

**DOVER TOWNSHIP  
UNION COUNTY, OHIO**

*FINANCIAL STATEMENTS*  
DECEMBER 31, 2008 AND 2007

**WOLF, ROGERS, DICKEY & CO.**  
*Certified Public Accountants*





# Mary Taylor, CPA

Auditor of State

Board of Trustees  
Dover Township  
11859 US 36  
Marysville, Ohio 43040

We have reviewed the *Independent Auditors' Report* of Dover Township, Union County, prepared by Wolf, Rogers, Dickey & Co., for the audit period January 1, 2007 through December 31, 2008. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

## **Finding for Recovery Repaid Under Audit**

Ohio Rev. Code Section 505.601 states that if a board of township trustees does not procure an insurance policy or group health care services as provided in section 505.60 of the Revised Code, the board of township trustees may reimburse any township officer or employee for each out-of-pocket premium that the officer or employee incurs for insurance policies described in division (A) of section 505.60 of the Revised Code that the officer or employee otherwise obtains, if all of the following conditions are met:

- A. The board of township trustees adopts a resolution that states that the township has chosen not to procure a health care plan under section 505.60 of the Revised Code and has chosen instead to reimburse its officers and employees for each out-of-pocket premium that they incur for insurance policies described in division (A) of section 505.60 of the Revised Code that they otherwise obtain,
- B. That resolution provides for a uniform maximum monthly or yearly payment amount for each officer or employee, beyond which the township will not reimburse the officer or employee,
- C. That resolution states the specific benefits listed in division (A) of section 505.60 of the Revised Code for which the township will reimburse all officers and employees of the township. The township may not reimburse officers and employees for benefits other than those listed in division (A) of section 505.60 of the Revised Code.

The Township reimburses health insurance premiums for its elected officials rather than provide a health insurance policy. This reimbursement is done pursuant to a resolution adopted at the beginning of each year; however, the resolution does not include any of the criteria noted above in Ohio Rev. Code Section 505.601.

Furthermore, as noted in 505.601(A) above the township can only reimburse the employee for each out-of-pocket premium. "Premium", as defined by Ohio Rev. Code Section 505.60(F), does not include any deductible or health care cost paid directly by the township officer or employee.

A Trustee was reimbursed \$847.42/month for the years ended December 31, 2008 and 2007; totaling \$20,338.08. However, during this time period the Trustee's total out-of-pocket premium was only \$14,425.98. The variance of \$5,912.10 was for used for additional medical expenses that were incurred but not covered by the Trustee's insurance policy.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Trustee; Barry Moffett in the amount of \$5,912.10, in favor of Township's General Fund.

The above finding was paid by Mr. Barry Moffett August 3, 2009, with check number 5738. This check was receipted by the Township.

Board of Trustees  
Dover Township  
11859 US 36 Marysville, Ohio 43040  
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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. Dover Township is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

August 11, 2009

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Dover Township  
Union County, Ohio

For the Years Ended  
December 31, 2008 and 2007

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## Independent Auditors' Report

Dover Township  
Union County, Ohio

To the Board of Trustees:

We have audited the accompanying financial statements of Dover Township, Union County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that 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 of Ohio 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 require us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State of Ohio permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 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, 2008 and 2007, or their changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Dover Township, Union County, Ohio as of December 31, 2008 and 2007, 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 May 21, 2009, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts, 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* and should be read in conjunction with this report in considering the results of our audit.

Wolf, Rogers, Dickey & Co.

Certified Public Accountants

May 21, 2009

**Dover Township  
Union County, Ohio  
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 Funds</u>		Totals
	<u>General</u>	<u>Special Revenue</u>	(Memorandum <u>Only</u> )
Cash receipts:			
Local taxes	\$ 51,320	117,668	168,988
Intergovernmental	113,525	112,504	226,029
Licenses, permits and fees	1,621	-	1,621
Earnings on investments	8,610	5,065	13,675
Fines and forfeitures	3,859	-	3,859
Special assessments	-	691	691
Other revenue	<u>10,905</u>	<u>1,004</u>	<u>11,909</u>
Total cash receipts	189,840	236,932	426,772
Cash disbursements:			
Current:			
General government	128,834	-	128,834
Public safety	27,708	133,915	161,623
Public works	-	118,454	118,454
Health	5,804	1,100	6,904
Capital outlay	<u>17,834</u>	<u>5,000</u>	<u>22,834</u>
Total cash disbursements	<u>180,180</u>	<u>258,469</u>	<u>438,649</u>
Total receipts over (under) disbursements	9,660	(21,537)	(11,877)
Fund cash balances, January 1	<u>311,921</u>	<u>228,845</u>	<u>540,766</u>
Fund cash balances, December 31	\$ <u>321,581</u>	<u>207,308</u>	<u>528,889</u>

