



**Mary Taylor, CPA**  
Auditor of State



**SANDY TOWNSHIP  
TUSCARAWAS COUNTY**

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Mary Taylor, CPA  
Auditor of State

Sandy Township  
Tuscarawas County  
P.O. Box 45  
Sandyville, Ohio 44671

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.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

June 15, 2010

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Sandy Township  
Tuscarawas County  
P.O. Box 45  
Sandyville, Ohio 44671

To the Board of Trustees:

We have audited the accompanying financial statements of Sandy Township, Tuscarawas County, Ohio, (the Township) as of and for the years ended December 31, 2009 and 2008. 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(B) and 115.56 mandate 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.

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, 2009 and 2008 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, 2009 and 2008, 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 Sandy Township, Tuscarawas County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 June 15, 2010, 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.



**Mary Taylor, CPA**  
Auditor of State

June 15, 2010



**SANDY TOWNSHIP  
TUSCARAWAS 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**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$20,525	\$131,190	\$151,715
Licenses, Permits, and Fees		10,500	10,500
Intergovernmental	79,156	149,693	228,849
Special Assessments		6,623	6,623
Earnings on Investments	5,977	291	6,268
Miscellaneous	2,682	7,204	9,886
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	108,340	305,501	413,841
<b>Cash Disbursements:</b>			
Current:			
General Government	95,127	16,550	111,677
Public Safety		46,197	46,197
Public Works		170,661	170,661
Health	1,224	17,861	19,085
Capital Outlay		3,150	3,150
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	96,351	254,419	350,770
Total Receipts Over Disbursements	11,989	51,082	63,071
<b>Other Financing Receipts:</b>			
Other Financing Sources	145		145
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	12,134	51,082	63,216
Fund Cash Balances, January 1	195,395	114,822	310,217
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$207,529</u></b>	<b><u>\$165,904</u></b>	<b><u>\$373,433</u></b>

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

**SANDY TOWNSHIP  
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$20,075	\$128,638	\$148,713
Licenses, Permits, and Fees		7,925	7,925
Intergovernmental	74,131	141,424	215,555
Special Assessments		6,556	6,556
Earnings on Investments	8,237	890	9,127
Miscellaneous	1,878	8,388	10,266
Total Cash Receipts	104,321	293,821	398,142
<b>Cash Disbursements:</b>			
Current:			
General Government	116,507	16,395	132,902
Public Safety		41,434	41,434
Public Works		182,415	182,415
Health	1,169	15,360	16,529
Debt Service:			
Redemption of Principal	5,398	5,791	11,189
Interest and Other Fiscal Charges	26	289	315
Total Cash Disbursements	123,100	261,684	384,784
Total Cash Receipts Over/(Under) Cash Disbursements	(18,779)	32,137	13,358
<b>Other Financing Receipts:</b>			
Sale of Fixed Assets		700	700
Other Financing Sources	275		275
Total Other Financing Receipts	275	700	975
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(18,504)	32,837	14,333
Fund Cash Balances, January 1	213,899	81,985	295,884
<b>Fund Cash Balances, December 31</b>	<b><u>\$195,395</u></b>	<b><u>\$114,822</u></b>	<b><u>\$310,217</u></b>

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

**SANDY TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008**

**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 the Sandy Township, Tuscarawas 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. The Township contracts with East Sparta Volunteer Fire Department, Magnolia Volunteer Fire Department and the Village of Mineral City 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. Cash**

The Township maintains all cash in an interest bearing checking account or Certificates of Deposit.

**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 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 Funds:

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

**SANDY TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

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

Fire District Fund – This fund is used to account for tax money levied to provide fire services to residents of the Township.

**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.

**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. The Township did not encumber all commitments required by Ohio law.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

**F. 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.

**G. 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.

**SANDY TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**2. Equity in Pooled Deposits**

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

	2009	2008
Demand deposits	\$190,566	\$150,570
Certificates of deposit	182,867	159,647
Total deposits	\$373,433	\$310,217

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Township.

**3. Budgetary Activity**

Budgetary activity for the years ended December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$108,485	\$108,485	\$0
Special Revenue	305,501	305,501	0
Total	\$413,986	\$413,986	\$0

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$127,779	\$96,351	\$31,428
Special Revenue	310,590	254,419	56,171
Total	\$438,369	\$350,770	\$87,599

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$104,452	\$104,596	\$144
Special Revenue	284,754	294,521	9,767
Total	\$389,206	\$399,117	\$9,911

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$137,400	\$123,100	\$14,300
Special Revenue	328,186	261,684	66,502
Total	\$465,586	\$384,784	\$80,802

**SANDY TOWNSHIP  
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009 AND 2008  
(Continued)**

**3. Budgetary Activity (Continued)**

Contrary to Ohio Revised Code 5705.40, the amended appropriations were not sent to the County Budget Commission or posted in the Township's computer system.

