



Mary Taylor, CPA
Auditor of State

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

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Mary Taylor, CPA
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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 19, 2010

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Mary Taylor, CPA

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, 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.

Except as described in paragraph six, 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 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(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.

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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, 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.

The Township did not provide adequate supporting documentation for charges for services recorded in the EMS Squad Runs Special Revenue Fund in 2009 or 2008, nor were we able to satisfy ourselves as to the completeness of those receipts by other auditing procedures. These charges for services receipts represent 6.7 percent of the cash receipts of the Special Revenue Fund Type for the year ended December 31, 2009 and 8.6 percent of the cash receipts of the Special Revenue Fund Type for the year ended December 31, 2008. In addition, ambulance and emergency services are billed by a service organization that is independent of the Township. The service organization did not provide us with the information we requested 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 2009 and 2008.

Also, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine certain information regarding charges for services recorded in the EMS Squad Runs Special Revenue Fund in 2009 and 2008, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Grandview Township, Washington 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 July 19, 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

July 19, 2010

**GRANDVIEW TOWNSHIP
WASHINGTON 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>	<u>Capital Projects</u>	<u>Permanent</u>	
Cash Receipts:					
Property and Other Local Taxes	\$ 7,951	\$ 54,571	\$	\$	\$ 62,522
Charges for Services		19,208			19,208
Licenses, Permits, and Fees		7,625			7,625
Intergovernmental	50,120	178,700	28,564		257,384
Earnings on Investments	93	326		17	436
Miscellaneous	2,524	4,263			6,787
Total Cash Receipts	<u>60,688</u>	<u>264,693</u>	<u>28,564</u>	<u>17</u>	<u>353,962</u>
Cash Disbursements:					
Current:					
General Government	41,682	10,605			52,287
Public Safety		40,434			40,434
Public Works		166,461	28,564		195,025
Health	5,129	8,450			13,579
Capital Outlay		1,876			1,876
Debt Service:					
Redemption of Principal		9,563			9,563
Interest and Other Fiscal Charges		4,347			4,347
Total Cash Disbursements	<u>46,811</u>	<u>241,736</u>	<u>28,564</u>	<u>0</u>	<u>317,111</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>13,877</u>	<u>22,957</u>	<u>0</u>	<u>17</u>	<u>36,851</u>
Other Financing Receipts / (Disbursements):					
Transfer-In		57			57
Transfers-Out	(57)				(57)
Advances-In	1,103	1,103			2,206
Advances-Out	(1,103)	(1,103)			(2,206)
Total Other Financing Receipts / (Disbursements)	<u>(57)</u>	<u>57</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts Over / (Under) Cash Disbursements	<u>13,820</u>	<u>23,014</u>	<u>0</u>	<u>17</u>	<u>36,851</u>
Fund Cash Balances, January 1	<u>5,660</u>	<u>144,067</u>	<u>0</u>	<u>3,051</u>	<u>152,778</u>
Fund Cash Balances, December 31	<u>\$ 19,480</u>	<u>\$ 167,081</u>	<u>\$ 0</u>	<u>\$ 3,068</u>	<u>\$ 189,629</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 CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Permanent</u>	
Cash Receipts:					
Property and Other Local Taxes	\$ 7,892	\$ 47,505	\$ 6,683	\$	\$ 62,080
Charges for Services		22,377			22,377
Licenses, Permits, and Fees		8,550			8,550
Intergovernmental	38,917	161,328			200,245
Earnings on Investments	30	348		33	411
Miscellaneous	2,068	4,734			6,802
	<u>48,907</u>	<u>244,842</u>	<u>6,683</u>	<u>33</u>	<u>300,465</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
General Government	44,458	12,330			56,788
Public Safety		39,241			39,241
Public Works		158,681			158,681
Health	4,755	9,542			14,297
Capital Outlay		2,000			2,000
Debt Service:					
Redemption of Principal			9,065		9,065
Interest and Other Fiscal Charges		545	4,301		4,846
	<u>49,213</u>	<u>222,339</u>	<u>13,366</u>	<u>0</u>	<u>284,918</u>
Total Cash Disbursements					
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(306)</u>	<u>22,503</u>	<u>(6,683)</u>	<u>33</u>	<u>15,547</u>
Other Financing Receipts / (Disbursements):					
Advances-In	5,010	9,520			14,530
Advances-Out	(5,010)	(9,520)			(14,530)
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts / (Disbursements)					
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	(306)	22,503	(6,683)	33	15,547
Fund Cash Balances, January 1 (Restated - See Note 2)	<u>5,966</u>	<u>121,564</u>	<u>6,683</u>	<u>3,018</u>	<u>137,231</u>
Fund Cash Balances, December 31	<u>\$ 5,660</u>	<u>\$ 144,067</u>	<u>\$ 0</u>	<u>\$ 3,051</u>	<u>\$ 152,778</u>

