



Dave Yost • Auditor of State

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – All Governmental Fund Types – For the Year Ended December 31, 2011	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2010	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15
Schedule of Audit Findings	17
Schedule of Prior Audit Findings.....	21

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Dave Yost • Auditor of State

Grandview Township
Washington County
P.O. Box 475
New Matamoras, Ohio 45767

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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

Dave Yost
Auditor of State

November 8, 2012

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Grandview Township
Washington County
P.O. Box 475
New Matamoras, Ohio 45767

To the Board of Trustees:

We have audited the accompanying financial statements of Grandview Township, Washington County, Ohio (the Township), as of and for the years ended December 31, 2011 and 2010. 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 audit.

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*. Those standards require that we plan and perform the audit to reasonably assure 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State 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 the combined funds the accompanying financial statements present, GAAP require presenting entity-wide statements and also presenting the Township's larger (i.e., major) funds separately. 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 permits, but does not require townships 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 permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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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, 2011 and 2010 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, 2011 and 2010, or its changes in financial position for the years then ended.

The Township did not provide adequate supporting documentation for charges for services recorded in the EMS Squad Runs Special Revenue Fund in 2011 or 2010, nor were we able to satisfy ourselves as to the completeness of those receipts by other auditing procedures. These charges for services receipts represent 6 percent of the cash receipts of the Special Revenue Fund type for the year ended December 31, 2011 and 7.6 percent of the cash receipts of the Special Revenue Fund type for the year ended December 31, 2010. In addition, ambulance and emergency services are billed by a service organization that is independent of the Township. Matamoras Emergency Squad, Inc., the service organization, did not provide information regarding the design or proper operation of their internal controls relative to the processing of the Township's ambulance and emergency services transactions. As a result, we were unable to perform procedures to satisfy ourselves as to the proper billing of ambulance and emergency services for 2011 and 2010.

Also, in our opinion, except for the effects adjustments, if any, that might have been required had we been able to examine sufficient appropriate evidence regarding the EMS Squad Runs Special Revenue Fund receipts as described in paragraph six, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Grandview Township, Washington County, Ohio as of December 31, 2011 and 2010, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 2, during 2011 the Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2012, 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.



Dave Yost
Auditor of State

November 8, 2012

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

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

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 8,569	\$ 58,208	\$	\$ 66,777
Charges for Services		8,800		8,800
Licenses, Permits and Fees		18,153		18,153
Intergovernmental	34,331	213,788		248,119
Earnings on Investments	109	125	8	242
Miscellaneous	3,216	1,300		4,516
Total Cash Receipts	<u>46,225</u>	<u>300,374</u>	<u>8</u>	<u>346,607</u>
Cash Disbursements				
Current:				
General Government	36,951	26,859		63,810
Public Safety		50,827		50,827
Public Works		151,387		151,387
Health	2,383	17,783		20,166
Debt Service:				
Principal Retirement		15,644		15,644
Interest and Fiscal Charges		4,504		4,504
Total Cash Disbursements	<u>39,334</u>	<u>267,004</u>	<u>0</u>	<u>306,338</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	<u>6,891</u>	<u>33,370</u>	<u>8</u>	<u>40,269</u>
Fund Cash Balances, January 1	<u>17,722</u>	<u>136,084</u>	<u>3,315</u>	<u>157,121</u>
Fund Cash Balances, December 31				
Nonspendable			3,018	3,018
Restricted		169,454	305	169,759
Unassigned (Deficit)	24,613			24,613
Fund Cash Balances, December 31	<u>\$ 24,613</u>	<u>\$ 169,454</u>	<u>\$3,323</u>	<u>\$ 197,390</u>

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

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 7,486	\$ 62,081	\$	\$ 69,567
Charges for Services		19,680		19,680
Licenses, Permits and Fees		7,650		7,650
Intergovernmental	33,358	153,552		186,910
Earnings on Investments	262	128	247	637
Miscellaneous	2,680	4,186		6,866
Total Cash Receipts	43,786	247,277	247	291,310
Cash Disbursements				
Current:				
General Government	39,018	30,847		69,865
Public Safety		69,086		69,086
Public Works		113,563		113,563
Health	3,964	50,868		54,832
Capital Outlay	2,562			2,562
Debt Service:				
Principal Retirement		10,089		10,089
Interest and Fiscal Charges		3,821		3,821
Total Cash Disbursements	45,544	278,274	0	323,818
Excess of Cash Receipts Over/(Under) Cash Disbursements	(1,758)	(30,997)	247	(32,508)
Fund Cash Balances, January 1	19,480	167,081	3,068	189,629
Fund Cash Balances, December 31	\$ 17,722	\$ 136,084	\$3,315	\$ 157,121

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

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Grandview Township, Washington 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, and fire protection and emergency medical services. The Township contracts with the Matamoras Emergency Squad, Inc., for emergency medical services and with the Matamoras Volunteer Fire Department to provide fire services.

