

PROSPECT TOWNSHIP
MARION COUNTY
REPORT ON FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011



Dave Yost • Auditor of State

Board of Trustees
Prospect Township
106 North Eighth Street
Prospect, Ohio 43342

We have reviewed the *Independent Auditors' Report* of Prospect Township, Marion County, prepared by Holbrook & Manter, for the audit period January 1, 2011 through December 31, 2012. 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. The 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

August 14, 2013

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INDEPENDENT AUDITORS' REPORT

Prospect Township
Marion County
106 North Eighth Street
Prospect, Ohio 43342

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Prospect Township, Marion County, (the Township) as of and for the years ended December 31, 2012 and 2011.

Managements Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audits. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2012 and 2011, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

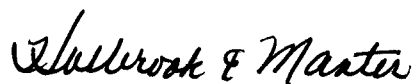
In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Prospect Township, Marion County as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2011 Prospect Township adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2013 on our consideration of the Township'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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Certified Public Accountants

June 26, 2013

**PROSPECT TOWNSHIP
MARION COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES-ALL GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>General</u>	<u>Special Revenue</u>	<u>Total Memorandum Only</u>
CASH RECEIPTS:-			
Local taxes	\$ 86,491	\$ 0	\$ 86,491
Intergovernmental	1,610	91,095	92,705
Interest	191	128	319
Fines, licenses, and permits	558	15,750	16,308
Miscellaneous	<u>2,145</u>	<u>108</u>	<u>2,253</u>
Total cash receipts	90,995	107,081	198,076
CASH DISBURSEMENTS:-			
Current:-			
General government	118,262	47,207	165,469
Public health services	<u>7,817</u>	<u>0</u>	<u>7,817</u>
Total cash disbursements	<u>126,079</u>	<u>47,207</u>	<u>173,286</u>
Total receipts over (under) cash disbursements	(35,084)	59,874	24,790
Fund cash balances, January 1, 2012	<u>301,996</u>	<u>194,933</u>	<u>496,929</u>
Nonspendable	0	0	0
Restricted	0	254,807	254,807
Committed	0	0	0
Assigned	0	0	0
Unassigned (Deficit)	<u>266,912</u>	<u>0</u>	<u>266,912</u>
Fund cash balances, December 31, 2012	<u>\$ 266,912</u>	<u>\$ 254,807</u>	<u>\$ 521,719</u>

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

**PROSPECT TOWNSHIP
MARION COUNTY**

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

	General	Special Revenue	Total Memorandum Only
CASH RECEIPTS:-			
Local taxes	\$ 105,619	\$ 0	\$ 105,619
Intergovernmental	10,945	92,323	103,268
Interest	894	596	1,490
Fines, licenses, and permits	781	10,250	11,031
Miscellaneous	2,770	2,250	5,020
Total cash receipts	121,009	105,419	226,428
CASH DISBURSEMENTS:-			
Current:-			
General government	132,313	108,711	241,024
Public health services	8,689	0	8,689
Total cash disbursements	141,002	108,711	249,713
Total receipts over (under) cash disbursements	(19,993)	(3,292)	(23,285)
Fund cash balances, January 1, 2011	321,989	198,225	520,214
Nonspendable	0	0	0
Restricted	0	194,933	194,933
Committed	0	0	0
Assigned	0	0	0
Unassigned (Deficit)	301,996	0	301,996
Fund cash balances, December 31, 2011	\$ 301,996	\$ 194,933	\$ 496,929

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

PROSPECT TOWNSHIP
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

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, including zoning services, and cemetery maintenance.

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 of Ohio, 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 of Ohio.

Cash and Investments - Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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:

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.

Motor Vehicle License Tax Fund

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

PROSPECT TOWNSHIP
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

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-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-end are canceled, and reappropriated in the subsequent year.

A summary of 2012 and 2011 budgetary activity appears in Note 3.

Fund Balance - Fund balance is divided into five classifications based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

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

**PROSPECT TOWNSHIP
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

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

The Township 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.

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:-

The Township maintains a cash 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:

	2012	2011
Demand Deposits	\$ 245,416	\$ 220,837
STAR Ohio	276,303	276,092
Total deposits	\$ 521,719	\$ 496,929

Deposits - The Township's deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Township, or (3) 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.

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLE:-

The Township implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a governmental is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on the fund balance of the Township's funds.