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

**Dover Township  
Union County, Ohio  
Combined Statement of Cash Receipts, Cash Disbursements, and  
Changes in Fund Cash Balances  
All Governmental Fund Types  
For the Year Ended December 31, 2007**

	<u>Governmental Funds</u>		Totals
	<u>General</u>	Special <u>Revenue</u>	<u>(Memorandum Only)</u>
Cash receipts:			
Local taxes	\$ 48,519	118,155	166,674
Intergovernmental	123,174	108,456	231,630
License, permits and fees	2,313	-	2,313
Earnings on investments	16,378	9,632	26,010
Fines and forfeitures	5,046	-	5,046
Special assessments	-	628	628
Other revenue	<u>3,797</u>	<u>2,797</u>	<u>6,594</u>
Total cash receipts	199,227	239,668	438,895
 Cash disbursements:			
Current:			
General government	139,446	-	139,446
Public safety	23,905	133,136	157,041
Public works	-	110,200	110,200
Health	5,690	3,000	8,690
Capital outlay	<u>21,860</u>	<u>-</u>	<u>21,860</u>
Total cash disbursements	<u>190,901</u>	<u>246,336</u>	<u>437,237</u>
Total receipts over (under) disbursements	8,326	(6,668)	1,658
Fund cash balances, January 1	<u>303,595</u>	<u>235,513</u>	<u>539,108</u>
Fund cash balances, December 31	\$ <u>311,921</u>	<u>228,845</u>	<u>540,766</u>

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

**Dover Township  
Union County, Ohio  
Notes to the Financial Statements  
December 31, 2008 and 2007**

(1) Summary of Significant Accounting Policies

Description of the Entity

Dover Township, Union County, Ohio (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance, cemetery and zoning operations. The Township contracts with the City of Marysville to provide fire and emergency medical services. In addition to routine police protection provided by the Union County Sheriff's Office, the Township also contracts, along with Jackson and Claibourne Townships, for dedicated deputies that patrol exclusively in the Townships.

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

Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State of Ohio, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability 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 prescribed or permitted by the Auditor of State of Ohio.

Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The State Treasury Asset Reserve (STAR) Ohio investment is recorded at share value.

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:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**Dover Township  
Union County, Ohio  
Notes to the Financial Statements, continued  
December 31, 2008 and 2007**

(1) Summary of Significant Accounting Policies, continued

Fund Accounting, continued

Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Motor Vehicle License Tax Fund – This fund receives vehicle registration tax money.

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

Special Levy Fund (Fire) – This fund receives fire levy tax money for the funding of fire and EMS services provided to the residents of the Township.

Budgetary Process

The Ohio Revised Code requires each fund to be budgeted annually.

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

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 re-appropriated.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

**Dover Township  
Union County, Ohio  
Notes to the Financial Statements, continued  
December 31, 2008 and 2007**

(1) Summary of Significant Accounting Policies, continued

Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

(2) Equity in Pooled Cash and Investments

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

	<u>2008</u>	<u>2007</u>
Demand deposits	\$ 48,296	23,424
Investment in STAR Ohio	<u>480,593</u>	<u>517,342</u>
Total deposits and investments	\$ <u>528,889</u>	<u>540,766</u>

Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool. The Township has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes.

(3) Budgetary Activity

Budgetary activity for the years ended December 31, 2008 and 2007 follows:

<u>Fund Type</u>	<u>2008 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 94,099	189,840	95,741
Special Revenue	<u>228,700</u>	<u>236,932</u>	<u>8,232</u>
Total	\$ <u>322,799</u>	<u>426,772</u>	<u>103,973</u>

<u>Fund Type</u>	<u>2008 Budgeted vs. Actual Budgetary Basis Expenditures</u>		
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 255,250	180,180	75,070
Special Revenue	<u>283,400</u>	<u>258,469</u>	<u>24,931</u>
Total	\$ <u>538,650</u>	<u>438,649</u>	<u>100,001</u>

**Dover Township  
Union County, Ohio  
Notes to the Financial Statements, continued  
December 31, 2008 and 2007**

(3) Budgetary Activity, continued

<u>2007 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 147,000	199,227	52,227
Special Revenue	<u>224,965</u>	<u>239,668</u>	<u>14,703</u>
Total	\$ <u>371,965</u>	<u>438,895</u>	<u>66,930</u>

<u>2007 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 269,850	190,901	78,949
Special Revenue	<u>279,200</u>	<u>246,336</u>	<u>32,864</u>
Total	\$ <u>549,050</u>	<u>437,237</u>	<u>111,813</u>

