



Dave Yost • Auditor of State



DUBLIN TOWNSHIP  
MERCER COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Dublin Township  
Mercer County  
206 E South St  
Rockford, Ohio 45882

To the Board of Trustees:

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

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Dublin Township, Mercer County, (the Township) as of and for the years ended December 31, 2015 and 2014.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

***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 (GAAP), to satisfy these requirements.

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Dublin Township, Mercer County as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2017, 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

April 17, 2017

**DUBLIN TOWNSHIP  
MERCER COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<b>General</b>	<b>Special Revenue</b>	<b>Permanent</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$70,123	\$101,053		\$171,176
Charges for Services		3,567		3,567
Licenses, Permits and Fees	650	7,875		8,525
Intergovernmental	120,480	119,075		239,555
Earnings on Investments	1,172		\$14	1,186
Miscellaneous	1,127	7,850		8,977
Total Cash Receipts	<u>193,552</u>	<u>239,420</u>	<u>14</u>	<u>432,986</u>
<b>Cash Disbursements:</b>				
<b>Current:</b>				
General Government	48,957	3,301		52,258
Public Safety	35,800	41,417		77,217
Public Works	1,131	131,434		132,565
Health	8,791	20,767		29,558
Capital Outlay	14,200	2,351		16,551
Total Cash Disbursements	<u>108,879</u>	<u>199,270</u>		<u>308,149</u>
Excess of Receipts Over Disbursements	<u>84,673</u>	<u>40,150</u>	<u>14</u>	<u>124,837</u>
Fund Cash Balances, January 1	<u>326,225</u>	<u>321,834</u>	<u>6,894</u>	<u>654,953</u>
<b>Fund Cash Balances, December 31:</b>				
Restricted		273,944	6,908	280,852
Committed		88,040		88,040
Assigned	148,689			148,689
Unassigned	262,209			262,209
Fund Cash Balances, December 31	<u>\$410,898</u>	<u>\$361,984</u>	<u>\$6,908</u>	<u>\$779,790</u>

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

DUBLIN TOWNSHIP  
MERCER COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Private Purpose Trust</u>
Fund Cash Balances, January 1	<u>\$2,023</u>
Fund Cash Balances, December 31	<u><u>\$2,023</u></u>

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



**DUBLIN TOWNSHIP  
MERCER COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$65,596	\$81,801			\$147,397
Licenses, Permits and Fees	625	6,299			6,924
Intergovernmental	48,158	116,598	\$21,000		185,756
Earnings on Investments	1,188			\$14	1,202
Miscellaneous	1,889	8,647			10,536
Total Cash Receipts	<u>117,456</u>	<u>213,345</u>	<u>21,000</u>	<u>14</u>	<u>351,815</u>
<b>Cash Disbursements:</b>					
<b>Current:</b>					
General Government	68,413	2,344			70,757
Public Safety	34,960	41,802			76,762
Public Works	3,994	88,547			92,541
Health	7,154	16,543			23,697
Capital Outlay	42,271	88,649	21,000		151,920
Total Cash Disbursements	<u>156,792</u>	<u>237,885</u>	<u>21,000</u>		<u>415,677</u>
Excess of Receipts Over (Under) Disbursements	<u>(39,336)</u>	<u>(24,540)</u>		<u>14</u>	<u>(63,862)</u>
Fund Cash Balances, January 1- restated Note 2	<u>365,561</u>	<u>346,374</u>		<u>6,880</u>	<u>718,815</u>
<b>Fund Cash Balances, December 31:</b>					
Restricted		235,153		6,894	242,047
Committed		86,681			86,681
Assigned	65,823				65,823
Unassigned	260,402				260,402
Fund Cash Balances, December 31	<u>\$326,225</u>	<u>\$321,834</u>	<u>\$0</u>	<u>\$6,894</u>	<u>\$654,953</u>

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

DUBLIN TOWNSHIP  
MERCER COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Private Purpose Trust</u>
<b>Operating Cash Receipts:</b>	
Earnings on Investments	<u>\$2</u>
Operating Income	<u>2</u>
Fund Cash Balances, January 1	<u>2,021</u>
Fund Cash Balances, December 31	<u><u>\$2,023</u></u>

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

**DUBLIN TOWNSHIP  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Dublin Township, Mercer County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Rockford Community Fire Department to provide fire services and Mercer County Emergency Ambulance to provide ambulance services.

