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PERRY & Associates

Certified Public Accountants, A.C.

GRANDVIEW TOWNSHIP WASHINGTON COUNTY Regular Audit

For the Years Ended December 31, 2015 and 2014

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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, 2014 through December 31, 2015. 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

June 20, 2016

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GRANDVIEW TOWNSHIP
WASHINGTON COUNTY

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INDEPENDENT AUDITOR'S REPORT

April 27, 2016

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 of the cash balances, receipts, and disbursements by fund type, and related notes of **Grandview Township**, Washington County, (the Township) as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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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 (GAAP), to satisfy these requirements.

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2015 and 2014, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Grandview Township, Washington County as of December 31, 2015 and 2014, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2016, 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, 2015**

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 9,833	\$ 63,606	\$ -	\$ 73,439
Licenses, Permits and Fees	-	9,550	-	9,550
Intergovernmental	32,959	236,828	-	269,787
Earnings on Investments	151	23	2	176
Miscellaneous	4,516	8,094	-	12,610
<i>Total Cash Receipts</i>	<u>47,459</u>	<u>318,101</u>	<u>2</u>	<u>365,562</u>
Cash Disbursements				
Current:				
General Government	21,021	40,522	-	61,543
Public Safety	-	31,197	-	31,197
Public Works	1,500	212,467	-	213,967
Health	3,889	12,403	-	16,292
Capital Outlay	-	46,985	-	46,985
Debt Service:				
Principal Retirement	-	28,102	-	28,102
Interest and Fiscal Charges	-	969	-	969
<i>Total Cash Disbursements</i>	<u>26,410</u>	<u>372,645</u>	<u>-</u>	<u>399,055</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	21,049	(54,544)	2	(33,493)
Other Financing Receipts (Disbursements)				
Other Debt Proceeds	-	46,985	-	46,985
Other Financing Sources	101	-	-	101
Other Financing Uses	(2,173)	(98)	-	(2,271)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(2,072)</u>	<u>46,887</u>	<u>-</u>	<u>44,815</u>
<i>Net Change in Fund Cash Balances</i>	18,977	(7,657)	2	11,322
<i>Fund Cash Balances, January 1</i>	<u>73,740</u>	<u>252,442</u>	<u>3,330</u>	<u>329,512</u>
Fund Cash Balances, December 31				
Nonspendable	-	-	3,018	3,018
Restricted	-	244,785	314	245,099
Unassigned	92,717	-	-	92,717
<i>Fund Cash Balances, December 31</i>	<u>\$ 92,717</u>	<u>\$ 244,785</u>	<u>\$ 3,332</u>	<u>\$ 340,834</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, 2014**

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 9,616	\$ 62,065	\$ -	\$ 71,681
Charges for Services	-	8,608	-	8,608
Licenses, Permits and Fees	-	8,452	-	8,452
Intergovernmental	16,701	221,306	-	238,007
Earnings on Investments	142	16	1	159
Miscellaneous	5,480	4,924	-	10,404
<i>Total Cash Receipts</i>	<u>31,939</u>	<u>305,371</u>	<u>1</u>	<u>337,311</u>
Cash Disbursements				
Current:				
General Government	42,170	34,270	-	76,440
Public Safety	-	35,840	-	35,840
Public Works	1,400	154,037	-	155,437
Health	5,446	13,793	-	19,239
Debt Service:				
Principal Retirement	-	17,498	-	17,498
Interest and Fiscal Charges	-	1,906	-	1,906
<i>Total Cash Disbursements</i>	<u>49,016</u>	<u>257,344</u>	<u>-</u>	<u>306,360</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(17,077)	48,027	1	30,951
Other Financing Receipts (Disbursements)				
Other Financing Uses	(61)	(413)	-	(474)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(61)</u>	<u>(413)</u>	<u>-</u>	<u>(474)</u>
<i>Net Change in Fund Cash Balances</i>	(17,138)	47,614	1	30,477
<i>Fund Cash Balances, January 1 (Restated See Note 8)</i>	<u>90,878</u>	<u>204,828</u>	<u>3,329</u>	<u>299,035</u>
Fund Cash Balances, December 31				
Nonspendable	-	-	3,018	3,018
Restricted	-	252,442	312	252,754
Unassigned	73,740	-	-	73,740
<i>Fund Cash Balances, December 31</i>	<u>\$ 73,740</u>	<u>\$ 252,442</u>	<u>\$ 3,330</u>	<u>\$ 329,512</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, 2015 AND 2014**

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 risk-sharing pool available to 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits

The Township has one primary, interest bearing checking account.

