



Dave Yost • Auditor of State



DOVER TOWNSHIP  
ATHENS COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Dover Township  
Athens County  
16145 Millfield Road  
Millfield, Ohio 45761

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of Dover Township, Athens County, Ohio (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 audit opinion.

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

As described in Note 1 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 1 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 Adverse Opinion on Regulatory Basis of Accounting***

The Township did not adjust the 2013 or 2012 financial statements to reflect the findings for adjustment

The Township improperly posted intergovernmental receipts of Special Revenue Fund types as property and other local taxes in the General Fund. The Township has declined to adjust its financial statements or accounting records. Had these receipts been credited to the proper Special Revenue Funds, the effect would be a decrease in the General Fund cash balance at December 31, 2013 of \$9,033 and increases in the Motor Vehicle License Tax, the Gasoline Tax and the Permissive Motor Vehicle License Tax cash fund balances of \$1,403, \$6,972 and \$658, respectively.

***Opinion on Regulatory Basis of Accounting***

In our opinion, because of the effects of the December 31, 2013 and 2012 fund cash balance misstatements discussed in the *Basis for Adverse Opinion on Regulatory Basis of Accounting* paragraph, the financial statements referred to above do not present fairly, in all material respects, the cash fund balance of the General Fund and the combined fund cash balances of the Special Revenue Funds of Dover Township, Athens County, Ohio, as of December 31, 2013 and 2012, or 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 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 September 17, 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.



**Dave Yost**  
Auditor of State

Columbus, Ohio

September 17, 2014

**DOVER TOWNSHIP  
ATHENS 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	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 36,239	\$ 225,480	\$ 261,719
Intergovernmental	25,791	144,874	170,665
Earnings on Investments	349	45	394
Miscellaneous	1,629	2,391	4,020
<i>Total Cash Receipts</i>	<u>64,008</u>	<u>372,790</u>	<u>436,798</u>
<b>Cash Disbursements</b>			
Current:			
General Government	55,279	16,973	72,252
Public Safety		38,513	38,513
Public Works		243,051	243,051
Health		48,063	48,063
Human Services	23		23
Capital Outlay	1,158		1,158
<i>Total Cash Disbursements</i>	<u>56,460</u>	<u>346,600</u>	<u>403,060</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>7,548</u>	<u>26,190</u>	<u>33,738</u>
<i>Fund Cash Balances, January 1</i>	<u>(6,283)</u>	<u>355,161</u>	<u>348,878</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		331,769	331,769
Committed		49,582	49,582
Unassigned (Deficit)	1,265		1,265
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,265</u>	<u>\$ 381,351</u>	<u>\$ 382,616</u>

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

**DOVER TOWNSHIP  
ATHENS 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	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 31,856	\$ 229,556	\$ 261,412
Intergovernmental	22,930	158,712	181,642
Earnings on Investments	994	1,073	2,067
Miscellaneous	2,085	5,497	7,582
<i>Total Cash Receipts</i>	<u>57,865</u>	<u>394,838</u>	<u>452,703</u>
<b>Cash Disbursements</b>			
Current:			
General Government	71,986	4,785	76,771
Public Safety		48,562	48,562
Public Works		226,971	226,971
Health		55,177	55,177
Capital Outlay	1,510		1,510
<i>Total Cash Disbursements</i>	<u>73,496</u>	<u>335,495</u>	<u>408,991</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(15,631)</u>	<u>59,343</u>	<u>43,712</u>
<b>Other Financing Receipts (Disbursements)</b>			
Other Debt Proceeds		2,500	2,500
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>2,500</u>	<u>2,500</u>
<i>Net Change in Fund Cash Balances</i>	(15,631)	61,843	46,212
<i>Fund Cash Balances, January 1</i>	<u>9,348</u>	<u>293,318</u>	<u>302,666</u>
<b>Fund Cash Balances, December 31</b>			
Nonspendable	89		89
Restricted		286,880	286,880
Committed		68,281	68,281
Unassigned (Deficit)	(6,372)		(6,372)
<i>Fund Cash Balances, December 31</i>	<u>\$ (6,283)</u>	<u>\$ 355,161</u>	<u>\$ 348,878</u>

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



**DOVER TOWNSHIP  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
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 Dover Township, Athens County (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance and fire protection.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool. Note 7 to the financial statements provides additional information for this entity

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Deposits**

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

**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 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:

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

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

**DOVER TOWNSHIP  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

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

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

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.