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

**B. Accounting Basis**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**C. Deposits and Investments**

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Township values certificates of deposit at cost. STAR Ohio is recorded at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2015 and 2014.

**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:

**DUBLIN TOWNSHIP  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

**Fire Levy Fund** – This fund receives property tax money to be distributed to Rockford Community Fire Department for fire services provided to the Township.

**3. Capital Project Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project funds:

**Issue II Fund** - The Township received a grant from the State of Ohio to repair Township roads.

**4. Permanent Funds**

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant permanent fund:

**Cemetery Fund** – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

**5. Fiduciary Fund**

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township's private purpose trust fund is for amounts donated are maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the donor.

**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.

**DUBLIN TOWNSHIP  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 re-appropriated.

A summary of 2015 and 2014 budgetary activity appears in Note 4.

**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. Non-spendable**

The Township classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned 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.

**DUBLIN TOWNSHIP  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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. RESTATEMENT OF FUND BALANCE**

As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a reporting basis. This includes the zoning fund. The implementation of this change had the following effects on fund equity of the General and Special Revenue funds of the Township as they were previously reported.

	<b>General Fund</b>	<b>Special Revenue Funds</b>
Ending fund balance 12/31/13	\$363,379	\$348,556
Reclassification of fund balance	2,182	(2,182)
Restated beginning fund balance 1/1/2014	\$365,561	\$346,374

**3. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

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

	<b>2015</b>	<b>2014</b>
Demand deposits	\$747,744	\$622,930
Certificates of deposit	13,000	13,000
Total deposits	760,744	635,930
STAR Ohio	21,069	21,046
Total deposits and investments	\$781,813	\$656,976

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

**Investments:** Investments in STAR Ohio is not evidenced by securities that exist in physical or book-entry form.

**DUBLIN TOWNSHIP  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**4. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2015 and 2014 follows:

<b>2015 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$90,427	\$193,552	\$103,125
Special Revenue	221,146	239,420	18,274
Permanent		14	14
Trust	15		(15)
Total	\$311,588	\$432,986	\$121,398

<b>2015 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$162,250	\$192,154	(\$29,904)
Special Revenue	249,960	199,270	50,690
Total	\$412,210	\$391,424	\$20,786

<b>2014 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$79,162	\$117,456	\$38,294
Special Revenue	208,886	213,345	4,459
Capital Projects	21,000	21,000	
Permanent		14	14
Trust		2	2
Total	\$309,048	\$351,817	\$42,769

<b>2014 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$155,450	\$156,792	(\$1,342)
Special Revenue	357,950	237,885	120,065
Capital Projects	21,000	21,000	
Trust	300		300
Total	\$534,700	\$415,677	\$119,023

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General fund by \$29,904 and \$1,342 for the years ended December 31, 2015 and 2014, respectively.

**5. PROPERTY TAX**

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

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

**DUBLIN TOWNSHIP  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**6. RETIREMENT SYSTEMS**

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2015.

**7. POST-EMPLOYMENT BENEFITS**

OPERS offer cost-sharing, multiple-employer defined benefit post-employment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits.

**8. RISK MANAGEMENT**

**Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions





# 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*

Dublin Township  
Mercer County  
206 E South St  
Rockford, OH 45882

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 the cash balances, receipts, and disbursements by fund type of Dublin Township, Mercer County, (the Township) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated April 17, 2017, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2015-001 through 2015-004 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 2015-002 and 2015-004.

### ***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.

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  
Columbus, Ohio

April 17, 2017

**DUBLIN TOWNSHIP  
MERCER COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014**

**SUMMARY OF AUDITOR'S RESULTS**

**FINDING NUMBER 2015-001**

**Financial Reporting - Material Weakness**

The following errors were noted in the Township's records and on its annual reports:

General Fund - 2015:

- Intergovernmental Revenue and fund balance were overstated by \$4,736 due to incorrectly recording revenue in the General Fund belonging to other funds.
- Interest was understated by \$65 due to allocation of revenue to incorrect funds.

