

DOVER TOWNSHIP
UNION COUNTY, OHIO

FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

WOLF, ROGERS, DICKEY & CO.
Certified Public Accountants



Dave Yost • Auditor of State

Board of Trustees
Dover Township
1306 Hinton Mill Road
Marysville, Ohio 43040

We have reviewed the *Independent Auditor's Report* of Dover Township, Union County, prepared by Wolf, Rogers, Dickey & Co., for the audit period January 1, 2009 through December 31, 2010. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding Repaid Under Audit:

Ohio Rev. Code Section 9.39 provides that all public officials are liable for all public money received or collected by them or by their subordinates under color of office.

Pursuant to Ohio Rev. Code Section 507.04(A) the township fiscal officer shall keep an accurate record of... all [township] accounts and transactions....

During the period of January 1, 2009 through December 31, 2010, Wallace Snyder served as the Fiscal Officer for Dover Township, Union County, Ohio (the Township). Mr. Snyder's duties included collecting, depositing, and posting Township rental hall receipts.

During December 2009, the Township recorded two rental hall receipts received in the form of cash (in the amounts of \$100 and \$50) in their duplicate receipt book (receipt numbers 298 and 299, respectively) and on the Township's ledgers. These two receipts have not been deposited by the Township as of December, 31, 2010 nor are they being held as cash. As such, they still appear as deposits in transit on the December 31, 2010 cash reconciliation.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public money collected but unaccounted for is hereby issued against former Fiscal Officer Wallace Snyder and his bonding company, Selective Insurance Company of America, jointly and severally, in the amount of \$150, and in favor of the Township's General Fund.

On February 8, 2012, the Township received \$150 in cash paid into the General Fund as payment for this finding while under audit

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 Auditor's 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 Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

February 21, 2012

**Dover Township
Union County, Ohio**

**For the Years Ended
December 31, 2010 and 2009**

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Wolf, Rogers, Dickey & Co.

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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, 2010 and 2009. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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, 2010 and 2009 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, 2010 and 2009, 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, 2010 and 2009, 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 September 9, 2011, 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

September 9, 2011

**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, 2010**

	<u>Governmental Funds</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Local taxes	\$ 52,587	116,826	169,413
Intergovernmental	56,622	112,860	169,482
Licenses, permits and fees	2,281	-	2,281
Earnings on investments	379	225	604
Fines and forfeitures	3,642	-	3,642
Special assessments	-	371	371
Other revenue	<u>2,441</u>	<u>601</u>	<u>3,042</u>
Total cash receipts	117,952	230,883	348,835
Cash disbursements:			
Current:			
General government	139,000	-	139,000
Public safety	20,172	169,363	189,535
Public works	-	41,078	41,078
Health	4,273	1,800	6,073
Capital outlay	<u>14,644</u>	<u>-</u>	<u>14,644</u>
Total cash disbursements	<u>178,089</u>	<u>212,241</u>	<u>390,330</u>
Total receipts over (under) disbursements	(60,137)	18,642	(41,495)
Fund cash balances, January 1	<u>295,493</u>	<u>264,837</u>	<u>560,330</u>
Fund cash balances, December 31	\$ <u>235,356</u>	<u>283,479</u>	<u>518,835</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, 2009**

	<u>Governmental Funds</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Local taxes	\$ 53,512	120,028	173,540
Intergovernmental	93,986	111,340	205,326
Licenses, permits and fees	2,619	800	3,419
Earnings on investments	931	550	1,481
Fines and forfeitures	3,259	-	3,259
Special assessments	-	271	271
Other revenue	<u>10,113</u>	<u>2,053</u>	<u>12,166</u>
Total cash receipts	164,420	235,042	399,462
 Cash disbursements:			
Current:			
General government	151,076	-	151,076
Public safety	16,390	169,511	185,901
Public works	-	8,002	8,002
Health	5,738	-	5,738
Capital outlay	<u>17,304</u>	<u>-</u>	<u>17,304</u>
Total cash disbursements	<u>190,508</u>	<u>177,513</u>	<u>368,021</u>
Total receipts over (under) disbursements	(26,088)	57,529	31,441
Fund cash balances, January 1	<u>321,581</u>	<u>207,308</u>	<u>528,889</u>
Fund cash balances, December 31	\$ <u>295,493</u>	<u>264,837</u>	<u>560,330</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, 2010 and 2009**

(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 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 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, 2010 and 2009**

(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 (ORC) 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 ORC 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 2010 and 2009 budgetary activity appears in Note 3.

