	\$ 57,044
Intergovernmental	39,138	56,496	95,634
Interest	6,783	5,777	12,560
Licenses, permits and fees	722	10,626	11,348
Miscellaneous	2,015	0	2,015
	105,702	72,899	178,601
Cash disbursements:			
Current:			
General government	51,946	0	51,946
Public works	0	97,008	97,008
Health	18,114	10,057	28,171
Capital outlay	0	11,723	11,723
	70,060	118,788	188,848
Total cash disbursements	70,060	118,788	188,848
Total receipts over/(under) cash disbursements	35,642	(45,889)	(10,247)
Fund cash balances January 1, 2000	124,626	103,850	228,476
Fund cash balances, December 31, 2000	\$ 160,268	\$ 57,961	\$ 218,229

The notes to the financial statements are an integral part of this statement.

PROSPECT TOWNSHIP
MARION COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENT, AND CHANGES IN FUNDS
CASH BALANCES – ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only) Total</u>
Cash receipts:			
Local taxes	\$ 60,350	\$ 0	\$ 60,350
Intergovernmental	34,018	65,927	99,945
Interest	4,243	4,031	8,274
Licenses, permits and fees	401	19,102	19,503
Miscellaneous	5,488	1,500	6,988
	<u>104,500</u>	<u>90,560</u>	<u>195,060</u>
Total cash receipts			
Cash disbursements:			
Current:			
General government	89,697	0	89,697
Public works	0	52,477	52,477
Health	12,838	10,883	23,721
Capital outlay	0	11,293	11,293
	<u>102,535</u>	<u>74,653</u>	<u>177,188</u>
Total cash disbursements			
	<u>1,965</u>	<u>15,907</u>	<u>17,872</u>
Total receipts over cash disbursements			
	<u>122,661</u>	<u>87,943</u>	<u>210,604</u>
Fund cash balances January 1, 1999			
	<u>124,626</u>	<u>103,850</u>	<u>228,476</u>
Fund cash balances, December 31, 1999	<u>\$ 124,626</u>	<u>\$ 103,850</u>	<u>\$ 228,476</u>

The notes to the financial statements are an integral part of this statement.

PROSPECT TOWNSHIP
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-

Description of the Entity – Prospect Township, Marion County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by three publicly-elected Trustees. The Township provides general governmental services.

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

Basis of Accounting – These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

Cash and Investments – The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

Fund Accounting – The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Motor Vehicle License Tax Fund

This fund receives motor vehicle tax money for constructing, maintaining and repairing township roads.

Gasoline Tax Fund

This fund receives gasoline tax money for constructing, maintaining and repairing township roads.

Cemetery Fund

This fund receives fees for cemetery services and sales of cemetery lots.

PROSPECT TOWNSHIP
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES :- (continued)

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

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 Board of Trustees must annually approve appropriation measures and subsequent amendments. The Marion County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year’s end.

Estimated Resources

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

Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year’s end are canceled, and reappropriated in the subsequent year.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

Property, Plant and Equipment – Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements

NOTE 2 – EQUITY IN POOLED CASH AND INVESTMENTS:-

The Township maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Deposits	\$ 29,150	\$ 115,022
STAR Ohio	<u>189,079</u>	<u>113,454</u>
Total deposits and investments	\$ <u><u>218,229</u></u>	\$ <u><u>228,476</u></u>

Deposits – The Townships deposits are either 1) insured by the Federal Depository Insurance Corporation or 2) collateralized by the financial institution’s public entity deposit pool.

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

PROSPECT TOWNSHIP
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 and 1999

NOTE 3 - BUDGETARY ACTIVITY:-

Budgetary activity for the years ended December 31, 2000 and 1999 was a as follows:

2000 Budgeted VS. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 153,772	\$ 105,702	\$ (48,070)
Special Revenue	<u>87,000</u>	<u>72,899</u>	<u>(14,101)</u>
Total	<u>\$ 240,772</u>	<u>\$ 178,601</u>	<u>\$ (62,171)</u>

2000 Budgeted VS. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditure</u>	<u>Variance</u>
General	\$ 260,951	\$ 70,060	\$ (190,891)
Special Revenue	<u>178,092</u>	<u>118,788</u>	<u>(59,304)</u>
Total	<u>\$ 439,043</u>	<u>\$ 188,848</u>	<u>\$ (250,195)</u>

PROSPECT TOWNSHIP
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 and 1999

NOTE 3 - BUDGETARY ACTIVITY:- (continued)

1999 Budgeted VS. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 0	\$ 104,500	\$ 104,500
Special Revenue	<u>0</u>	<u>90,560</u>	<u>90,560</u>
Total	<u>\$ 0</u>	<u>\$ 195,060</u>	<u>\$ 195,060</u>

The Township did not file a Certificate of Estimated Resources with the County Auditor for the year ended December 31, 1999.

