



Dave Yost • Auditor of State

**PRAIRIE TOWNSHIP
HOLMES COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Prairie Township
Holmes County
8186 CR 189
Holmesville, Ohio 44633

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Prairie Township, Holmes County, Ohio, (the Township) as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; 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 audit. 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 audit to reasonably assure 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(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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, 2014 and 2013, 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 Prairie Township, Holmes County as of December 31, 2014 and 2013, 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(D) permit, described in Note 1.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Special Revenue and Private Purpose Trust Fund were restated as of January 1, 2013 to correct a misstatement. Our opinion was 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 July 20, 2015, 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.



Dave Yost
Auditor of State
Columbus, Ohio

July 20, 2015

**PRAIRIE TOWNSHIP
HOLMES COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 29,407	\$ 236,921	\$ 266,328
Charges for Services		34,551	34,551
Licenses, Permits and Fees	38		38
Intergovernmental	19,489	158,001	177,490
Earnings on Investments	813	351	1,164
Miscellaneous	4,406	21,382	25,788
	<u>54,153</u>	<u>451,206</u>	<u>505,359</u>
<i>Total Cash Receipts</i>			
Cash Disbursements			
Current:			
General Government	73,449	23,546	96,995
Public Safety		93,826	93,826
Public Works		297,631	297,631
Health	4,169	1,556	5,725
Capital Outlay		12,195	12,195
	<u>77,618</u>	<u>428,754</u>	<u>506,372</u>
<i>Total Cash Disbursements</i>			
<i>Net Change in Fund Cash Balances</i>	<u>(23,465)</u>	<u>22,452</u>	<u>(1,013)</u>
<i>Fund Cash Balances, January 1</i>	<u>639,801</u>	<u>532,141</u>	<u>1,171,942</u>
Fund Cash Balances, December 31			
Restricted		485,411	485,411
Committed		69,182	69,182
Assigned	246,400		246,400
Unassigned	369,936		369,936
	<u>616,336</u>	<u>554,593</u>	<u>1,170,929</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 616,336</u>	<u>\$ 554,593</u>	<u>\$ 1,170,929</u>

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

PRAIRIE TOWNSHIP
HOLMES COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Private Purpose Trust</u>
Operating Cash Receipts	<u>\$ -</u>
Operating Cash Disbursements	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	-
<i>Fund Cash Balances, January 1</i>	<u>1,000</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 1,000</u></u>

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

**PRAIRIE TOWNSHIP
HOLMES COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 27,027	\$ 226,785	\$ 253,812
Charges for Services		34,426	34,426
Intergovernmental	634,502	140,067	774,569
Earnings on Investments	892	439	1,331
Miscellaneous	6,706	27,594	34,300
<i>Total Cash Receipts</i>	669,127	429,311	1,098,438
Cash Disbursements			
Current:			
General Government	73,500	23,235	96,735
Public Safety		91,363	91,363
Public Works		263,369	263,369
Health	4,566	3,668	8,234
Capital Outlay		43,859	43,859
<i>Total Cash Disbursements</i>	78,066	425,494	503,560
<i>Net Change in Fund Cash Balances</i>	591,061	3,817	594,878
<i>Fund Cash Balances, January 1 (restated)</i>	48,740	528,324	577,064
Fund Cash Balances, December 31			
Restricted		448,793	448,793
Committed		83,348	83,348
Assigned	196,100		196,100
Unassigned	443,701		443,701
<i>Fund Cash Balances, December 31</i>	\$ 639,801	\$ 532,141	\$ 1,171,942

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

PRAIRIE TOWNSHIP
HOLMES COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Private Purpose Trust</u>
Operating Cash Receipts	<u>\$ -</u>
Operating Cash Disbursements	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	-
<i>Fund Cash Balances, January 1 (restated)</i>	<u>1,000</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 1,000</u></u>

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

**PRAIRIE TOWNSHIP
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

1. Summary of Significant Accounting Policies

A. Description of the Township

The constitution and laws of the State of Ohio establish the rights and privileges of the Prairie Township, Holmes County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services.

The Township participates in Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. Note 7 to the financial statements provides additional information for this Township.

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

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits

The Township had no investments.

D. 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:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**PRAIRIE TOWNSHIP
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

Fire District Fund – This fund receives tax revenues levied to provide fire protection services to the Township, in addition to revenues generated from charges for services to provide emergency medical services for Township residents.

Road District Fund - This fund receives road levy tax money to pay for constructing, maintaining, and repairing Township roads.

3. Fiduciary Fund

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township's private purpose trust fund is for the care and maintenance of certain individuals' burial lots.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

2. Estimated Resources

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

**PRAIRIE TOWNSHIP
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

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

A summary of 2014 and 2013 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *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.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are 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.

5. Unassigned

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

**PRAIRIE TOWNSHIP
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (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.

G. Property, Plant, and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

2. Restatement of Fund Balance

The Township restated the January 1, 2013 financial statements to adjust the Special Revenue Funds' fund balance from \$525,193 to \$528,324 and the Private Purpose Trust Funds' fund balance from \$4,131 to \$1,000 to account for misstatements in the Private Purpose Trust fund balance.