D. Fund Accounting

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

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for 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:

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting (Continued)

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

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

Fire Levy Fund – This fund receives property tax money for general fire and emergency services.

3. 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. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered 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 carried over, and need not be reappropriated.

A summary of 2015 and 2014 budgetary activity appears in Note 3.

GRANDVIEW TOWNSHIP
WASHINGTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 classified 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 funds 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* amount 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.

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.

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 that 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:

	2015	2014	
Demand Deposits	\$337,501	\$326,182	
Savings Account	3,333	3,330	
Total Deposits	\$340,834	\$329,512	

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 ending December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 43,116	\$ 47,560	\$ 4,444
Special Revenue	310,477	365,086	54,609
Permanent	1	2	1
Total	\$ 353,594	\$ 412,648	\$ 59,054

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 47,459	\$ 28,622	\$ 18,837
Special Revenue	545,746	374,917	170,829
Total	\$ 593,205	\$ 403,539	\$ 189,666

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

3. BUDGETARY ACTIVITY (CONTINUED)

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 43,813	\$ 31,939	\$ (11,874)
Special Revenue	280,488	305,371	24,883
Permanent	-	1	1
Total	\$ 324,301	\$ 337,311	\$ 13,010

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 62,696	\$ 49,135	\$ 13,561
Special Revenue	505,732	261,232	244,500
Total	\$ 568,428	\$ 310,367	\$ 258,061

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. CAPITAL LEASE

Debt outstanding as of December 31, 2015 is as follows:

	Principal
Ford Pick-Up	\$ 37,068
Total	\$ 37,068

During 2015, the Township entered into an agreement for a capital lease of a new Ford Pick-Up truck through US Bank in the amount of \$46,985 and at an interest rate of 2.73 % for township road maintenance. Payments of \$9,916.35 are due annually for 5 years. Payments are made from the Permissive Sales Tax Fund.

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

5. CAPITAL LEASE (CONTINUED)

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

<u>Year Ending December 31:</u>	<u>Ford Pick-Up</u>
2016	\$ 9,916
2017	\$ 9,916
2018	\$ 9,916
2019	\$ 9,916
Total	<u>\$ 39,665</u>

6. RETIREMENT SYSTEMS

The Township's elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is 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 2015 and 2014, OPERS members contributed 10% of their gross salaries, and the Township contributed an amount equal to 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2015.

7. RISK MANAGEMENT

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2014, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

7. RISK MANAGEMENT (CONTINUED)

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2013 and 2014 (the latest information available):

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

At December 31, 2013 and 2014, respectively, the liabilities above include approximately \$7.9 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.2 million of unpaid claims to be billed to approximately 957 member governments in the future, as of December 31, 2013 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Township's share of these unpaid claims collectible in future years is approximately \$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>2015</u>	<u>2014</u>
\$8,191	\$8,145

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.

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

8. RESTATEMENT OF FUND BALANCE

The restatement is due to the Debt Service Fund being improperly utilized during 2013.

	Debt Service Fund	Special Revenue Fund
Fund Balance at December 31, 2013	\$ 2	\$ 204,826
Change in Fund Balance	(2)	2
Adjusted Fund Balance at January 1, 2014	<u>\$ -</u>	<u>\$ 204,828</u>



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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**

April 27, 2016

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, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated April 27, 2016, 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.

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.

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 combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings that we consider a material weakness. We consider finding 2015-001 to be a material weakness.



