

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY
Regular Audit
For the Years Ended December 31, 2013 and 2012**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

Board of Trustees
Grandview Township
P.O. Box 475
New Matamoras, Ohio 45767

We have reviewed the *Independent Auditor's Report* of Grandview Township, Washington County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2012 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

September 2, 2014

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**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

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INDEPENDENT AUDITOR'S REPORT

June 11, 2014

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of **Grandview Township**, Washington County, (the Township) as of and for the years ended December 31, 2013 and 2012.

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 adverse and qualified audit opinion.

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

As described in Note 1B 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, to satisfy requirements.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

Charges for services receipts are reported at \$5,709, and \$5,665 for the years ended December 31, 2013 and 2012, respectively which are 1.9% of Special Revenue receipts for the year ended December 31, 2013, and 2.3% of Special Revenue receipts for the year ended December 31, 2012. We were unable to obtain sufficient appropriate audit evidence supporting the amounts recorded as charges for services receipts. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion on Regulatory Basis of Accounting* paragraph, the financial statements referred to above present fairly, in all material respects, the combined special revenue fund cash balances of Grandview Township, Washington County as of December 31, 2013 and 2012, 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 1B.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the general, debt service and permanent fund cash balances of Grandview Township, Washington County, Ohio, as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2014, 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.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**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, 2013**

	General	Special Revenue	Debt Service	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 8,596	\$ 50,439	\$ 6,955	\$ -	\$ 65,990
Charges for Services	-	5,709	-	-	5,709
Licenses, Permits and Fees	-	9,578	-	-	9,578
Intergovernmental	99,294	226,218	-	-	325,512
Earnings on Investments	107	15	-	1	123
Miscellaneous	5,112	5,954	-	-	11,066
<i>Total Cash Receipts</i>	<u>113,109</u>	<u>297,913</u>	<u>6,955</u>	<u>1</u>	<u>417,978</u>
Cash Disbursements					
Current:					
General Government	33,519	30,016	-	-	63,535
Public Safety	-	30,952	-	-	30,952
Public Works	1,395	189,774	-	-	191,169
Health	4,994	4,526	-	-	9,520
Conservation-Recreation	-	13,021	-	-	13,021
Debt Service:					
Principal Retirement	-	-	16,846	-	16,846
Interest and Fiscal Charges	-	-	2,806	-	2,806
<i>Total Cash Disbursements</i>	<u>39,908</u>	<u>268,289</u>	<u>19,652</u>	<u>-</u>	<u>327,849</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>73,201</u>	<u>29,624</u>	<u>(12,697)</u>	<u>1</u>	<u>90,129</u>
Other Financing Receipts (Disbursements)					
Transfers In	-	2,250	2,873	-	5,123
Transfers Out	-	(5,123)	-	-	(5,123)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>-</u>	<u>(2,873)</u>	<u>2,873</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	73,201	26,751	(9,824)	1	90,129
<i>Fund Cash Balances, January 1</i>	<u>17,677</u>	<u>178,075</u>	<u>9,826</u>	<u>3,328</u>	<u>208,906</u>
Fund Cash Balances, December 31					
Nonspendable	-	-	-	3,018	3,018
Restricted	-	204,826	2	311	205,139
Unassigned	90,878	-	-	-	90,878
<i>Fund Cash Balances, December 31</i>	<u>\$ 90,878</u>	<u>\$ 204,826</u>	<u>\$ 2</u>	<u>\$ 3,329</u>	<u>\$ 299,035</u>