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

**GRANDVIEW TOWNSHIP
WASHINGTON 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 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, fire protection and emergency medical services. The Township contracts with the New Matamoras Emergency Squad, Inc. for emergency medical services and with the New 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. 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:

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, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

3. Debt Service Funds

These funds account for resources the Township accumulates to pay bond and note debt. The Township had the following significant Debt Service Fund:

Tractor Debt Service Fund - This fund receives property tax money to retire principal and interest on debt issued for the purchase of a tractor and backhoe.

4. Capital Projects Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Projects Fund:

Culvert Project Fund - This fund received proceeds from an Ohio Public Works Commission Grant which was used for a culvert replacement project.

5. 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 Fund:

Cemetery Bequest Fund - This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings can be used for the general maintenance and upkeep of the Township's cemeteries.

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 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
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

A summary of 2009 and 2008 budgetary activity appears in Note 4.

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.

2. Restatement of Fund Balances

For the year ended December 31, 2007, adjustments resulted in fund balance restatements as follows:

Governmental Funds:	Fund Balance at December 31, 2007	Restatement Amount	Fund Balance at January 1, 2008
Special Revenue	\$ 124,582	\$ (3,018)	\$ 121,564
Permanent	0	3,018	3,018

During 2007, the Township classified a Permanent Fund as a Special Revenue Fund. During this audit period, the Township adjusted the financial statements to reflect this incorrect classification.

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:

	2009	2008
Demand deposits	\$ 189,629	\$ 152,778

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation and collateralized by securities specifically pledged by the financial institution to the Township.

4. Budgetary Activity

Budgetary activity for the years ending 2009 and 2008 follows:

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

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

4. Budgetary Activity (Continued)

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$56,826	\$60,688	\$3,862
Special Revenue	259,438	264,750	5,312
Capital Projects	0	28,564	28,564
Debt Service	13,910	0	(13,910)
Permanent	0	17	17
Total	\$330,174	\$354,019	\$23,845

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$46,000	\$46,868	(\$868)
Special Revenue	272,000	241,736	30,264
Capital Projects	0	28,564	(28,564)
Debt Service	13,910	0	13,910
Permanent	0	0	0
Total	\$331,910	\$317,168	\$14,742

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$51,000	\$48,907	(\$2,093)
Special Revenue	260,551	244,842	(15,709)
Debt Service	544	6,683	6,139
Permanent	0	33	33
Total	\$312,095	\$300,465	(\$11,630)

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$46,000	\$49,213	(\$3,213)
Special Revenue	254,614	222,339	\$32,275
Debt Service	13,909	13,366	543
Permanent	0	0	0
Total	\$314,523	\$284,918	\$29,605

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

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

4. Budgetary Activity (Continued)

Contrary to Ohio law, appropriations exceeded actual resources in the Tractor Debt Service Fund by \$13,910 for the year ended December 31, 2009 and in the Permissive Sales Tax Fund by \$14,014 for the year ended December 31, 2008. Also contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$868, in the EMS Squad Fund by \$2,000, and in the Culvert Project Fund by \$28,564 for the year ended December 31, 2009 and in the General Fund by \$3,213, in the Gasoline Tax Fund by \$4,173, in the Road & Bridge Fund by \$1,958, in the Cemetery Fund by \$3,224, and in the EMS Squad Fund by \$1,010 for the year ended December 31, 2008.

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.

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.

6. Debt

Debt outstanding at December 31, 2009 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Promissory Note	<u>\$69,491</u>	5.50%

The Township issued a promissory note to finance the purchase of a new tractor and backhoe which is backed by the full faith and credit of the Township.

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

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

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

6. Debt (Continued)

Year ending December 31:	Promissory Note
2010	\$13,910
2011	13,910
2012	13,910
2013	13,910
2014	13,910
2015	13,910
Total	\$83,460

7. Retirement System

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's 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.

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.

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, 2008, OTARMA retained \$350,000 for casualty claims and \$100,000 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.