**DOVER TOWNSHIP  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

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

**F. Fund Balance (Continued)**

**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.

**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 and investments. The carrying amount of deposits at December 31 was as follows:

	<u>2013</u>	<u>2012</u>
Demand deposits	<u>\$382,616</u>	<u>\$348,878</u>

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

**DOVER TOWNSHIP  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**3. Budgetary Activity**

Budgetary activity for the years ending December 31 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$79,589	\$64,008	(\$15,581)
Special Revenue	855,310	372,790	(482,520)
Total	\$934,899	\$436,798	(\$498,101)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$79,589	\$56,653	\$22,936
Special Revenue	855,310	347,214	508,096
Total	\$934,899	\$403,867	\$531,032

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$87,270	\$57,865	(\$29,405)
Special Revenue	853,162	397,338	(455,824)
Total	\$940,432	\$455,203	(\$485,229)

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$87,270	\$74,493	\$12,777
Special Revenue	853,162	337,019	516,143
Total	\$940,432	\$411,512	\$528,920

**4. Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

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

**DOVER TOWNSHIP  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**5. Debt**

Debt outstanding at December 31, 2013 was as follows:

	Principal	Interest Rate
Hocking Valley Bank Loan	\$16,483	1.6%

The Township issued a general obligation note to finance the purchase of a John Deere tractor for Township road maintenance. The Township's taxing authority collateralized the note.

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

Year ending December 31:	General Obligation Notes
2014	\$16,777
Total	\$16,777

**6. 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 the plan's benefits, which include postretirement healthcare and survivor and disability benefits.

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.

**DOVER TOWNSHIP  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**7. Risk Management (Continued)**

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:

	<u>2013</u>	<u>2012</u>
Assets	\$34,954,286	\$34,771,270
Liabilities	<u>(8,486,363)</u>	<u>(9,355,082)</u>
Net Position	<u>\$26,467.923</u>	<u>\$25,416.188</u>

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 \$9,000.

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.

**Contributions to OTARMA**

<u>2013</u>	<u>2012</u>
\$17,941	\$18,131

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. Deficit Fund Balance**

At December 31, 2013, the Township had a fund cash balance of \$1,265, which would have been a deficit of \$7,768, had all audit adjustments been posted in the General Fund. The Township has attempted to reduce the negative fund balances through limiting expenditures and allocating costs to restricted fund as allowable. The Trustees approved the 2014 appropriation levels for all funds of \$72,177, compared to the County Budget Commission approved Certificate of Estimated Resources, which shows a total estimated receipts amount of \$78,592. This indicates the Board of Trustees has adopted a balanced budget for 2014.



# Dave Yost • Auditor of State

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

Dover Township  
Athens County  
16145 Millfield Road  
Millfield, Ohio 45761

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 Dover Township, Athens County, Ohio (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 September 17, 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. We issued an adverse opinion on the General and Special Revenue Funds because the Township declined to fully adjust its financial statements or accounting records for the audit finding for adjustments. These adjustments result in a material misstatement of General Fund and of the Motor Vehicle License Tax Fund, Gasoline Tax Fund and Permissive Motor Vehicle License Tax Fund (Special Revenue Funds) cash balances as of December 31, 2013 and 2012.

### ***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 Findings, we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of 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. We consider findings 2013-002 through 2013-004 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, 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 instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2013-001 through 2013-004.

***Entity's Response to Findings***

The Township's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

***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.



**Dave Yost**  
Auditor of State

Columbus, Ohio

September 17, 2014



**DOVER TOWNSHIP  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2013-001**

**Noncompliance**

Ohio Rev. Code § 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The Fiscal Officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in §§ 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the Fiscal Officer can certify that both at the time that the contract or order was made ("then"), and at the time that the Fiscal Officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the Fiscal Officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

2. Blanket Certificate – Fiscal Officer may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the Fiscal Officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

27 percent of the transactions tested for 2012 and 33 percent of the transactions tested for 2013 were not certified by the Fiscal Officer at the time the commitment was incurred and there was no evidence that the Township followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to obligation by the Township. When prior certification is not possible, "then and now" certification should be used.