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

**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, 2012**

	General	Special Revenue	Debt Service	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 8,667	\$ 29,026	\$ 29,729	\$ -	\$ 67,422
Charges for Services	-	5,665	-	-	5,665
Licenses, Permits and Fees	-	8,500	-	-	8,500
Intergovernmental	22,574	195,672	-	-	218,246
Earnings on Investments	89	163	-	5	257
Miscellaneous	4,202	6,389	-	-	10,591
<i>Total Cash Receipts</i>	<u>35,532</u>	<u>245,415</u>	<u>29,729</u>	<u>5</u>	<u>310,681</u>
Cash Disbursements					
Current:					
General Government	40,552	29,241	-	-	69,793
Public Safety	-	35,890	-	-	35,890
Public Works	-	160,971	-	-	160,971
Health	1,606	9,380	-	-	10,986
Conservation-Recreation	-	1,312	-	-	1,312
Debt Service:					
Principal Retirement	-	-	16,229	-	16,229
Interest and Fiscal Charges	-	-	3,674	-	3,674
<i>Total Cash Disbursements</i>	<u>42,158</u>	<u>236,794</u>	<u>19,903</u>	<u>-</u>	<u>298,855</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(6,626)</u>	<u>8,621</u>	<u>9,826</u>	<u>5</u>	<u>11,826</u>
Other Financing Receipts (Disbursements)					
Other Financing Uses	(310)	-	-	-	(310)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(310)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(310)</u>
<i>Net Change in Fund Cash Balances</i>	(6,936)	8,621	9,826	5	11,516
<i>Fund Cash Balances, January 1</i>	<u>24,613</u>	<u>169,454</u>	<u>0</u>	<u>3,323</u>	<u>197,390</u>
Fund Cash Balances, December 31					
Nonspendable	-	-	-	3,018	3,018
Restricted	-	178,075	9,826	310	188,211
Unassigned	17,677	-	-	-	17,677
<i>Fund Cash Balances, December 31</i>	<u>\$ 17,677</u>	<u>\$ 178,075</u>	<u>\$ 9,826</u>	<u>\$ 3,328</u>	<u>\$ 208,906</u>

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

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

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, Ohio (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 contracts with the Matamoras Emergency Squad, Inc., for emergency medical services and with the Matamoras Volunteer Fire Department to provide fire services.

The Township participates in a public entity risk pool. Note 7 to the financial statements provides additional information for that entity.

Public Entity Risk Pool:

Ohio Township Association Risk Management Authority (OTARMA), is a risk-sharing pool available to Ohio townships.

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 has one primary, interest bearing checking account.

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

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:

Permissive Sales Tax – This fund receives sales tax money for road repairs.

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

3. Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Township had the following significant Debt Service Funds:

Brush Truck Debt Fund – This fund receives property tax money to pay off debt for a brush truck.

Tractor Debt Fund – This fund receives property tax money to pay off debt for a tractor.

4. Permanent Funds

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant Permanent Fund:

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.

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. 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.

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.

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances (Continued)

A summary of 2013 and 2012 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.

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.

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. 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:

	<u>2013</u>	<u>2012</u>
Demand Deposits	<u>\$299,035</u>	<u>\$208,906</u>

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 112,328	\$ 113,109	\$ 781
Special Revenue	279,426	300,163	20,737
Debt Service	9,826	9,828	2
Permanent	2	1	(1)
Total	\$ 401,582	\$ 423,101	\$ 21,519

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 57,961	\$ 39,908	\$ 18,053
Special Revenue	420,855	273,412	147,443
Debt Service	19,652	19,652	-
Permanent	-	-	-
Total	\$ 498,468	\$ 332,972	\$ 165,496

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)**

3. BUDGETARY ACTIVITY (Continued)

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 41,782	\$ 35,532	\$ (6,250)
Special Revenue	259,437	245,415	(14,022)
Debt Service	20,148	29,729	9,581
Permanent	-	5	5
Total	\$ 321,367	\$ 310,681	\$ (10,686)

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 46,000	\$ 42,468	\$ 3,532
Special Revenue	298,000	236,794	61,206
Debt Service	19,903	19,903	-
Permanent	-	-	-
Total	\$ 363,903	\$ 299,165	\$ 64,738

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.

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

5. DEBT

Debt outstanding at December 31, 2013 was as follows:

	Principal	Interest Rate
Promissory Note - Backhoe	\$ 25,683	5.5%
Promissory Note - Brush Truck	10,000	4.95%
Total	\$ 35,683	

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.

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)**

5. DEBT (CONTINUED)

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

Year ending December 31:	Promissory Note - Backhoe	Promissory Note - Brush Truck
2014	\$ 13,910	\$ 5,495
2015	19,910	5,248
Total	\$ 33,820	\$ 10,743

6. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, 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, 2013.

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, 2013, 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 2012.