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

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

8. Risk Management (Continued)

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

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, 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$40,737,740	\$43,210,703
Liabilities	<u>(12,981,818)</u>	<u>(13,357,837)</u>
Net Assets	<u>\$27,755,922</u>	<u>\$29,852,866</u>

At December 31, 2008 and 2007, respectively, liabilities above include approximately \$12.1 and \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.9 and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2008 and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$5,000.

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>	
2008	\$6,274
2009	\$5,606

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

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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*

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, 2009 and 2008, and have issued our report thereon dated July 19, 2010, 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. We qualified our opinion on the 2009 and 2008 charges for services cash receipts of the EMS Squad Runs Special Revenue Fund because we were unable to satisfy ourselves to the completeness of the receipts. 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 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 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 2009-003 through 2009-005 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 2009-001 and 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 July 19, 2010.

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



Mary Taylor, CPA
Auditor of State

July 19, 2010

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

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

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

FINDING NUMBER 2009-001

Noncompliance Citation

Ohio Rev. Code Section 5705.36(A)(4) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

We noted appropriations were greater than actual resources at December 31, 2009 and 2008 as follows:

Fund	Actual Resources	Appropriation Authority	Variance
2009			
Tractor Debt Service	\$0	\$13,910	(\$13,910)
2008			
Permissive Sales Tax	\$36,006	\$50,020	(\$14,014)

This could cause the Township to spend more money than is available to spend.

We recommend the Township monitor estimated and actual revenues for all funds on a regular basis. In the situation where appropriations exceed actual resources, the Township must obtain a reduced amended certificate and should adjust appropriations accordingly.

FINDING NUMBER 2009-002

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing unit from making an expenditure unless it has been appropriated.

The Township's expenditures exceeded appropriations as of December 31, 2009 and 2008 as follows:

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2009-002 (Continued)

Noncompliance Citation – Ohio Rev. Code Section 5705.41(B) (Continued)

Fund	Expenditures	Appropriation Authority	Variance
2009			
General	\$46,868	\$46,000	\$868
EMS Squad	23,000	21,000	2,000
Culvert Project	28,564	0	28,564
2008			
General	\$49,213	\$46,000	\$3,213
Gasoline Tax	94,305	90,132	4,173
Road and Bridge	30,957	28,999	1,958
Cemetery	9,420	6,196	3,224
EMS Squad	13,010	12,000	1,010

This could result in deficit fund balances.

We recommend the Township monitor appropriations and expenditures to ensure expenditures do not exceed appropriations.

FINDING NUMBER 2009-003

Material Weakness

All local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

We noted appropriations did not agree to the Township's ledgers in 2009 and 2008 as follows:

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2009-003 (Continued)

Material Weakness (Continued)

Fund	Appropriations Per System	Appropriation Authority	Variance
2009			
General	\$62,987	\$46,000	\$16,987
Motor Vehicle License Tax	26,000	23,000	3,000
Gasoline Tax	92,653	90,000	2,653
Road & Bridge	38,175	35,000	3,175
Fire Levy	34,050	34,000	50
EMS Squad	25,000	21,000	4,000
2008			
General	\$52,767	\$46,000	\$6,767
Gasoline Tax	108,922	90,132	18,790
Road & Bridge	31,890	28,999	2,891
Cemetery	10,091	6,196	3,895
EMS Squad	14,010	12,000	2,010

We noted estimated receipts did not agree to the Township's ledgers in 2009 as follows:

Fund	Estimated Receipts Per System	Approved Estimated Receipts	Variance
2009			
General	\$49,311	\$56,826	(\$7,515)
Motor Vehicle License Tax	23,000	30,805	(7,805)
Gasoline Tax	86,000	88,674	(2,674)
Road & Bridge	25,000	30,276	(5,276)
Cemetery	5,000	10,825	(5,825)
Fire Levy	34,000	25,206	8,794
Emergency Levy	10,000	10,320	(320)
EMS Squad	21,000	17,958	3,042

This caused the management of the Township to lose some degree of budgetary control because budgetary information was being improperly entered into the system.

We recommend posting estimated receipts as certified by the County Budget Commission and appropriations as certified by the County Auditor only after receiving approval. This procedure will help ensure more useful comparisons of budget versus actual activity, as well as provide management with an accurate monitoring tool throughout the year.