1999 Budgeted VS. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditure</u>	<u>Variance</u>
General	\$ 0	\$ 102,535	\$ 102,535
Special Revenue	<u>0</u>	<u>74,653</u>	<u>74,653</u>
Total	<u>\$ 0</u>	<u>\$ 177,188</u>	<u>\$ 177,188</u>

The Township did not file an Appropriation Measure with the County Auditor for the year ended December 31, 1999.

PROSPECT TOWNSHIP
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999

NOTE 4 – PROPERTY TAX:-

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

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 Township.

NOTE 5 – RETIREMENT SYSTEMS:-

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost – sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for January 1999 through June 2000 and an amount equal to 8.13% of participants' gross salaries for July 2000 through December 2000. The Township has paid all contributions required through December 31, 2000.

NOTE 6 – RISK MANAGEMENT:-

The Township has obtained commercial insurance for the following risks from the Personal Service Insurance Co.:

- Commercial Auto
- Commercial Fire
- General Liability
- Commercial Inland Marine
- Public Officials Liability Insurance



Report on Compliance and on Internal Control
Required by Government Auditing Standards

Board of Trustees
Prospect Township
Marion County
200 S. Elm St.
Prospect, Ohio 43342

We have audited the accompanying financial statements of Prospect Township, Marion County, Ohio (the Township), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated March 16, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items N-1, N-2, & N-3.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Prospect Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable condition is described in the accompanying schedule of findings as item R-1.

Our consideration of the internal control over financial reporting would not necessarily disclose all matter in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

We noted other matters involving compliance and internal control over financial reporting that we have reported to the Management of the Township in a separate letter dated March 16, 2001.

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

Hullbrook & Manta
Certified Public Accountants

March 16, 2001
Marion, Ohio

SCHEDULE OF FINDINGS
PROSPECT TOWNSHIP
MARION OHIO
JANUARY 1, 1999 TO DECEMBER 31, 2000

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Non-compliance

N-1 Section 5705.38 Revised Code, states that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year ended balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until April 1.

Section 5705.41(B) Revised Code, states that no subdivision or taxing unit is to expend money unless it has been appropriated.

The Township did not file an annual appropriation measure with the County Auditor for 1999. The Township should complete and file in a timely manner the appropriation measure on a yearly basis.

N-2 Section 5705.36 Revised Code, states that on or about the first day of each fiscal year, the fiscal officers of subdivisions and other taxing units are 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 balances that existed at the end of the preceding year.

The Township did not file a certificate of estimated resources with the county auditor in 1999. The Township should complete and file in a timely manner the certificate of estimated resources on a yearly basis.

N-3 Section 5705.28, Ohio Revised Code, states that on or before July 15, in each year, the taxing authority of each subdivision or other taxing unit is required to adopt a tax budget for the next succeeding fiscal year.

The Township did not file an annual tax budget for the year ended December 31, 1999. The Township should complete and file in a timely manner the annual tax budget on a yearly basis.

Reportable Condition

R-1 During our examination and testing of expenditures, we noted several instances where adequate support for expenditures was not available. Adequate documentation is a key element of an internal control system, this condition limits the control and accountability over Township expenditures and allows for the possibility of improper payment to occur, no such instances were noted. We recommend that invoices for all expenditures be retained to support each expenditure.

PROSPECT TOWNSHIP
MARION COUNTY
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2000 AND 1999

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
N-1	A material noncompliance citation was issued under Ohio Rev. Code Section 117.38 for Township not filing annual reports with the Auditor of State.	No	Partially corrected as of December 31, 1999 and Fully corrected as of December 31, 2000: For 1999 this issue is repeated in a separate letter, to management of the Township, dated March 16, 2001. This matter does not require inclusion in the above stated Report of Independent Auditors on Compliance and on Internal Controls Required by <i>Government Auditing Standards</i> .
N-2	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.41(D) for expenditures made without the certificate of the fiscal officer.	Yes	Fully corrected by new clerk during the year ended December 31, 1999.
N-3	A material noncompliance citation was issued under Ohio Rev. Code Section 507.11 (B) for checks written without the signature of the clerk and two trustees.	Yes	Fully corrected by new clerk during the year ended December 31, 1999.
N-4	A material noncompliance citation was issued under Ohio Administrative Code Section 117-3-01 for not maintaining the cash journal, the receipts ledger, and the expenditure journal.	Yes	Fully corrected by new clerk during the year ended December 31, 1999.
R-1	A reportable condition finding was issued for lack of controls related to the financial records not being properly maintained.	Yes	Fully corrected by new clerk during the year ended December 31, 1999.
R-2	A reportable condition finding was issued for PERS payments not being paid in a timely manner.	Yes	Fully corrected by new clerk during the year ended December 31, 1999.
R-3	A reportable condition finding was issued for 941's not being completed properly and not being paid in a timely manner.	Yes	Fully corrected by new clerk during the year ended December 31, 1999.
R-4	A reportable condition finding was issued for not properly retaining township documents.	Yes	Fully corrected by new clerk during the year ended December 31, 1999.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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
JULY 26, 2001**