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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township 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 Auditor of State prescribes or permits.

C. Deposits

The Township had one primary, interest bearing checking account during the audit period.

D. Fund Accounting

The Township uses fund accounting to segregate cash that is restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

Motor Vehicle License Tax Fund - This fund receives motor vehicle license tax money for constructing, maintaining, and repairing Township roads.

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

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

3. Permanent Funds

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Township's programs. The Township had the following significant Permanent Funds:

Permanent Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

Rachel McCormick Bequest Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

Murdock Cemetery Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

Esther Baird Murdock Cemetery Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

Elizabeth Hutchison Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

Bessie Barackman Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

Florence Courtwright Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

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 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 County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

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 also approve estimated resources.

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 2011 and 2010 budgetary activity appears in Note 4.

F. Fund Balance

For December 31, 2011, 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.

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

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.

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.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Change in Accounting Principle

For fiscal year 2011, the Township implemented Governmental Accounting Standards Board (GASB) Statement No. 54. Implementing GASB Statement No. 54 had no effect on fund balances previously reported.

3. Equity in Pooled Deposits

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

	<u>2011</u>	<u>2010</u>
Demand deposits	\$197,390	\$157,121

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

4. Budgetary Activity

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$44,139	\$46,225	\$2,086
Special Revenue	274,348	300,374	26,026
Permanent	6	8	2
Total	\$318,493	\$346,607	\$28,114

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$46,000	\$39,334	\$6,666
Special Revenue	325,450	267,004	58,446
Permanent	0	0	0
Total	\$371,450	\$306,338	\$65,112

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$44,645	\$43,786	(\$859)
Special Revenue	240,135	247,277	7,142
Permanent	3,125	247	(2,878)
Total	\$287,905	\$291,310	\$3,405

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$46,000	\$45,544	\$456
Special Revenue	281,000	278,274	2,726
Permanent	0	0	0
Total	\$327,000	\$323,818	\$3,182

Contrary to Ohio law, appropriations exceeded estimated resources in the Permissive Sales Tax Fund by \$8,176 for the year ended December 31, 2010. Also contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Motor Vehicle License Tax Fund by \$12,625 and in the Fire Levy Fund by \$5,585, for the year ended December 31, 2010.

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.

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

5. Property Tax (Continued)

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

6. Debt

Debt outstanding at December 31, 2011 was as follows:

	Principal	Interest Rate
Promissory Note - Backhoe	\$48,758	5.50%
Promissory Note - Brush Truck	20,000	4.95%
Total	\$68,758	

The Township received promissory notes to finance the purchase of a loader backhoe for road maintenance and a brush truck for emergency services. The promissory notes are supported by the full faith and credit of the Township.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	Promissory Note - Backhoe	Promissory Note - Brush Truck
2012	\$13,910	\$5,993
2013	13,910	5,743
2014	13,910	5,495
2015	13,910	5,247
Total	\$55,640	\$22,478

7. Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2011.

8. 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.

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

8. Risk Management (Continued)

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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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, 2010, OTARMA retained \$350,000 for casualty claims and \$150,000 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, 2011 and 2010.

	<u>2011</u>	<u>2010</u>
Assets	\$35,086,165	\$35,855,252
Liabilities	<u>(9,718,792)</u>	<u>(10,664,724)</u>
Net Assets	<u>\$25,367,373</u>	<u>\$25,190,528</u>

At December 31, 2011 and 2010, respectively, the liabilities above include approximately \$9.1 and \$9.9 million of estimated incurred claims payable. The assets above also include approximately \$8.6 and \$9.5 million of unpaid claims to be billed to approximately 938 member governments in the future, as of December 31, 2011 and 2010, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2011, the Township's share of these unpaid claims collectible in future years is approximately \$5,700.

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>2011</u>	<u>2010</u>
\$8,513	\$6,850

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

8. Risk Management (Continued)

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.



Dave Yost • Auditor of State

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

Grandview Township
Washington County
P.O. Box 475
New Matamoras, Ohio 45767

To the Board of Trustees:

We have audited the financial statements of Grandview Township, Washington County, Ohio (the Township), as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated November 8, 2012, wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America and has adopted Governmental Accounting Standards Board Statement No. 54. We also noted the Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Government because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. Also, we qualified our opinion due to the lack of sufficient, appropriate evidential matter for the amounts reported as charges for services for the Special Revenue Fund type. Except as discussed in the preceding sentence, 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider Findings 2011-02, 2011-04 and 2011-05 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, 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 Standards*, which are described in the accompanying Schedule of Findings as items 2011-01 through 2011-03.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated November 8, 2012.