Special Revenue - 2015:

- Charges for Services in the Cemetery Fund were understated and Miscellaneous Revenue was overstated by \$3,567 due to the incorrect classification of foundation revenue received.
- Road and Bridge Fund, Intergovernmental Revenue, and Fund Balance were understated by \$4,343 due to the incorrect allocation of tax revenue to the General Fund.
- Motor Vehicle License Tax Fund, Intergovernmental Revenue, and Fund Balance were understated by \$393 due to incorrect recording of revenue to the General Fund.
- Gas Tax - Public Works disbursements were understated and Road and Bridge - Public Works disbursements were overstated by \$324 due to the incorrect allocation of health insurance reimbursements per payroll certifications.

General Fund - 2014:

- Intergovernmental Revenue was overstated by \$429 due to the incorrect recording of revenue received from the County.
- Interest revenue was understated by \$99, and General Government disbursements were understated by \$866, which decreased the Fund Balance by \$767 for the incorrect recording of activity.

Special Revenue - 2014:

- Motor Vehicle License Tax Fund, Intergovernmental Revenue, and Fund Balance were understated by \$429 for the incorrect classification of revenue received from the County.
- Gas Tax Fund, intergovernmental Revenue, and Fund Balance were understated by \$2,550 and the Permissive Motor Vehicle License Tax Fund, Intergovernmental Revenue, and Fund Balance were overstated by \$2,550 due to the incorrect recording of revenue from the County.
- Gas Tax Public Works disbursements were understated by \$324, and Road and Bridge Fund - Public Works disbursements were overstated due to the incorrect allocation of health insurance reimbursements per payroll certifications.
- Cemetery Fund was overstated by \$2,100 due to fund adjustments made by the client in 2014.

**FINDING NUMBER 2015-001  
(Continued)**

Capital Projects - 2014:

- Capital Outlay disbursements and Intergovernmental Revenue were understated by \$21,000 due to an on behalf of Ohio Public Works Commission project that was not properly recorded.

Permanent - 2015 and 2014:

- Interest Revenue was understated by \$14 in each year due to incorrect allocation of interest revenue.

Trust Fund – 2015 and 2014:

- Interest Revenue was overstated by \$33 due to the incorrect allocation of interest revenue.

Governmental Accounting Standards Board (GASB) Statement No. 54 (GASB Codification 1800.170-1800.177) - *Fund Balance Reporting and Governmental Fund Type Definitions* gives definitions for each of the following fund types General, Special Revenue, Capital Project, Debt Service, and Permanent. GASB Statement No. 54 also establishes fund balance classifications that stipulate use of fund balances based on the extent to which a government is required to observe constraints imposed upon the use of the resources reported in governmental funds and for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. The following errors were noted as a result of the Township not properly implementing GASB Statement No 54:

General Fund - 2015:

- Zoning Fund was adjusted to roll up into the General Fund per GASB 54 guidance, which resulted in an increase of \$175 to General Government disbursements, an increase of \$650 to Licenses, Fees, and Permits, an increase to the beginning balance of \$2,782, and an increase to the ending balance of \$3,257.
- The Fund balance was reclassified from unassigned to assigned fund balance in the amount of \$65,414 to properly reflect 2016 appropriations made that exceeded 2016 estimated receipts per GASB 54 guidance.

Special Revenue - 2015:

- The GASB 54 fund classification for the Road and Bridge Fund requires the fund be classified as committed if the levy is inside millage. This resulted in adjusting \$88,040 in the Special Revenue fund balance from restricted to committed for 2015.
- Zoning fund was adjusted to roll up into the General Fund per GASB 54 guidance, which resulted in a decrease of \$175 to General Government disbursements, a decrease of \$650 to Licenses, Fees, and Permits a decrease to the beginning balance of \$2,782 to beginning fund balance and and decrease of \$3,257 to ending balance.

General Fund - 2014:

- Zoning Fund was adjusted to roll up into the General Fund per GASB 54 guidance, which resulted in an increase of \$25 to General Government disbursements, an increase of \$625 to Licenses, Fees, and Permits, an increase of \$2,182 to beginning balance and an increase of \$2,782 to ending balance.