(4) Property Tax

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

Tangible personal property is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

(5) Retirement Systems

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple-employer plan. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2008 and 2007, OPERS members contributed 10% and 9.5%, respectively of their gross salaries. The Township

**Dover Township  
Union County, Ohio  
Notes to the Financial Statements, continued  
December 31, 2008 and 2007**

(5) Retirement Systems (continued)

contributed an amount equal to 14% and 13.85%, respectively of participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

(6) Risk Management

The Government belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized jointly administered self-insurance risk management program and other administrative services to over 550 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A-VII or better rated carriers, except that the Plan retains the lesser of 15 percent or \$37,500 of casualty losses and the lesser of 10 percent or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006 (the latest information available):

	<b>2007</b>	<b>2006</b>
Assets	\$ 11,136,455	9,620,148
Liabilities	<u>(4,273,553)</u>	<u>(3,329,620)</u>
Member's equity	\$ <u>6,862,902</u>	<u>6,290,528</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Dover Township  
Union County, Ohio  
Notes to the Financial Statements, continued  
December 31, 2008 and 2007**

(7) Commitments

The Township is committed to a three-year contract with the City of Marysville for fire and EMS services commencing on January 1, 2009 for \$166,937 per year.

Pursuant to a three year contract that commenced on January 1, 2007 between the Union County Sheriff and Dover, Jackson, and Claibourne Townships, the sheriff provides one full-time deputy with a normal work week totaling 40 hours exclusively to the Townships to supplement existing law enforcement coverage. The sheriff assumes full responsibility for hiring, training, assignment, supervision, discipline and dismissal of all assigned personnel and the Townships pay the actual cost of compensating the officers' salary, overtime, OPERS benefits, workers compensation, Medicare and medical and life insurance. The Sheriff bills the Townships in quarterly installments with Dover Township paying 40% of the cost and Jackson and Claibourne Townships paying 27% and 33% of the cost, respectively. The Township paid \$27,708 and \$23,905 pursuant to this contract in 2008 and 2007, respectively. The amount that will be due for 2009 is undetermined at this time.

(8) Compliance

Contrary to Ohio law:

- The Township did not include all required parts of the resolution to reimburse health insurance premiums to the elected officials contained in Ohio Revised Code (ORC) 505.601. In addition, the Township did not require adequate documentation for these reimbursements and as a result, reimbursed more than the actual amount of premiums to one Township trustee. The Township also directly paid some of the monthly health insurance invoices instead of reimbursing payments made by the officials.
- Funds were not encumbered prior to expenditure for twelve of the twenty-four disbursements tested.
- The Township has not adopted a public records policy in accordance with ORC 149.43 as revised by House Bill 9, 127<sup>th</sup> General Assembly effective March 29, 2007.

# Wolf, Rogers, Dickey & Co.

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**Independent Auditors' Report On Internal Control Over  
Financial Reporting And On Compliance And Other Matters,  
Based On An Audit Of Financial Statements  
Performed In Accordance With *Government Auditing Standards***

Dover Township  
Union County, Ohio

To the Board of Trustees:

We have audited the financial statements of Dover Township, Union County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated May 21, 2009, wherein we noted the Township followed accounting practices the Auditor of State of Ohio prescribes rather than accounting principles generally accepted in the United States of America. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

## 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 auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control over financial reporting. Accordingly, we do not express an opinion 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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process or

report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We considered Findings 2008-01 and 2008-02 to be significant deficiencies in internal control over financial reporting as described in the accompanying schedule of findings.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the organization's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider Findings 2008-01 and 2008-02 to be material weaknesses.

In a separate letter to Township's management dated May 21, 2009, we reported other matters involving internal controls over financial reporting we did not deem significant deficiencies.

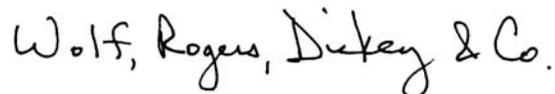
#### Compliance and Other Matters

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 such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as Findings 2008-03 and 2008-04.

We noted certain noncompliance or other matters not requiring inclusion in this report that we reported to management of the Township in a separate letter dated May 21, 2009.

The Township's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Trustees, management and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants

May 21, 2009

**Dover Township  
Union County, Ohio  
Schedule of Findings  
December 31, 2008 and 2007**

**Findings Related to the Financial Statements  
Required to be Reported in Accordance with GAGAS**

Finding Number 2008-01  
Significant deficiency/material weakness

The Township reimburses health insurance premiums for its elected officials rather than provide a health insurance policy. This reimbursement is done pursuant to a resolution adopted at the beginning of each year.