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)**

6. RISK MANAGEMENT (CONTINUED)

	<u>2013</u>	<u>2012</u>
Assets	\$34,954,286	\$34,771,270
Liabilities	8,486,363	9,355,082
Net Position	\$26,467,923	\$25,416,188

At December 31, 2013 and 2012, respectively, the liabilities above include approximately \$7.9 and \$8.7 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.8 million of unpaid claims to be billed to approximately 948 member governments in the future, as of December 31, 2013 and 2012, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, the Township's share of these unpaid claims collectible in future years is approximately \$4,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
<u>2013</u>	<u>2012</u>
\$8,159	\$7,931

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.

8. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Perry & Associates
Certified Public Accountants, A.C.

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

June 11, 2014

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

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 **Grandview Township**, Washington County, (the Township) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated June 11, 2014, 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. Also, we qualified our opinion due to the lack of sufficient appropriate audit evidence supporting the amounts recorded as charges for services in the special revenue fund type.

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 audit 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. We consider findings 2013-001 and 2013-002 described in the accompanying schedule of audit findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-003 described in the accompanying schedule of audit findings to be a significant deficiency.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 11, 2014.

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.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2013-001

Material Weakness

Posting Receipts and Fund Balances

Receipts should be posted to the fund and line item accounts as established by Ohio Administrative Code.

Receipts were not always posted correctly. The following posting errors were noted:

- In 2013, Jobs and Family Services grant receipts were improperly classified as Miscellaneous rather than Intergovernmental in the Motor Vehicle License Tax and Gasoline Tax Funds.
- In 2013, FEMA grant receipts were improperly classified as Miscellaneous rather than Intergovernmental in the Gasoline Tax Fund.
- In 2013, the “Sales Tax Jackson Run” grant receipt was improperly classified as Miscellaneous rather than Intergovernmental in the Gasoline Tax Fund.
- In 2012, Real Property Tax Rollback receipts were improperly classified as Property & Other Local Taxes rather than Intergovernmental in the Road & Bridge Fund, Fire Levy Fund, and Emergency Levy Fund.
- In 2012, an Intergovernmental receipt was improperly classified as Property & Other Local Taxes in the General Fund.
- In 2012, Intergovernmental receipts were improperly recorded in the General Fund despite being externally restricted and required to be accounted for in Special Revenue Funds.
- In 2012 and 2013, the balances of the principal amounts in the Permanent Funds were improperly classified as restricted rather than non-spendable.

Not posting receipts accurately resulted in the financial statements requiring reclassification and adjustment entries. The Township has agreed with and posted all adjustments to its accounting system. The financial statements reflect all reclassifications and adjustments.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Administrative Code and the Ohio Township Handbook for guidance to determine the proper establishment of receipt accounts and posting of receipts.

Management’s Response – We did not receive a response from officials to this finding.

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2013-002

Material Weakness

EMS Billing Receipts

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.

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.

Management's Response – We did not receive a response from officials to this finding.

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012
(CONTINUED)**

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</p>

FINDING NUMBER 2013-003

Significant Deficiency

Bank Reconciliations

The Fiscal Officer did not prepare accurate monthly reconciliations of bank balances to book balances. Outstanding checks and deposits in transit were detailed to enable a proper reconciliation to be performed. Part of the amount used to reconcile was included in "Other Adjusting Factors" and this matter was rectified in 2014. The lack of proper reconciliations among the bank statements, cashbook and ledgers could result in numerous errors.

We recommend the Fiscal Officer prepare detailed bank reconciliations that include all bank account balances being reconciled to total fund balances. Copies of bank reconciliations should be presented to the Board of Trustees for the Trustee's review and use in managing the Township. Other reconciling items should be traced down and identified accurately.

Management's Response – We did not receive a response from officials to this finding.

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-001	Incurred debt not allowed by ORC	Yes	
2011-002	ORC Section 5705.06(F) – Prohibits using taxes levied for current expenses to pay debt charges.	Yes	
2011-003	ORC Section 5705.38(C) – Appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division.	Yes	
2011-004	Financial Statement Adjustments and Reclassifications	No	Not Corrected, Repeated as Finding 2013-001
2011-005	Service Organization did not provide Township with records detailing the receipts collected.	No	Not Corrected, Repeated as Finding 2013-002

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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
SEPTEMBER 16, 2014**