**FINDING NUMBER 2015-001**  
**(Continued)**

- The fund balance was reclassified from unassigned to assigned fund balance in the amount of \$65,823 to properly reflect 2016 appropriations made that exceeded 2016 estimated receipts per GASB 54 guidance.

Special Revenue - 2014:

- Zoning Fund was adjusted to roll up into the General Fund per GASB 54 guidance, which resulted in a decrease of \$25 to General Government disbursements, a decrease in \$625 to Licenses, Fees, and Permits, a decrease of \$2,182 to beginning balance and a decrease of \$2,782 to ending balance.
- The GASB 54 fund classification for the Road and Bridge Fund requires the fund be classified as committed if the levy is inside millage. This resulted in adjusting \$86,681 in the Special Revenue fund balance from restricted to committed for 2014.

The above noted adjustments and reclassifications are reflected in the accompanying financial statements and the Township's ledgers.

The Fiscal Officer is responsible for the day-to-day accounting transactions at the Township, including classification of receipts by fund and account. The Fiscal Officer generated duplicate receipts from the accounting system, but this was only to keep the receipts on file. The Board of Trustees did not review any systems generated receipt reports. Failure to properly monitor the accounting transactions within the Township could result in errors going undetected by the Township for a long period of time.

Policies and procedures should be developed and implemented to verify that all receipts and expenditures are posted in correct accounts. The fiscal officer should review postings each month and again at the end of the fiscal year to verify that all amounts are classified and posted in accordance with the Township's chart of accounts. The fiscal officer should review Auditor of State Bulletin 2011-004 when completing the annual report to properly implement GASB Statement No. 54. Failure to do so may result in incorrect classification of funds and inaccurate financial statements. The Board of Trustees should review the activity that have been posted to the accounting system on a monthly basis and document this review either in the minutes or by signing off on the system generated reports.

**Officials' Response:** We did not receive a response from Officials to this finding.

**FINDING NUMBER 2015-002**

**Expenditures Exceeding Appropriations - Noncompliance and Material Weakness**

**Ohio Rev. Code Section 5705.41(B)** states, in part, that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated. In addition, **Ohio Rev. Code Section 5705.40** provides, in part, that any appropriation ordinance or measure may be amended or supplemented as long as the entity complies with the same provisions of the law as are used in making the original appropriation. However, no appropriation may be reduced below an amount sufficient to cover all unliquidated and outstanding contracts or obligations against them.

The Township had expenditures exceeding appropriations in 2014 for the General Fund by \$1,342 and the Fire Levy Fund by \$2,436. The Township also had expenditures exceeding appropriations in 2015 for the General Fund by \$29,904, the Road and Bridge Fund by \$3,710, and the Cemetery Fund by \$12,279. The Township did not approve supplemental appropriations or file them with the county to cover additional expenditures.

**FINDING NUMBER 2015-002  
 (Continued)**

Expenditures exceeding appropriations could result in deficit spending. Each fund's expenditures should not exceed appropriations. Appropriations are based on amounts available per the Certificate of Available Resources and exceeding the appropriations could result in negative fund balances.

The Township should either amend its appropriations or reduce its spending to avoid overspending available fund balances.

**Officials' Response:** We did not receive a response from Officials to this finding.

**FINDING NUMBER 2015-003**

**Budgetary – UAN System - Material Weakness**

The Township's final certificate of estimated resources did not agree with the Uniform Accounting Network (UAN) in 2014 or 2015. The following are the amounts for 2014 and 2015:

<b>2015 Resources</b>			
<b>Fund</b>	<b>2015 Estimated Resources</b>	<b>UAN System</b>	<b>Variance</b>
General	\$415,281	\$415,203	(\$78)
<b>2014 Resources</b>			
<b>Fund</b>	<b>2014 Estimated Resources</b>	<b>UAN System</b>	<b>Variance</b>
General	\$451,490	\$444,796	(\$6,694)
Motor Vehicle License Tax	42,361	39,932	(2,429)
Gas Tax	243,447	257,782	14,335
Road and Bridge	102,956	110,526	7,570
Cemetery	79,080	69,274	(9,806)
Fire Levy	41,485	46,255	4,770
Cemetery Bequest	7,476	6,880	(596)