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



Dave Yost
Auditor of State

November 8, 2012

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010**

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

FINDING NUMBER 2011-01

Noncompliance Citation

Ohio Rev. Code Chapter 133 allows various methods for subdivisions to incur debt. Section 133.22 allows a subdivision to issue anticipatory securities, Section 133.10 allows anticipation securities in anticipation of current property tax revenues, Section 133.15(A) allows the issuance of securities for the purpose of paying all or any portion of the costs of any permanent improvement that the subdivision is authorized, alone or in cooperation with other persons, to acquire, improve, or construct and Section 133.18(A) allows the taxing authority of subdivision by legislation to submit to the electors of the subdivision the question of issuing any general obligation bonds, for one purpose, that the subdivision has power or authority to issue.

In 2011, the Township signed a promissory note with The Peoples Savings Bank. This type of debt does not meet the criteria for any of the debt allowed in Ohio Revised Code Chapter 133. The Ohio Revised Code contains various methods of incurring debt for Townships. Installment loans and promissory notes with banking institutions are not legal methods of debt for Townships.

We recommend the Township contact their legal counsel before incurring future debt.

Official's Response: No response was provided.

FINDING NUMBER 2011-02

Noncompliance Citation and Material Weakness

Ohio Rev. Code Section 5705.06 (F) states that in the case of a township, a levy for the construction, reconstruction, resurfacing, and repair of roads and bridges, excluding state roads and bridges, including the township's portion of the cost of the construction, improvement, maintenance, and repair of county roads and bridges, are hereby authorized without vote of the people. Except for the special levies authorized in divisions (A), (B), (C), (D), (E), and (G) of this section, any authority granted by the Revised Code to levy a special tax within the ten-mill limitation for a current expense shall be construed as authority to provide for such expense by the general levy for current expenses. Ohio Rev. Code Section 5705.05 prohibits using taxes levied for current expenses to pay debt charges.

The Fiscal Officer used taxes levied within the ten-mill limitation in the Road and Bridge Fund to pay debt charges in 2011. The amount available to pay debt charges was \$5,742 and the amount paid was \$13,910. The debt activity was adjusted out of the Road and Bridge Fund and into the Gasoline Tax Fund as discussed in Finding 2011-04 below.

We recommend the Fiscal Officer use monies other than taxes levied for general expenses to pay debt charges.

Official's Response: No response was provided.

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2011-03

Noncompliance Citation

Ohio Rev. Code Section 5705.38(C) states, in part, appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal services.

We found the Township adopted their 2010 and 2011 annual appropriations at the fund level. This caused the Township to be out of compliance with Ohio Rev. Code.

We recommend the Township adopt their annual appropriations at the personal services level as required by Ohio Rev. Code.

Official's Response: No response was provided.

FINDING NUMBER 2011-04

Material Weakness

All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Fiscal Officer posted certain revenue and expenditures transactions incorrectly as noted:

For 2011:

- Tax receipts were overstated by \$658 and Intergovernmental receipts were understated by \$2,783 in the General Fund as a result of Intergovernmental receipts being posted as Taxes and postings to the incorrect funds.
- Tax receipts were overstated by \$2,094 and Intergovernmental receipts were overstated by \$30 in the Road and Bridge Fund as a result of Intergovernmental receipts posted as Tax receipts, Tax receipts posted as Intergovernmental receipts and postings to the incorrect fund.
- Tax receipts were understated by \$4,508 and Intergovernmental receipts were understated by \$1,795 in the Fire Levy Fund. This was a result of Fire Levy Fund Tax receipts posted incorrectly to the Debt Service Fund, Intergovernmental receipts posted as Tax receipts and Tax receipts posted as intergovernmental receipts.
- Tax receipts were overstated by \$689 and Intergovernmental receipts were understated by \$624 in the Emergency Levy Fund. This was the result of Intergovernmental receipts posted as Tax receipts and Fire Levy Funds posted to the Emergency Levy Fund.
- Intergovernmental receipts and Public Works expenditures were understated in the Permissive Sales Tax Fund by \$25,310. This was the result of Permissive Sales Tax receipts and expenditures not being posted.
- Public Works expenditures were overstated by \$13,910 in the Road and Bridge Fund, Principal expenditures were understated by \$10,644 and Interest expenditures were understated by \$3,266 in the Gasoline Tax Fund. This was the result of debt payments being posted incorrectly.