3. Equity in Pooled Deposits

The Township maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

	2014	2013
Demand deposits	\$1,070,929	\$1,071,942
Certificates of deposit	101,000	101,000
Total deposits	\$1,171,929	\$1,172,942

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

4. Budgetary Activity

Budgetary activity for the years ended December 31, 2014 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$53,900	\$54,153	\$253
Special Revenue	399,550	451,206	51,656
Total	\$453,450	\$505,359	\$51,909

**PRAIRIE TOWNSHIP
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

4. Budgetary Activity (Continued)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$250,000	\$77,618	\$172,382
Special Revenue	887,000	428,754	458,246
Total	\$1,137,000	\$506,372	\$630,628

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$666,895	\$669,127	\$2,232
Special Revenue	407,650	429,311	21,661
Total	\$1,074,545	\$1,098,438	\$23,893

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$238,000	\$78,066	\$159,934
Special Revenue	840,500	425,494	415,006
Total	\$1,078,500	\$503,560	\$574,940

5. Property Tax

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

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

6. Retirement System

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS members contributed 10%, respectively, of their gross salaries and the Township contributed an amount equaling 14%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2014.

**PRAIRIE TOWNSHIP
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

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

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2014, 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.

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, 2013 and 2014:

	<u>2013</u>	<u>2014</u>
Assets	\$34,954,286	\$35,970,263
Liabilities	8,486,363	8,912,432
Net Position	\$26,467,923	\$27,057,831

At December 31, 2013 and 2014, respectively, the liabilities above include approximately \$7.9 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.2 million of unpaid claims to be billed to approximately 957 member governments in the future, as of December 31, 2013 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Township's share of these unpaid claims collectible in future years is approximately \$7,000.

**PRAIRIE TOWNSHIP
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

7. Risk Management (Continued)

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>	
<u>2014</u>	<u>2013</u>
\$12,770	\$12,762

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.

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Prairie Township
Holmes County
8186 CR 189
Holmeville, Ohio 44633

To the Board of Trustees:

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 the Prairie Township, Holmes County, Ohio, (the Township) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated July 20, 2015 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. In addition, the Special Revenue and Private Purpose Trust Fund were restated as of January 1, 2013 to correct a misstatement.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 a 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. We consider findings 2014-001 and 2014-002 described in the accompanying schedule of findings to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Township'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, opining 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 matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as item 2014-002.

Township's Response to Findings

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

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.



Dave Yost
Auditor of State
Columbus, Ohio

July 20, 2015

**PRAIRIE TOWNSHIP
HOLMES COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2014-001

Ohio Billings User Control Consideration

Material Weakness

The Township utilizes Ohio Billing, Inc. which assesses and bills individuals or insurance companies for EMS services. Ohio Billing issues a yearly SSAE 16 SOC 1 which includes User Control Considerations for the contracted entity. The following user controls were found to be deficient for the audit period:

- Reviewing the completeness and accuracy of the accounts receivable reports that are produced by Ohio Billing;
- Reconciling Ohio Billing monthly reports to internal accounting records on a timely basis each month.

The Township did not maintain documentation supporting the receipt, review, and reconciliation of Ohio Billing Reports to run documentation to ensure proper patient billing and credit.

By not reviewing these output reports, the Township cannot ensure customers were properly billed or payments were properly credited by Ohio Billing.

The Township should establish sufficient procedures which govern the receipt, review, and reconciliation of Ohio Billing Reports to run documentation maintained by the Township.

Officials' Response: Reports provided electronically by Ohio Billing. Reports were reviewed each month but hard copy was not maintained. Township will print, review, sign, date, & maintain hard copy of reports each month.

**PRAIRIE TOWNSHIP
HOLMES COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2014-002

Noncompliance and Material Weakness

Ohio Revised Code § 5705.10 (D) indicates except as otherwise provided by resolution adopted pursuant to section 3315.01 of the Revised Code, all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

Furthermore, Auditor of State Bulletin 2013-007 provides "...the local government should calculate the appropriate apportionment to restricted local, state, and federal funds based upon the premiums attributable to the 2011 policy year and adjust its accounting records and related financial statements to reflect this apportionment."

Furthermore, Governmental Accounting Standards Board Statement No. 34, paragraph 72, states that private-purpose trust funds should be used to report all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

The Township received a 2013 BWC reimbursement in the amount of \$7,720 which was posted to the General Fund. However, the 2011 BWC premium was posted to the 1000 General Fund and the 2111 Fire District Fund. Based on the 2011 premium posting, the Township should have posted the 2013 reimbursement to the funds indicated below:

- 1000 General Fund - \$2,249
- 2111 Fire District Fund - \$5,471

In addition, during 2014 and 2013, the Township received additional Motor Vehicle Tax Revenue in the amounts of \$609 and \$542, respectively, which were posted as miscellaneous revenue within the General Fund. However, this revenue should have been posted as intergovernmental revenue within the Motor Vehicle License Tax Fund.

Finally, the Township had a private-purpose trust fund presented on the financial statements in which \$3,131 of the \$4,131 fund balance was not part of a trust's principal and interest and the balance was due to the Cemetery Fund. As a result, the January 1, 2013 beginning balance was restated showing this \$3,131 as part of the Cemetery Special Revenue Fund rather than the Private-Purpose Trust Fund.

Adjustments were made to the financial statements and the Township's accounting records to reflect the required postings.

The Township should ensure all Auditor of State Bulletins and GASB pronouncements are reviewed and all revenue is correctly posted to required funds as provided in ORC 5705.10(D).

Officials' Response: The adjustments between funds have been completed. The net effect on the total fund balance is \$0.00.

**PRAIRIE TOWNSHIP
HOLMES COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	Ohio Revised Code Section 5705.41(D) – Fiscal Officer Certification	Yes	
2012-002	Ohio Revised Code Section 505.24(C) – Payroll Certification	Yes	
2012-003	Material Weakness due to significant revenue reclassifications	No	Reissued as Finding 2014-002.

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Dave Yost • Auditor of State

PRAIRIE TOWNSHIP

HOLMES 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
OCTOBER 6, 2015**