PROSPECT TOWNSHIP
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 4 - BUDGETARY ACTIVITY:-

Budgetary activity for the years ending December 31, 2012 and 2011 was as follows:

2012 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 132,675	\$ 90,995	\$ (41,680)
Special Revenue	<u>111,550</u>	<u>107,081</u>	<u>(4,469)</u>
Total	\$ <u>244,225</u>	\$ <u>198,076</u>	\$ <u>(46,149)</u>

2012 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 427,261	\$ 126,079	\$ 301,182
Special Revenue	<u>306,482</u>	<u>47,207</u>	<u>259,275</u>
Total	\$ <u>733,743</u>	\$ <u>173,286</u>	\$ <u>560,457</u>

PROSPECT TOWNSHIP
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 4 - BUDGETARY ACTIVITY:- (continued)

2011 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 143,634	\$ 121,009	\$ (22,625)
Special Revenue	<u>114,900</u>	<u>105,419</u>	<u>(9,481)</u>
Total	\$ <u>258,534</u>	\$ <u>226,428</u>	\$ (<u>32,106</u>)

2011 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 465,625	\$ 141,002	\$ 324,623
Special Revenue	<u>313,123</u>	<u>108,711</u>	<u>204,412</u>
Total	\$ <u>778,748</u>	\$ <u>249,713</u>	\$ <u>529,035</u>

PROSPECT TOWNSHIP
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE 5 - 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 payments, 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 Marion 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.

The tangible personal property tax is being phased out over the next few years.

NOTE 6 - RETIREMENT SYSTEMS:-

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost – sharing, multiple – employee 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 2012 and 2011, PERS members contributed 10% of their gross salaries. The Township contributed an amount equal to 14% of participants' gross salaries for 2012 and 2011. All contributions were paid in full as of December 31, 2012.

NOTE 7 - RISK MANAGEMENT:-

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2012, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

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

**PROSPECT TOWNSHIP
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

NOTE 7 - RISK MANAGEMENT:- (continued)

Financial Position

OTARMA'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, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Assets	\$ 34,771,270	\$ 35,086,165
Liabilities	(9,355,082)	(9,718,792)
Retained earnings	<u>\$ 25,416,188</u>	<u>\$ 25,367,373</u>

At December 31, 2012 and 2011, respectively, the liabilities above include approximately \$8.7 and \$9.1 million of estimated incurred claims payable. The assets above also include approximately \$7.96 and \$8.6 million of unpaid claims to be billed to approximately 944 member governments in the future, as of December 31, 2012 and 2011, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2012, the Township's share of these unpaid claims collectible in future years is approximately \$3,000.

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

<u>Contributions to OTARMA</u>	
2010	\$ 3,604
2011	\$ 4,404
2012	\$ 4,247

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA 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 the pool. 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 8 - SUBSEQUENT EVENTS:-

Management has evaluated subsequent events through June 26, 2013, the date which the financial statements were available to be issued.

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

Board of Trustees
Prospect Township
Marion County

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Prospect Township, Marion County, Ohio, (the Township) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, and have issued our report thereon dated June 26, 2013, wherein we noted the Township followed accounting financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit, described in Note 1. In addition, we noted that in 2011, the Township adopted Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Government's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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 combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

We noted certain internal control matters that we reported to the Township's management in a separate letter dated June 26, 2013.

Compliance and Other Matters

As part of reasonably assuring whether the Government's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 an instance of noncompliance or other matter we must report under *Government Auditing Standard*, which is reported in the accompanying schedule of findings as item 2012-001.

We also noted certain instances of non-compliance that we reported to the Township's management in a separate letter dated June 26, 2013.

Prospect Township's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not audit Prospect Township's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under Government Auditing Standards in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose and is intended solely for the information and use of management, Board of Trustees, and the Auditor of State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants

June 26, 2013

**PROSPECT TOWNSHIP
MARION COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2012 AND 2011**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2012-001
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Noncompliance Citation – Amending Certificates of Estimated Resources

Ohio Revised Code, Section 5705.36, allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the Fiscal Officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation. The total appropriations made during a fiscal year from any fund must not exceed the amount contained in the certificate of estimated resources or the amended certificate of estimated resources which was certified prior to making the appropriation or supplemental appropriation.

During our compliance testing, we noted that the Township did not amend estimated resources as outlined above. We recommend that the Fiscal Officer monitor estimated resources throughout the year and obtain amendments from the county budget commission as necessary.

Officials' Response

The Township is implementing procedures to determine when it is necessary to amend the estimated resources and submit them to the County for approval.

**PROSPECT TOWNSHIP
MARION COUNTY
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2010-001	Noncompliance Citation – Expenditures Exceed Appropriations	Yes	Finding No Longer Valid.
2010-002	Noncompliance Citation – Amending Certificates of Estimated Resources	No	Not corrected repeated as finding 2012-001.
2010-003	Noncompliance Citation – Appropriations Exceeding Estimated Resources	Yes	Finding No Longer Valid.



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
AUGUST 27, 2013**