The Township's final appropriations did not agree with the UAN system in 2015 or 2014 for the following funds:

<b>2015 Appropriations</b>			
<b>Fund</b>	<b>Appropriations</b>	<b>UAN System</b>	<b>Variance</b>
General	\$156,250	\$236,250	(\$80,000)
Motor Vehicle License Tax	13,100	14,600	(1,500)
Road and Bridge	67,700	99,700	(32,000)
Cemetery	11,460	24,791	(13,331)
Fire Levy	42,600	44,400	(1,800)
<b>2014 Appropriations</b>			
<b>Fund</b>	<b>Appropriations</b>	<b>UAN System</b>	<b>Variance</b>
General	\$153,950	\$177,724	(\$23,774)
Gas Tax	186,900	180,600	6,300
Road and Bridge	74,700	38,200	36,500
Cemetery	15,200	13,859	1,341
Fire Levy	40,300	45,300	(5,000)
Permissive	6,500	5,500	1,000

**FINDING NUMBER 2015-003  
(Continued)**

Not accurately posting the correct budgetary information makes it difficult to monitor if expenditures are within appropriations and if actual receipts are consistent with what was predicted and sufficient to cover appropriations.

The Township should accurately post the estimated receipts and appropriations to the UAN system to allow the Board of Trustees to properly monitor budgetary comparisons.

**Official's Response:** We did not receive a response from Officials to this finding.

**FINDING NUMBER 2015-004**

**Improper Use of Funds - Non Compliance and Material Weakness**

**Ohio Rev. Code Section 5705.10(I)** states, money paid into any fund shall be used only for the purposes for which such fund is established. One employee was paid entirely from the Gasoline Tax Fund in 2014 when his timesheet documented time spent on Gasoline Tax, Cemetery, and General fund activities. Also, some days included multiple activities being performed, but no breakdown was shown to determine how many hours were spent on each activity. Another employee was paid entirely out of the Gasoline Tax Fund although his timesheets did indicate he worked on other activities. The timesheets did not breakdown his hours spent on other activities during the first half of 2015. In addition, he was paid for one pay period out of the Gasoline Tax Fund in 2015; however, no timesheet was available for that pay period.

As a result, the following adjustments were made to the financial statements and Township records:

- In 2015, increased General Government disbursements in the General Fund by \$21, increased Public Works disbursements in the Gasoline Tax fund by \$600, and decreased Health disbursements in the Cemetery fund by \$621 were made.
- In 2014, decreased Public Works disbursements in the Gasoline Tax fund by \$8,354, and increased General Government disbursements in the General Fund by \$215, and Health disbursements in the Cemetery fund by \$8,139 were made.

The Township should require employees to breakdown all time worked on different activities on the timesheet so that employee wages are charged to the proper fund.

**Official's Response:** We did not receive a response from Officials to this finding.

**DUBLIN TOWNSHIP  
MERCER COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2015 AND 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
Finding Number 2013-001	Time Spent Documenting on Timesheet – Noncompliance / Material Weakness	No	Partially Corrected See Finding Number 2015-004 and management letter
Finding Number 2013-002	Properly Recording Receipts & Expenditures – Noncompliance / Material Weakness	No	See Finding Number 2015-001
Finding Number 2013-003	Expenditures Exceeding Appropriations – Noncompliance / Material Weakness	No	See Finding Number 2015-002
Finding Number 2013-004	Budgetary – UAN System – Material Weakness	No	See Finding Number 2015-003
Finding Number 2013-005	Classification of Fund Balances – Material Weakness	No	See Finding Number 2015-001
Finding Number 2013-006	Bank Reconciliation – Material Weakness	No	Partially Corrected; See Management Letter
Finding Number 2013-007	Township Insurance Reimbursement – Finding For Recovery Repaid Under Audit – Noncompliance	Yes	





# Dave Yost • Auditor of State

**DUBLIN TOWNSHIP**

**MERCER 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  
JULY 11, 2017**