

PROSPECT TOWNSHIP
MARION COUNTY
REPORT ON FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009



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, 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. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

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

Dave Yost
Auditor of State

August 29, 2011

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Prospect Township
Marion County

We have audited the accompanying financial statements of Prospect Township, Marion County, Ohio, (the Township) as of and for the years ended December 31, 2010 and 2009. 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 auditing standards generally accepted in the United States of America 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 has prepared these financial statements using accounting practices the Auditor of State of Ohio prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

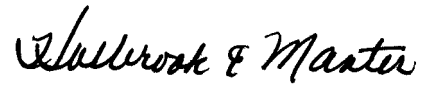
Instead of combined funds the accompanying financial statements present for 2010 and 2009, GAAP requires presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2010 and 2009. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State of Ohio permits, but does not require, governments to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State of Ohio permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2010 and 2009, or its changes in financial position for the years then ended.

Also, 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, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 11, 2011, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Certified Public Accountants

July 11, 2011

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, 2010

	<u>General</u>	<u>Special Revenue</u>	<u>Total Memorandum Only</u>
Cash receipts:-			
Local taxes	\$ 75,191	\$ 0	\$ 75,191
Intergovernmental	66,516	93,992	160,508
Interest	987	657	1,644
Fines, licenses, and permits	0	14,426	14,426
Miscellaneous	<u>29,488</u>	<u>387</u>	<u>29,875</u>
Total cash receipts	172,182	109,462	281,644
Cash disbursements:-			
Current;-			
General government	96,350	50,594	146,944
Public health services	93,366	24,239	117,605
Other	<u>0</u>	<u>0</u>	<u>0</u>
Total cash disbursements	<u>189,716</u>	<u>74,833</u>	<u>264,549</u>
Total receipts over (under) cash disbursements	(17,534)	34,629	17,095
Other financing receipts			
Sale of fixed assets	<u>6,293</u>	<u>0</u>	<u>6,293</u>
Total other financing receipts	6,293	0	6,293
Excess of cash receipts and other financing receipts over/(under) cash disbursements	(11,241)	34,629	23,388
Fund cash balances, January 1, 2010	<u>333,230</u>	<u>163,596</u>	<u>496,826</u>
Fund cash balances, December 31, 2010	<u>\$ 321,989</u>	<u>\$ 198,225</u>	<u>\$ 520,214</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, 2009

	General	Special Revenue	Total Memorandum Only
Cash receipts:-			
Local taxes	\$ 81,870	\$ 0	\$ 81,870
Intergovernmental	22,620	93,279	115,899
Interest	1,803	901	2,704
Fines, licenses, and permits	0	14,100	14,100
Miscellaneous	2,899	31	2,930
Total cash receipts	109,192	108,311	217,503
Cash disbursements:-			
Current;-			
General government	80,810	86,752	167,562
Public health services	48,954	0	48,954
Other	0	0	0
Total cash disbursements	129,764	86,752	216,516
Total receipts over (under) cash disbursements	(20,572)	21,559	987
Other financing receipts / (disbursements):-			
Transfer in	0	30,000	30,000
Transfer out	(30,000)	0	(30,000)
Total other financing receipts / (disbursements)	(30,000)	30,000	0
Excess of cash receipts and other financing receipts over / (under) cash disbursements	(50,572)	51,559	987
Fund cash balances, January 1, 2009	383,802	112,037	495,839
Fund cash balances, December 31, 2009	\$ 333,230	\$ 163,596	\$ 496,826

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

PROSPECT TOWNSHIP
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

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, 2010 AND 2009**

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 2010 and 2009 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:-

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:

	2010	2009
Demand Deposits	\$ 152,236	\$ 30,409
STAR Ohio	367,978	466,417
Total deposits	\$ 520,214	\$ 496,826

Deposits - The Townships 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.

PROSPECT TOWNSHIP
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 3 - BUDGETARY ACTIVITY:-

Budgetary activity for the years ending December 31, 2010 and 2009 was as follows:

2010 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 153,682	\$ 178,475	\$ 24,793
Special Revenue	<u>115,200</u>	<u>109,462</u>	<u>(5,738)</u>
Total	\$ <u>268,882</u>	\$ <u>287,937</u>	\$ <u>19,055</u>

2010 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 507,703	\$ 189,716	\$ 317,987
Special Revenue	<u>278,793</u>	<u>74,833</u>	<u>203,960</u>
Total	\$ <u>786,496</u>	\$ <u>264,549</u>	\$ <u>521,947</u>

Contrary to Ohio law, actual receipts were less than estimated resources during 2010 in the Special Revenue funds by \$5,738.

PROSPECT TOWNSHIP
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

NOTE 3 - BUDGETARY ACTIVITY:- (continued)

2009 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 106,194	\$ 109,192	\$ 2,998
Special Revenue	<u>148,300</u>	<u>138,311</u>	<u>(9,989)</u>
Total	\$ <u>254,494</u>	\$ <u>247,503</u>	\$ <u>(6,991)</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 106,100	\$ 159,764	\$ (53,664)
Special Revenue	<u>27,000</u>	<u>86,752</u>	<u>(59,752)</u>
Total	\$ <u>133,100</u>	\$ <u>246,516</u>	\$ <u>(113,416)</u>

Contrary to Ohio law, actual receipts were less than estimated resources during 2009 in the Special Revenue Funds by \$9,989.