**4. 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.

Public utilities are also taxed on personal and real property located within the Township.

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.

**5. Retirement System**

The Township 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 2009 and 2008, 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, 2009.

**6. Risk Management**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.



# Mary Taylor, CPA

Auditor of State

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

Sandy Township  
Tuscarawas County  
P.O. Box 45  
Sandyville, Ohio 44671

To the Township Board of Trustees:

We have audited the financial statements of Sandy Township, Tuscarawas County, Ohio, (the Township) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated June 15, 2010, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. 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(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 finding 2009-001 described in the accompanying schedule of findings to be a material weakness.

### **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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2009-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 15, 2010.

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.

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



**Mary Taylor, CPA**  
Auditor of State

June 15, 2010



**SANDY TOWNSHIP  
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2009-001**

**Material Weakness**

**Classification of Receipts and Expenditures**

During 2008, the following misclassifications and errors were noted:

- Certain personal property reimbursements and public utility reimbursements receipts from the County Auditor in the amount of \$4,366 in the General Fund were originally classified as Taxes rather than Intergovernmental.
- Certain Issue II receipts in the amount of \$5,424 in the General Fund were originally classified as Miscellaneous rather than Intergovernmental.
- Certain zoning permits and fee receipts in the amount of \$275 in the General Fund were originally classified as Other Financing Sources rather than Licenses, Permits and Fees.
- Certain Intergovernmental receipts in the amount of \$24,710 in the Special Revenue Fund were originally classified as Personal Property Taxes rather than Intergovernmental.
- Certain Intergovernmental receipts in the amount of \$8,576 in the Special Revenue Fund were originally classified as Miscellaneous rather than Intergovernmental.

During 2009, the following misclassifications and errors were noted:

- Certain zoning permits and fee receipts in the amount of \$145 in the General Fund were originally classified as Other Financing Sources rather than Licenses, Permits and Fees.
- Certain receipts from the County Auditor in the amount of \$3,305 in the General Fund were originally classified as Property and Other Local Taxes rather than Intergovernmental.

As a result, the above receipt and expenditure line items were initially overstated/understated. The financial statements have been adjusted for material items.

The Township Fiscal Officer and the Board of Trustees should regularly monitor the classification of all receipts and expenditures to help ensure Township receipts and expenditures are accurately recorded in accordance with the Ohio Township Handbook.

**Officials Response:** The Township Fiscal Officer will review revenue accounts to ensure all necessary accounts are activated and receipted in the correct classifications.

**FINDING NUMBER 2009-002**

**Noncompliance Citation**

**Ohio Rev. Code Section 5705.40** provides that any appropriation measure may be amended or supplemented provided that such amendment or supplement complies with all provisions of law governing the tax authority in making the original appropriation.

**FINDING NUMBER 2009-002 (Continued)**

**Noncompliance Citation (Continued)**

During 2009 and 2008, the Township Board amended appropriations at the legal level of control; however, those appropriations were not sent to the County Budget Commission and were not posted to the Township's accounting system. When appropriation amendments are made, the Township Fiscal Officer should send the amendments to the County and post the amendments to the accounting system. This will help ensure that appropriations do not exceed estimated resources.

**Officials Response:** The Fiscal Officer will ensure appropriations are posted in a timely manner and will send appropriation amendments to the County.

**SANDY TOWNSHIP  
TUSCARAWAS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2007-001	There were several misclassifications of receipts and expenditures	No	Not Corrected
2007-002	Estimated receipts documented within the UAN System did not agree to the Official Certificate	Yes	Finding No Longer Valid
2007-003	<b>Ohio Rev. Code 5705.40</b> – Appropriations amended at the legal level of control without Board approval.	No	Partially Corrected; However, appropriation amendments not sent to Budget Commission
2007-004	<b>Ohio Rev. Code 5705.39</b> – Appropriations exceeded estimated resources.	Yes	Finding No Longer Valid
2007-005	<b>Ohio Rev. Code 5705.41(B)</b> – Expenditures exceeded appropriations.	Yes	Finding No Longer Valid
2007-006	A supplemental fire contract was approved by the Board; however, no written documentation was obtained.	Yes	Finding No Longer Valid





**Mary Taylor, CPA**  
Auditor of State

**SANDY TOWNSHIP**

**TUSCARAWAS 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 9, 2010**