DOVER TOWNSHIP  
ATHENS COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012  
(Continued)

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

FINDING NUMBER 2013-001 (Continued)

**Noncompliance - Ohio Rev. Code § 5705.41(D)(1) (Continued)**

We recommend the Fiscal Officer certify purchases to which § 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language § 5705.41(D) requires authorizing disbursements.

**Official's Response:** The Township will take steps to correct this going forward.

FINDING NUMBER 2013-002

**Finding for Adjustment, Noncompliance and Material Weakness**

Ohio Admin Code § 117-2-02(A) provides that all local public offices should 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, document compliance with finance-related legal and contractual requirements and prepare financial statements.

Intergovernmental receipts totaling \$9,033 were improperly posted as Taxes in the General Fund throughout the audit period. As a result, the December 31, 2013 General Fund balance is overstated by \$9,033 and the Motor Vehicle License Tax Fund, the Gasoline Tax Fund and the Permissive Motor Vehicle License Tax Fund are understated by \$1,403, \$6,972 and \$658, respectively.

Because the General Fund had insufficient fund cash balance to post this adjustment, it was neither posted to the accounting records nor reflected in the accompanying financial statements.

In accordance with the foregoing facts, we hereby issue a finding for adjustment in the amount of \$9,033 against the General Fund and in favor of the Motor Vehicle License Tax Fund, the Gasoline Tax Fund and the Permissive Motor Vehicle License Tax Fund in the amounts of \$1,403, \$6,972 and \$658, respectively.

**Official's Response:** The Township intends to make this adjustment in installments as the fund balance allows without compromising the ability to provide services to the Township. They intend to have the full amount adjusted by December 31, 2015.

FINDING NUMBER 2013-003

**Noncompliance and Material Weakness**

Ohio Admin Code § 117-2-02(A) provides that all local public offices should 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, document compliance with finance-related legal and contractual requirements and prepare financial statements.

**DOVER TOWNSHIP  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2013-003 (Continued)**

**Noncompliance and Material Weakness - Ohio Admin Code § 117-2-02(A) (Continued)**

The Fiscal Officer posted certain revenue and expenditures transactions incorrectly resulting in audit adjustments.

For the period ending December 31, 2012, the following items were noted:

**General Fund:**

- Confirmable receipts were not properly posted or posted at gross resulting in a decrease in Property and Other Local Taxes of \$10,368, an increase in Intergovernmental of \$8,092, an increase in Miscellaneous of \$2,085, and an increase in General Government of \$4,582.
- Unposted/misposted transactions were identified causing reconciling items in the Township's reconciliation to the bank resulting in an increase in General Government of \$1,599.

**Special Revenue Funds:**

- **Permissive Motor Vehicle License Tax Fund:**
  - Confirmable receipts were not properly posted resulting in an increase in Intergovernmental of \$1,297.
- **Road and Bridge Fund:**
  - Confirmable receipts were not properly posted resulting in a decrease in Property Taxes of \$18,079, an increase in General Government of \$1,600, an increase in Miscellaneous of \$853, and an increase in Intergovernmental of \$18,693.
  - Equity was not properly classified in accordance with GASB 54 resulting in an increase in Committed Fund Balance of \$69,749 and a decrease in Restricted Fund Balance of \$69,749.
  - Expenditures were not properly classified resulting in a decrease in Capital Outlay of \$16,754 and an increase in Public Works of \$16,754.
  - Unposted/misposted transactions were identified causing reconciling items in the Township's reconciliation to the bank resulting in an increase in Public Works of \$1,335.
- **Road Maintenance Fund**
  - Confirmable receipts were not properly posted or posted at gross resulting in an increase in Intergovernmental of \$16,176, a decrease in Property Tax of \$14,903, and an increase in General Government of \$1,443.
  - Expenditures were not properly classified resulting in a decrease in Capital Outlay of \$8,269 and an increase in Public Works of \$8,269.
- **Fire Levy Fund**
  - Confirmable receipts were not properly posted or posted at gross resulting in a decrease in Property Taxes of \$23,120, an increase in Intergovernmental of \$14,444, an increase in General Government of \$1,051, and an increase in Miscellaneous of \$489.
- **Motor Vehicle License Tax Fund**
  - Confirmable receipts were not properly posted resulting in an increase in Miscellaneous of \$399 and a decrease in Intergovernmental of \$2,590.
- **Gasoline Tax Fund**
  - Confirmable receipts were not properly posted resulting in an increase in Intergovernmental of \$4,297 and an increase in Miscellaneous of \$563.
  - Unposted/misposted transactions were identified causing reconciling items in the Township's reconciliation to the bank resulting in an increase in Public Works of \$1,006.