**Dover Township
Union County, Ohio
Notes to the Financial Statements, continued
December 31, 2010 and 2009**

(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 ORC prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>2010</u>	<u>2009</u>
Demand deposits	\$ 36,388	78,403
Investment in STAR Ohio	<u>482,447</u>	<u>481,927</u>
Total deposits and investments	\$ <u>518,835</u>	<u>560,330</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 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, 2010 and 2009 follows:

<u>Fund Type</u>	<u>2010 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 125,000	117,952	(7,048)
Special Revenue	<u>219,600</u>	<u>230,883</u>	<u>11,283</u>
Total	\$ <u>344,600</u>	<u>348,835</u>	<u>4,235</u>

<u>Fund Type</u>	<u>2010 Budgeted vs. Actual Budgetary Basis Expenditures</u>		
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 328,550	178,089	150,461
Special Revenue	<u>317,200</u>	<u>212,241</u>	<u>104,959</u>
Total	\$ <u>645,750</u>	<u>390,330</u>	<u>255,420</u>

**Dover Township
Union County, Ohio
Notes to the Financial Statements, continued
December 31, 2010 and 2009**

(3) Budgetary Activity, continued

<u>2009 Budgeted vs. Actual Receipts</u>			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 95,449	164,420	68,971
Special Revenue	<u>225,160</u>	<u>235,042</u>	<u>9,882</u>
Total	\$ <u>320,609</u>	<u>399,462</u>	<u>78,853</u>

<u>2009 Budgeted vs. Actual Budgetary Basis Expenditures</u>			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 295,250	190,508	104,742
Special Revenue	<u>315,200</u>	<u>177,513</u>	<u>137,687</u>
Total	\$ <u>610,450</u>	<u>368,021</u>	<u>242,429</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 a 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 ORC.

Contribution rates are also prescribed by the ORC. For 2010 and 2009, OPERS members contributed 10% of their gross salaries. The Township contributed an amount equal to 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2010.

**Dover Township
Union County, Ohio
Notes to the Financial Statements, continued
December 31, 2010 and 2009**

(6) 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 Workers' Compensation.

Prior to 2009, the Township belonged 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 Ohio governments ("Members"). The Plan was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

Pursuant to Section 2744.081 of the ORC, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as OPRM, are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 and 725 members as of December 31, 2010 and 2009 respectively. The Township participates in this coverage.

The Plan formed the OPHC, as authorized by Section 9.833 of the ORC. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member's healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and 2009 respectively. The Township does not participate in this coverage.

**Dover Township
Union County, Ohio
Notes to the Financial Statements, continued
December 31, 2010 and 2009**

(6) Risk Management, continued

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:

	2010		2009	
	OPRM	OPHC	OPRM	OPHC
Assets	\$ 12,036,541	1,355,131	11,176,186	1,358,802
Liabilities	<u>(4,845,056)</u>	<u>(1,055,096)</u>	<u>(4,852,485)</u>	<u>(1,253,617)</u>
Members' Equity	\$ <u>7,191,485</u>	<u>300,035</u>	<u>6,323,701</u>	<u>105,185</u>

The complete audited financial statements for OPRM and OPHC are available at the Plan's website, www.ohioplan.org.

Contributions to the Plan

2008	\$ 3,073
2009	2,765
2010	3,230

(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, 2010 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 \$20,172 and \$16,390 pursuant to this contract in 2010 and 2009, respectively. The amount that will be due for 2011 is undetermined at this time.

The Township is committed to purchase equipment for delivery in 2011 at a cost of \$4,400 after trade-in of existing equipment. Additionally, the Township is committed to a mowing contract for 2011 with an individual for \$4,725.

Dover Township
Union County, Ohio
Notes to the Financial Statements, continued
December 31, 2010 and 2009

(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 ORC 505.601. 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.
- Expenditures exceeded appropriations in the Fire District Fund for 2009 by \$2,511.
- The Township has not adopted a public records policy in accordance with ORC 149.43 as revised by House Bill 9, 127th General Assembly effective March 29, 2007.
- The Township has not adopted a personal information policy as required by ORC Chapter 1347.

(9) Subsequent Events

Subsequent events have been evaluated through September 9, 2011, which is the date the financial statements were available to be issued.

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, 2010 and 2009, and have issued our report thereon dated September 9, 2011, 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. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and deficiencies that we consider to be significant deficiencies.

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 deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected in a timely manner. We consider Findings 2010-02 and 2010-05 described in the accompanying Schedule of Findings to be material weaknesses.

A significant deficiency is a deficiency, or 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 2010-04 and 2010-06 described in the accompanying Schedule of Findings to be 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 certain instances of noncompliance or other matters we must report under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings as Findings 2010-01, 2010-03 and 2010-07 through 2010-09.

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 September 9, 2011.

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.

Wolf, Rogers, Dickey & Co.

Certified Public Accountants

September 9, 2011

**Dover Township
Union County, Ohio
Schedule of Findings
December 31, 2010 and 2009**

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

Finding Number 2010-01
Noncompliance

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 passed a resolution on December 30, 2010 that does include a maximum reimbursement per person, although the resolution was not specific as to the year to which it applied.

Additionally, we noted that for one of the elected officials, the Township was generally paying the amount due directly to the insurance companies rather than reimbursing the official. While these expenditures were substantiated with the invoices from the insurance company, Ohio Attorney General (OAG) 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

Addressed this issue in December 2010 and a maximum per person, per month was set at \$2,500.