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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**FINDING NUMBER 2011-04
(Continued)**

Material Weakness (Continued)

- Principal expenditures were overstated by \$5,000 and Interest expenditures by \$1,238 were overstated in the Debt Service Fund, Principal expenditures were understated by \$5,000 and Interest expenditures were understated by \$1,238 in the Fire Levy Fund. This was the result of debt payments being posted incorrectly.
- The Restricted Fund Balance was overstated and the Non-spendable Fund Balance was understated by \$3,018 in the Permanent Fund. This was the result of fund balances being incorrectly classified.

For 2010:

- The beginning fund balance for the Cemetery Fund did not agree to the ending fund balance of prior audited financial statements by \$108 as a result of fund balance adjustments made to the Cemetery Fund.
- Interest was overstated in the General Fund and understated in the Permanent Fund by \$50 as a result of posting of Interest receipts to the incorrect fund.

As a result, adjustments and reclassifications were made to the financial statements, with which the Township's management agrees, and are reflected in the accompanying financial statements.

We recommend the Fiscal Officer refer to the Ohio Township Handbook for proper classification in posting transactions to the ledgers in order to ensure the year-end financial statements reflect the appropriate sources of the Township's receipts.

Official's Response: No response was provided.

FINDING NUMBER 2011-05

Material Weakness

All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements. In addition, when designing a system of internal control and the specific control activities, management should consider monitoring activities performed by service organizations.

The Township contracts with Matamoras Emergency Squad, Inc., to provide ambulance and emergency medical services and the associated billing and collection of said services. The Matamoras Emergency Squad, Inc., contracted with MIC Billing to bill and collect fees on behalf of the Emergency Squad for ambulance and emergency services. When fees were collected, MIC Billing sent a check for the amount to the Emergency Squad, which in turn, deposited the receipts in the Township's designated depository as provided in the contract. However, the Emergency Squad did not provide the Township with records detailing the receipts collected.

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010
(Continued)**

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

**FINDING NUMBER 2011-05
(Continued)**

Material Weakness (Continued)

Matamoras EMS is considered a service organization and MIC Billing is a subservice organization in relation to the Township. The Township did not establish procedures to determine whether Matamoras EMS and MIC Billing had sufficient controls implemented and operating effectively to reduce the risk that the ambulance and emergency services have not been completely and accurately processed in accordance with the contract between the Matamoras Emergency Squad, Inc., and the Township.

This resulted in difficulty determining if MIC Billing used board approved rates, appropriate cutoff and assurance of completeness. This could also allow for amounts collected by the billing company and received by the Emergency Squad not to agree to amounts deposited into the Township's designated depository account.

We recommend the Matamoras Emergency Squad, Inc., provide the Township a detailed listing of receipts collected for the month. This listing should be compared to the amount deposited by the Emergency Squad into the Township's account to ensure amounts collected agree to amounts deposited. Any discrepancies between the amounts deposited and the amounts collected should be explained.

Additionally, we recommend the Township help assure the completeness and accuracy of ambulance and emergency services processed by the sub-service organization, MIC Billing. Statement of Standards for Attestation Engagements No. 16 Reporting on Controls at a Service Organization (SSAE No. 16) prescribes standards for reporting on service organizations. Matamoras Emergency Squad should obtain and provide to the township an unqualified Type II Report on Management's Description of a Service Organization's System and the Suitability of Design and Operating Effectiveness of Controls in accordance with SSAE No. 16 from its service organization, MIC Billing. In addition, Matamoras should provide to the township any additional complementary user control documentation that may be required by MIC Billing for the achievement of MIC's control objectives. The report should follow the American Institute of Certified Public Accountants' standards and be performed by a firm registered and in good standing with the Accountancy Board of the respective state.

Official's Response: No response was provided.

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	A noncompliance citation was issued under Ohio Rev. Code Section 5705.36(A)(4) for appropriations exceeding actual resources.	Yes	
2009-002	A noncompliance citation was issued under Ohio Rev. Code Section 5705.41(B) for expenditures exceeding appropriations.	No	Partially Corrected. Reissued in Management Letter.
2009-003	A material noncompliance citation was issued under Ohio Admin. Code Section 117-2-02(C)(1) for approved appropriations not reconciling to the system.	No	Partially Corrected. Reissued in Management Letter.
2009-004	A material weakness finding was issued for misposting of receipts and expenditures.	No	Not Corrected. Reissued as Finding 2011-04.
2009-005	A material weakness finding was issued for insufficient records to test EMS billing receipts.	No	Not Corrected. Reissued as Finding 2011-05.

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Dave Yost • Auditor of State

GRANDVIEW TOWNSHIP

WASHINGTON 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
NOVEMBER 27, 2012**