**DOVER TOWNSHIP  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2013-003 (Continued)**

**Noncompliance and Material Weakness - Ohio Admin Code § 117-2-02(A) (Continued)**

- Cemetery Levy Fund
  - Confirmable receipts were not properly posted or posted at gross resulting in a decrease in Property and Other Local Taxes of \$5,787, an increase in General Government of \$603, an increase in Miscellaneous of \$498, and an increase in Intergovernmental of \$4,666.
  - Unposted/misposted transactions were identified causing reconciling items in the Township's reconciliation to the bank resulting in an increase in Public Works of \$671.

For the period ending December 31, 2013, the following items were noted:

General Fund:

- Confirmable receipts were not properly posted or posted at gross resulting in a decrease in Property and Other Local Taxes of \$2,943, an increase in Intergovernmental of \$5,449, an increase in Miscellaneous of \$1,485, and an increase in General Government of \$3,991.
- Unposted/misposted transactions were identified causing reconciling items in the Township's reconciliation to the bank resulting in an increase in General Government of \$849, and increase in Interest of \$30, and an increase in Miscellaneous of \$144.

Special Revenue Funds:

- Road and Bridge Fund
  - Confirmable receipts were not properly posted resulting in a decrease in Property Taxes of \$10,651, an increase in Intergovernmental of \$12,725, and an increase in General Government of \$2,074.
  - Equity was not properly classified in accordance with GASB 54 resulting in an increase in Committed Fund Balance of \$51,624 and a decrease in Restricted Fund Balance of \$51,624.
  - Expenditures were not properly classified resulting in a decrease in Capital Outlay of \$20,000 and an increase in Public Works of \$20,000.
  - Unposted/misposted transactions were identified causing reconciling items in the Township's reconciliation to the bank resulting in an increase in Public Works of \$768, an increase in Interest of \$1, and an increase in Miscellaneous of \$193.
- Road Maintenance Fund
  - Confirmable receipts were not properly posted or posted at gross resulting in an increase in Intergovernmental of \$12,948, a decrease in Property Tax of \$10,780, and an increase in General Government of \$2,168.
- Fire Levy Fund
  - Confirmable receipts were not properly posted or posted at gross resulting in a decrease in Property Taxes of \$6,910, an increase in Intergovernmental of \$8,316, and an increase in General Government of \$1,406.
- Motor Vehicle License Tax Fund
  - Unposted/misposted transactions were identified causing reconciling items in the Township's reconciliation to the bank resulting in an increase in Interest of \$2.
- Gasoline Tax Fund
  - Unposted/misposted transactions were identified causing reconciling items in the Township's reconciliation to the bank resulting in an increase in Public Works of \$549, an increase in Interest of \$2, and an increase in Miscellaneous of \$115.

**DOVER TOWNSHIP  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

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

**FINDING NUMBER 2013-003 (Continued)**

**Noncompliance and Material Weakness - Ohio Admin Code § 117-2-02(A) (Continued)**

- Cemetery Levy Fund
  - Confirmable receipts were not properly posted or posted at gross resulting in a decrease in Property and Other Local Taxes of \$3,849, an increase in General Government of \$807, and an increase in Intergovernmental of \$4,656.
  - Unposted/misposted transactions were identified causing reconciling items in the Township's reconciliation to the bank resulting in an increase in Public Works of \$351 and an increase in Miscellaneous of \$123.