**Dover Township
Union County, Ohio
Schedule of Findings, continued
December 31, 2010 and 2009**

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

Finding Number 2010-02
Material weakness

Some local government, rollback/homestead and Tangible Personal Property Tax Replacement (TPP) receipts were included in the "Local Taxes" line item instead of "Intergovernmental" in the annual financial statements for both years. In addition, all TPP receipts for both years were credited to the General Fund when most of these amounts should have been credited to the Fire District Fund. Inconsistent recording of the rollback/homestead receipts also resulted in shorting the Fire District Fund of its full share of these receipts in both years. Total reclassification of misposted receipts resulted in an increase to the Fire District Fund and a decrease to the General Fund of \$11,886 and \$12,310 for 2010 and 2009, respectively. The Township also misclassified certain receipts totaling \$10,261 and \$4,584 for 2010 and 2009, 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 2010 and 2009, 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". 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 \$56,242 and \$20,602 for 2010 and 2009, respectively.

Response by Township

When we enter into UAN, we will make the correct classification.

Finding Number 2010-03
Noncompliance

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 or we were not able to determine due to manual records being illegible and no Then and Now Certificate was prepared.

**Dover Township
Union County, Ohio
Schedule of Findings, continued
December 31, 2010 and 2009**

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

Finding Number 2010-03, continued
Noncompliance

Response by Township

With the new UAN system it should eliminate this problem.

Finding Number 2010-04
Significant deficiency

In December 2009, the bank reconciliation included two deposits in transit, receipt numbers 298 and 299, for rental of the township hall. According to the receipt book, these receipts totaled \$150 and were paid to the Township in cash. Although other hall rental receipts were subsequently deposited, these two receipts from the individuals indicated, were never deposited and are still deposits in transit at December 31, 2010. In addition, while looking at invoices for bill payments, we found a check written to the Township from a vendor refunding \$64.40. This check was never deposited to the Township's account and is not included in the books. The check indicates that it is null and void after six months, which is long past.

Response by Township

No response received.

Finding Number 2010-05
Material weakness

A key point of internal control and safeguarding the Township's assets is maintaining control over blank check stocks. While we were performing audit procedures at the township hall, we discovered in various places two blank checks in no particular order, several checks that had "VOID" written only on the stub portion of the check, while the main part of the check was still intact, and one check marked "VOID" on the stub only that was signed by the Fiscal Officer and included a date and amount. We also found a carbon copy of a check that was eventually written and cashed for \$435. The stub portion of this check said "If you need this check go ahead and make it out. I'll sign later and mail". We do not know to whom this note was written, but it appears to have been written by the former Fiscal Officer. We were able to determine that this check was written for a proper business purpose; however, this practice is of concern for internal control consideration.

Response by Township

No response received.

**Dover Township
Union County, Ohio
Schedule of Findings, continued
December 31, 2010 and 2009**

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

Finding Number 2010-06
Significant deficiency

Beginning unencumbered cash on the 2009 Certificate of Estimated Resources did not agree to the ending cash balance for 2008. Differences on the Certificate are as follows: General Fund understated by \$8,986, Gasoline Tax overstated by \$4,000, Motor Vehicle License Tax overstated by \$5,000, Fire District Fund overstated by \$528 and Cemetery Fund overstated by \$1,100. In addition, the total unencumbered cash balance was overstated on the Certificate by \$1,642. Although these errors did not cause the Township to be noncompliant with budgetary requirements in this instance, the Certificate of Estimated Resources is the basis for the remainder of the budgetary process. Therefore, it is critical that these balances be reported to the County Budget Commission correctly by fund and in total.

Response by Township

We feel UAN will correct this problem.

Finding Number 2010-07
Noncompliance

ORC Section 5705.41(B) provides that no money is to be expended unless it has been appropriated. Budgetary expenditures exceeded appropriation authority by \$2,511 in the Fire District Fund for 2009.

Response by Township

We feel this was a classification error.

Finding Number 2010-08
Noncompliance

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

Could not be found in the minutes, but is posted on the wall. Copy provided to auditor.

**Dover Township
Union County, Ohio
Schedule of Findings, continued
December 31, 2010 and 2009**

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

Finding Number 2010-09
Noncompliance

In April 2009, ORC Chapter 1347 was added to address the storage, use and distribution of personal information. This chapter requires that the township adopt a written policy and appoint an individual to be responsible for a personal information system. The personal information system must protect personal information from unauthorized modification, destruction, use or disclosure. The Township has not adopted the required personal information policy.

Response by Township

Reviewed and did not have in records. Passed resolution on October 3, 2011.

**Dover Township
Union County, Ohio
Schedule of Prior Audit Findings
December 31, 2010 and 2009**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid: Explain:</u>
2008-01	Health insurance reimbursements undocumented, did not have proper resolution	No	Partially corrected – repeat as Finding 2010-01.
2008-02	Significant adjustments to the financial statements were required	No	Repeat as Finding 2010-02.
2008-03	Funds not always encumbered prior to expenditure	No	Repeat as Finding 2010-03.
2008-04	No public records policy	No	Repeat as Finding 2010-08.

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Dave Yost • 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
MARCH 8, 2012