Ohio Revised Code (ORC) Section 505.601 and Auditor of State Bulletin 96-002 state that when a township does not provide a health insurance plan, a resolution to reimburse health insurance premiums must:

1. Specifically state that the township has chosen not to procure a group plan and is opting to reimburse health insurance obtained elsewhere,
2. Specifically provide for a maximum reimbursement per person per month or year.

The Township's resolution does not include either of these requirements.

In addition, the Township reimbursed two of the Trustees based upon handwritten notes. Such handwritten notes do not constitute sufficient documentation of the expenditure. Upon request during the audit fieldwork, one of the Trustees furnished appropriate documentation substantiating the \$978 monthly requests. The other Trustee was reimbursed the same \$847 amount each month over the two year audit period, but was only able to provide documentation to support this reimbursement amount for the period of January through September 2007. From October 2007 to December 2008, the Trustee's actual out-of-pocket health insurance premiums total \$6,799, but he requested and received reimbursements totaling \$12,711. This Trustee represented that he used the \$5,912 difference to pay out-of-pocket medical costs incurred that were not covered by his insurance policy. The ORC does not provide for reimbursing out-of-pocket medical bills, only for out-of-pocket insurance premiums.

Finally, we noted that for the other elected officials, the Township was generally paying the amount due directly to the insurance companies rather than reimbursing the officials. While these expenditures were substantiated with the invoices from the insurance company, Ohio Attorney General Opinion 2005-038 states that the word reimburse "suggests that the reimbursing party makes payment for something only after the party to be reimbursed has paid out the sum", and thus it appears that an arrangement whereby the Township directly pays these bills on behalf of the elected officials is not in accordance with the ORC 505.601 and OAG Opinion 2005-038.

Response by Township

No response received.

**Dover Township  
Union County, Ohio  
Schedule of Findings, continued  
December 31, 2008 and 2007**

**Findings Related to the Financial Statements  
Required to be Reported in Accordance with GAGAS**

Finding Number 2008-02  
Significant deficiency/material weakness

Local government and Tangible Personal Property Tax Replacement receipts were included in the “Local Taxes” line item instead of “Intergovernmental” in the annual financial statements for both years. In addition, some rollback/homestead money was included as “Local Taxes” instead of “Intergovernmental” for 2008. The Township also misclassified certain receipts totaling \$6,785 and \$16,011 for 2007 and 2008, respectively, as “Charges for Services”. Charges for Services are supposed to represent receipts for providing services to other political subdivisions, which the Township does not provide. Appendix IV of the Ohio Township Handbook details the proper coding for these receipts. In order for the audited financial statements to be fairly stated, these amounts have been reclassified.

For 2007 and 2008, all expenditures from special revenue funds for road work and road mowing were classified as “Capital Outlay” when they should have been classified as “Public Works”. In addition, for 2008, a \$5,000 expenditure for a new tractor was classified as “Public Works”, but should have been classified as “Capital Outlay”. For both years, all disbursements to the Union County Sheriff for the public safety officer contract were classified as “General Government”, but should have been classified as “Public Safety”. Total expenditure reclassifications made in the audited financial statements were \$130,521 and \$138,133 for 2007 and 2008, respectively.

Response by Township

No response received.

Finding Number 2008-03

Ohio Revised Code (ORC) Section 5705.41(D) states that no subdivision shall make any contract or order any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury when such contract or order is made.

ORC Section 5705.41 also provides that if no certificate was furnished at the time that the contract was entered into, the Fiscal Officer may prepare a Then and Now Certificate stating (1) that there was at the time of the making of the contract and (2) at the time of the execution of this certificate a sufficient sum appropriated for the purpose of the contract in question in the treasury or in process of collection to the credit of the appropriate fund, free from previous encumbrances. During our testing of disbursements, we noted that funds were not encumbered prior to expenditure for twelve of the twenty-four disbursements tested.

**Dover Township  
Union County, Ohio  
Schedule of Findings, continued  
December 31, 2008 and 2007**

**Findings Related to the Financial Statements  
Required to be Reported in Accordance with GAGAS**

Response by Township

No response received.

Finding Number 2008-04

Recent changes to ORC 149.43 require that public offices update public records policies. Specifically, by September 29, 2007, all public offices were required to adopt a public records policy that described how the public office will be responding to public records requests. The section also details three specific items that may not be included in the public records policy. Once adopted, the public office is required to post the policy via a poster in certain locations and include it in the entity's employee manual. To date, the Township has not adopted the required public records policy.

Response by Township

No response received.



Mary Taylor, CPA  
Auditor of State

**DOVER TOWNSHIP**

**UNION 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 25, 2009**