The following represents the cumulative effect of the adjustments listed above on the fund cash balances as of December 31, 2013:

Fund	Unaudited 12/31/2013 Fund Balance	Net Increase / (Decrease)	Audited 12/31/2013 Fund Balance
General Fund	\$8,312	(\$7,047)	\$1,265
Motor Vehicle License Tax	13,430	(2,191)	11,239
Gasoline Tax	31,252	3,422	34,674
Road and Bridge	51,624	(2,042)	49,582
Cemetery	20,987	-	20,987
Fire Levy	185,958	(9,238)	176,720
Special Levy - Cemetery	17,415	9,451	26,866
Road Maintenance	54,868	(170)	54,698
Permissive Motor Vehicle License Tax	5,161	1,297	6,458
Miscellaneous Special Revenue	127	-	127
	\$389,134	(\$6,518)	\$382,616

These misstatements were caused by a lack of management oversight. As a result, significant adjustments and reclassifications, with which the Township's management agrees, were made to the financial statements and ledgers, and are reflected in the accompanying financial statements.

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

**Official's Response:** The Township will take steps to correct this going forward.

**DOVER TOWNSHIP  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

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

**FINDING NUMBER 2013-004**

**Noncompliance and Material Weakness**

Ohio Admin. Code § 117-2-02(C)(1) provides that all local public offices 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.

At December 31, 2013, appropriations as approved by Board of Trustees did not agree to the Township's ledgers for the following funds:

Fund	Appropriation Measure, as Adopted	Appropriations per System	System Over/(Under) Measure
General Fund	\$ 79,589	\$ 72,177	\$ (7,412)
Motor Vehicle License Tax	46,848	38,000	(8,848)
Gasoline Tax	114,921	103,200	(11,721)
Road and Bridge	179,949	115,200	(64,749)
Road Maintenance	150,780	123,000	(27,780)
Fire Levy	240,718	221,000	(19,718)
Permissive Motor Vehicle License Tax	14,423	13,000	(1,423)
Miscellaneous Special Revenue	20,227	20,000	(227)
Special Levy Cemetery	62,864	59,200	(3,664)
Cemetery	24,579	20,000	(4,579)

At December 31, 2012, estimated resources as approved by the Budget Commission did not agree to the Township's ledgers for the following funds:

Fund	Estimated Resources per Certificate	Estimated Receipts per System	System Over/(Under) Certificate
General Fund	\$ 87,270	\$ 79,500	\$ (7,770)
Motor Vehicle License Tax	41,597	32,500	(9,097)
Gasoline Tax	136,092	107,160	(28,932)
Road & Bridge	173,887	138,500	(35,387)
Road Maint (Dust)	136,510	125,600	(10,910)
Fire Levy Fund	223,817	79,550	(144,267)
Permissive Motor Vehicle License Tax	18,148	15,150	(2,998)
Miscellaneous Special Revenue	20,227	20,000	(227)
Special Levy Cemetery	70,450	24,550	(45,900)
Cemetery	32,434	15,150	(17,284)

Because the budgetary information posted to the accounting system differed from the amounts formally approved, the Board of Trustees lost some degree of control and was unable to effectively monitor and report its budget and actual status throughout the year.

**DOVER TOWNSHIP  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

<p><b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b></p>
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**FINDING NUMBER 2013-004 (Continued)**

**Noncompliance and Material Weakness - Ohio Admin Code § 117-2-02(C)(1) (Continued)**

We recommend the Fiscal Officer accurately post estimated receipts, as certified by the County Budget Commission, and appropriations, as approved by the Board of Trustees, to the accounting system to help ensure more useful comparisons of budget to actual activity and provide management with an accurate monitoring tool.

**Official's Response:** The Township will take steps to correct this going forward.

DOVER TOWNSHIP  
ATHENS COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2013 AND 2012

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2011-01	A material weakness for inaccurate posting of receipts and disbursements.	No	Repeated as Findings 2013-002 and 2013-003





# Dave Yost • Auditor of State

**DOVER TOWNSHIP**

**ATHENS 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  
OCTOBER 7, 2014**