...“bringing more to the table”

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- Association of Certified Anti - Money Laundering Specialists •



Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as item 2015-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated April 27, 2016.

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 and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**GRANDVIEW TOWNSHIP
WASHINGTON COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2015-001

Material Weakness

Posting Receipts and Disbursements and Fund Balance

Receipts and disbursements should be posted to the fund and line item accounts as established by Ohio Administrative Code. Fund balances should be properly classified based on Governmental Accounting Standards Statement No. 54.

During 2015 and 2014, receipts, disbursements and fund balances were not always posted correctly. The following posting errors were noted:

- Reimbursements from the Village of Matamoras for costs of gravel and road repair were recorded in the General Fund instead of Permissive Sales Tax Fund in 2015, where the original expense was incurred;
- Local Government Receipts for HB64 from the county auditor were recorded in the General Fund as Other Financing Sources instead of Intergovernmental in 2015;
- State Receipts were recorded in the Road and Bridge Fund as Miscellaneous instead of Intergovernmental in 2015,
- Property Tax Receipts were improperly recorded in the Debt Service Fund instead of various funds as noted on the *Statement of Semiannual Apportionment of Taxes* in 2015 and 2014;
- Debt Payments were posted to the Debt Service Fund instead of the Special Levy and Gas Tax Funds in 2015 and 2014;
- Reimbursements for the Jobs and Family Services Program from the County Auditor were recorded in the Gasoline Tax Fund as Miscellaneous instead of Intergovernmental in 2014;
- Debt payments were posted as Public Safety and Capital Outlay instead of Principal Retirement and Interest in 2015 and 2014;
- Capital lease proceeds and corresponding capital outlay disbursement was not recorded in 2015 for the purchase of a new truck.
- Fund Balance for the Permanent Fund was recorded as Restricted instead of Nonspendable and Restricted.

Not posting receipts, disbursements and fund balances accurately resulted in the financial statements requiring several reclassification and adjusting entries. The financial statements reflect all reclassifications and adjustments. The Township had made these adjustments to their accounting system.

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, expenses and fund balances are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to Ohio Administrative Code and/or the Ohio Township Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements. The Fiscal Officer should refer to Auditor of State Bulletin 2011-004 for assistance in properly classifying fund balances.

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, 2015 AND 2014

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

FINDING NUMBER 2015-002

Noncompliance

Budgetary Controls

The budget is an instrument of public policy: A governing board expresses its desires for using a government's limited resources through its appropriations. Ohio Rev. Code Section 5705 deals with a variety of budgetary requirements that all subdivisions must comply with in order to ensure fiscal responsibility.

In performing the audit we noted several violations of budgetary law which, although they do not in and of themselves, result in errors in financial reporting, may lead to the Township making financial decisions based on incorrect or incomplete information. We noted the following:

- Violations of 5705.39 indicating appropriations cannot exceed estimated resources;
- Violations of 5705.41(B) stating no subdivision is to expend money unless it has been appropriated (expenditures exceeded appropriations);
- Violations of 5705.36 requiring the Township to certify total amounts from all sources available for expenditure from each fund. The Township did not update their *Certificate of Estimated Resources* to properly reflect beginning fund balances after audit adjustments were made in 2014;
- Estimated Receipts from the *Amended Certificate of Estimated Resources* and appropriations approved by the Board of Trustees were not accurately reflected in the UAN system.

Although the Board approves budgets for revenue and expenses and receives monthly reports of budget and actual information, it does not ensure budgetary forms are properly completed, submitted to the County Budget Commission timely or that transfers are done in compliance with laws and regulations.

The Board should review the requirements of ORC section 5705 to be familiar with these laws and to make sure the Township is complying with applicable sections.

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, 2015 AND 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	Posting Receipts and Fund Balances	No	Repeated As Finding 2015-001
2013-002	EMS Billing Receipts	Yes	Corrected
2013-003	Bank Reconciliations	Yes	Corrected

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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
JUNE 30, 2016**