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2009-004

Material Weakness

Sound financial reporting is the responsibility of the fiscal officer and governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

As a result of the audit procedures performed, we noted the following errors in the financial statements that required audit adjustment or reclassification:

2009

- Homestead Exemption and Rollback receipts were posted as taxes instead of intergovernmental;
- Personal Property Tax Reimbursements were posted as taxes instead of intergovernmental;
- Excess KWH Reimbursements were posted as taxes instead of intergovernmental;
- Intangible Funds posted as taxes instead of intergovernmental;
- Permissive Sales Tax monies paid on behalf of the Township were not posted;
- Ohio Public Works grant monies paid on behalf of the Township were not posted;
- Motor Vehicle License Tax receipts posted as taxes instead of intergovernmental;
- General Fund receipts were posted to Motor Vehicle License Tax and Gasoline Tax Funds;
- Motor Vehicle License Tax Fund Funds receipts were posted as permits instead of intergovernmental;
- General, Road & Bridge, Fire Levy, and Emergency Levy Fund receipts were posted to Gasoline Tax Fund;
- Permanent Fund Earnings on Investments were posted to the General Fund; and
- Permanent Fund was classified as a Special Revenue Fund.

2008

- Homestead Exemption and Rollback receipts were posted as taxes instead of intergovernmental;
- Personal Property Tax Reimbursements were posted as taxes instead of intergovernmental;
- Excess KWH Reimbursements were posted as taxes instead of intergovernmental;
- General Fund receipts were posted to Motor Vehicle License Tax, Road & Bridge, Fire Levy and Emergency Levy Funds;
- Manufactured Home Taxes and Personal Property Taxes were posted at net instead of gross;
- Road & Bridge Fund receipts were posted to the General Fund;
- Fire Levy receipts were posted to the Emergency Levy and General Funds;
- Motor Vehicle License Tax Fund receipts were posted as taxes instead of intergovernmental;
- Permissive Sales Tax receipts were posted as taxes instead of intergovernmental;
- Intangible Funds were posted as miscellaneous instead of intergovernmental;
- Motor Vehicle License Tax Fund receipts were posted as permits and fees instead of intergovernmental;
- Permanent Fund Earnings on Investments were posted to the General Fund;
- Permanent Fund was classified as a Special Revenue Fund.

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2009-004 (Continued)

Material Weakness (Continued)

These errors in postings of revenue resulted in reclassifications and/or fund balance adjustments within the General, Motor Vehicle License Tax, Gasoline Tax, Road & Bridge, Fire Levy, Permissive Sales Tax, Emergency Levy and Permanent Funds, with which the Township's management agrees. The adjustments were made to the financial statements and ledgers, and are reflected in the accompanying financial statements.

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

FINDING NUMBER 2009-005

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 asset (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. 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.

In addition, MIC Billing was considered a service organization. The Township did not establish procedures to determine whether 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.

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2009-005 (Continued)

Material Weakness (Continued)

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. In addition, we recommend the Township help assure the completeness and accuracy of ambulance and emergency services processed by service organizations. Statement on Auditing Standards (SAS) No. 70 as amended, prescribes standards for reporting on service organizations. An unqualified Type Two *Report on Policies and Procedures Placed in Operation and Tests of Operating Effectiveness* in accordance with SAS No. 70 should provide the Township with reasonable assurance that ambulance and emergency services transactions conform to the content.

Officials' Response: The Township chose not to respond to the above findings.

**GRANDVIEW TOWNSHIP
WASHINGTON 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; <i>Explain</i>
2007-001	Ohio Rev. Code Chapter 133 – legal methods of debt for townships.	Yes	Finding No Longer Valid
2007-002	Ohio Rev. Code Section 505.60(C) – Health Insurances Reimbursement.	Yes	Finding No Longer Valid
2007-003	Ohio Rev. Code Section 5705.39 – total appropriations exceeded total estimated revenue.	Yes	
2007-004	Ohio Rev. Code Section 5705.41(B) – expenditures exceeded appropriations.	No	Not Corrected, Reissued in the current Schedule of Findings as 2009-002.
2007-005	System Appropriations and Estimated Receipts not agreeing to approved appropriations and amended certificates.	No	Not Corrected, Reissued in the current Schedule of Findings as 2009-003.
2007-006	Ohio Admin. Code 117-02(a) – improper posting of receipts and disbursements.	No	Not Corrected, Reissued in the current Schedule of Findings as 2009-004.
2007-007	Emergency Squad did not provide the Township with records detailing receipts collected.	No	Not Corrected, Reissued in the current Schedule of Findings as 2009-005.



Mary Taylor, CPA
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
AUGUST 31, 2010**