Contrary to Ohio law, budgetary expenditures were more than appropriation authority during 2009 in the General fund by \$53,664 and in the Special Revenue Funds by \$59,752.

PROSPECT TOWNSHIP
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

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 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 5 - 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 2010 and 2009, PERS members contributed 10% of their gross salaries. The Township contributed an amount equal to 14% of participants' gross salaries for 2010 and 2009. All contributions were paid in full as of December 31, 2010.

NOTE 6 - 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. OTARMA is a member of the American Public Entity Excess Pool (APEEP). 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 Coverage 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, 2009, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsures 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, 2010 AND 2009**

NOTE 6 - 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, 2009 and 2008 (Most recent information available):

	2009	2008
Assets	\$ 38,982,088	\$ 40,737,740
Liabilities	(12,880,766)	(12,981,818)
Retained earnings	\$ 26,101,322	\$ 27,755,922

At December 31, 2009 and 2008, respectively, casualty coverage liabilities noted above include approximately \$12.0 million and \$12.1 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$11.5 million and \$10.9 million of unpaid claims to be billed to approximately 95 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$3,388.

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>	
2008	\$ 2,974
2009	\$ 2,644
2010	\$ 3,604

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they give written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary 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 7 - SUBSEQUENT EVENTS:-

Management has evaluated subsequent events through July 11, 2011, the date which financial statements were available to be issued.



**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 the financial statements of Prospect Township, Marion County, Ohio (the Township), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated July 11, 2011, wherein we noted the Township had followed accounting practices the Auditor of State of Ohio prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain internal control matters that we reported to the Township's management in a separate letter dated July 11, 2011.

Compliance and Other Matters

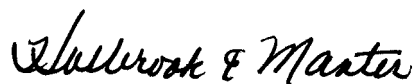
As part of reasonably assuring whether the Government's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial 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 instances of noncompliance or other matters we must report under *Government Auditing Standard*, which are reported in the accompanying schedule of findings as items 2010-001, 2010-002 and 2010-003.

We also noted certain instances of non-compliance that we reported to the Township's management in a separate letter dated July 11, 2011.

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.

We intend this report solely for the information and use of the audit committee, management, and the Township Trustees. We intend it for no one other than these specified parties.



Certified Public Accountants

July 11, 2011

**PROSPECT TOWNSHIP
MARION COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2010-001
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Noncompliance Citation – Expenditures Exceed Appropriations

Ohio Revised Code, Section 5705.41 (C), requires that no subdivision or taxing unit is to expend money unless it has been appropriated. In addition, Section 5705.41 (D) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the Fiscal Officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

It was noted during the audit that the budgetary expenditures exceeded appropriations throughout the year for several line items – (See Footnote 3 within the report). This condition limits the effectiveness of the Township’s compliance and budgetary controls and may result in overspending of the available funds. To prevent this from occurring, we recommend the Fiscal Officer deny payment request or purchase orders exceeding appropriations until the Township Trustees approve an increase to appropriations through a resolution and the Fiscal Officer then prepares an amendment to the original appropriation of expenditures.

Officials’ Response

The Township is implementing procedures to determine when it is necessary to amend the appropriations and submit them to the County for approval to prevent the actual expenditures to exceed those that were appropriated.

Finding Number	2010-002
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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 FINDINGS
DECEMBER 31, 2010 AND 2009**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Finding Number	2010-003
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Noncompliance Citation – Appropriations Exceeding Estimated Resources

Ohio Revised Code, Section 5705.39, states that the total appropriation from each fund should not exceed the total estimated revenue as certified by the county budget commission. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

We recommend the Trustees and Fiscal Officer periodically review the Township’s appropriations versus certified estimated resources to identify and investigate any variances and to help monitor legal compliance. The Township officials should verify that the Township has properly prepared and submitted all required budgetary documents to the county auditor. Also, each time appropriations are adopted or amended, the Township should verify the certificate of the County Auditor is received indicating appropriations do not exceed certified resources.

Officials’ Response

The current Fiscal Officer is reviewing the Township’s current policies and procedures regarding the monitoring of the estimated resources to prevent this condition from occurring in the future. The Fiscal Officer will also implement a procedure to obtain approval by submitting the amended estimated resources with the County as required.

**PROSPECT TOWNSHIP
MARION COUNTY
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2008-001	Noncompliance Citation – Expenditures Exceed Appropriations	No	Not Corrected.
2008-002	Noncompliance Citation – Amending Certificates of Estimated Resources	No	Not Corrected.
2008-003	Noncompliance Citation – Appropriations Exceeding Estimated Resources	No	Not Corrected.

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Dave Yost • Auditor of State

PROSPECT TOWNSHIP

MARION COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 8, 2011**