



Mary Taylor, CPA
Auditor of State

DODSON TOWNSHIP
HIGHLAND COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2009.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2008.....	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15
Schedule of Findings	17
Schedule of Prior Audit Findings	21

This page intentionally left blank.



Mary Taylor, CPA
Auditor of State

Dodson Township
Highland County
1701 St. Rt. 50
Lynchburg, Ohio 45142

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your township 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 25, 2010

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Dodson Township
Highland County
1701 St. Rt. 50
Lynchburg, Ohio 45142

To the Board of Trustees:

We have audited the accompanying financial statements of Dodson Township, Highland County, Ohio (the Township), as of and for the years ended December 31, 2009 and 2008. 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe 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 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 requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State 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, 2009 and 2008 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, 2009 and 2008, or its 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 Dodson Township, Highland County, as of December 31, 2009 and 2008, 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 25, 2010, 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. 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*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

May 25, 2010

**DODSON TOWNSHIP
HIGHLAND COUNTY**

**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>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property and Local Taxes	\$9,375	\$25,632		\$35,007
Intergovernmental	17,386	108,376		125,762
Earnings on Investments	1	15		16
Miscellaneous		200		200
	<u>26,762</u>	<u>134,223</u>	<u>0</u>	<u>160,985</u>
Cash Disbursements:				
Current:				
General Government	30,429	369		30,798
Public Works		118,537		118,537
Health	2,887	8,506		11,393
Capital Outlay	19,000	44,404		63,404
	<u>52,316</u>	<u>171,816</u>	<u>0</u>	<u>224,132</u>
Total Receipts (Under) Disbursements	<u>(25,554)</u>	<u>(37,593)</u>	<u>0</u>	<u>(63,147)</u>
Other Financing Receipts:				
Proceeds from Debt:				
Sale of Notes	19,000			19,000
	<u>19,000</u>	<u>0</u>	<u>0</u>	<u>19,000</u>
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements	(6,554)	(37,593)	0	(44,147)
Fund Cash Balances, January 1	14,481	285,604	5,669	305,754
Fund Cash Balances, December 31	<u>\$7,927</u>	<u>\$248,011</u>	<u>\$5,669</u>	<u>\$261,607</u>

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

**DODSON TOWNSHIP
HIGHLAND COUNTY**

**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>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property and Local Taxes	\$9,647	\$26,979		\$36,626
Intergovernmental	18,228	106,260		124,488
Earnings on Investments	1,533	4,939	\$237	6,709
Miscellaneous		300		300
	<u>29,408</u>	<u>138,478</u>	<u>237</u>	<u>168,123</u>
Cash Disbursements:				
Current:				
General Government	46,145	448		46,593
Public Works		150,691		150,691
Health	2,963	10,984		13,947
Capital Outlay		10,500		10,500
	<u>49,108</u>	<u>172,623</u>	<u>0</u>	<u>221,731</u>
Total Receipts Over/(Under) Cash Disbursements	(19,700)	(34,145)	237	(53,608)
Fund Cash Balances, January 1	<u>34,181</u>	<u>319,749</u>	<u>5,432</u>	<u>359,362</u>
Fund Cash Balances, December 31	<u>\$14,481</u>	<u>\$285,604</u>	<u>\$5,669</u>	<u>\$305,754</u>

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

**DODSON TOWNSHIP
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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 Dodson Township, Highland County, Ohio (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road maintenance and cemetery maintenance.

The Township is part of the Highland County Joint Township Hospital District, a jointly governed organization established for the public purpose of better providing for the health and welfare of the people primarily of Highland County. Trustees from each of the 17 townships of Highland County constitute the Highland County Joint Township Hospital Board of Trustees who appoints the Hospital Board of Governors which is composed of one member from each township and three at-large members.

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

B. Accounting Basis

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

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

C. Cash and Deposits

The Township deposits all available funds in a non-interest earning checking account at a local commercial bank. All deposits are valued at cost.

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 reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

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

**DODSON TOWNSHIP
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

3. Permanent Funds

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Township's programs. The Township had the following significant permanent fund:

Stroup Bequest Fund – This fund was bequeathed to the Township and receives interest earned on the nonexpendable trust principal of \$5,000. These earnings are to be used for the upkeep, maintenance, beautifying and care of the Stroup Cemetery.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

F. 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.

**DODSON TOWNSHIP
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

2. Equity in Pooled Cash

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

	2009	2008
Demand deposits	\$261,607	\$305,754

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$23,057	\$45,762	\$22,705
Special Revenue	135,991	134,223	(1,768)
Permanent	0	0	0
Total	\$159,048	\$179,985	\$20,937

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$42,478	\$52,316	(\$9,838)
Special Revenue	217,020	171,816	45,204
Permanent	250	0	250
Total	\$259,748	\$224,132	\$35,616

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$40,279	\$29,408	(\$10,871)
Special Revenue	135,712	138,478	2,766
Permanent	0	237	237
Total	\$175,991	\$168,123	(\$7,868)

**DODSON TOWNSHIP
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

3. Budgetary Activity (Continued)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$66,589	\$49,108	\$17,481
Special Revenue	206,667	172,623	34,044
Permanent	250	0	250
Total	\$273,506	\$221,731	\$51,775

4. Property Tax

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

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

Tangible personal property tax 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. Lease and Debt

Lease outstanding at December 31, 2009 was as follows:

	Principal	Interest Rate
Lease Purchase Agreement	\$27,125	5.1%

In 2007 the Township leased to purchase a tractor and boom mower. Payments are due yearly.

Amortization of the lease is scheduled as follows:

	Lease Purchase Agreement
Year ending December 31:	
2010	\$7,667
2011	7,667
2012	7,667
2013	7,668
Total	\$30,669

The 2008 lease payment was reported as Public Works in the Special Revenue Funds.

The 2009 lease payment was reported as Capital Outlay in the Special Revenue Funds.

**DODSON TOWNSHIP
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

5. Lease and Debt (Continued)

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest Rate
General Obligation Note	\$19,000	5.95%

The Township obtained a ten year note during 2009 to finance the purchase of land for equipment storage. Amortization of the above debt, including interest, is scheduled as follows:

	General Obligation Note
Year ending December 31:	
2010	\$2,575
2011	2,575
2012	2,575
2013	2,575
2014	2,575
2015-2019	12,879
Total	\$25,754

6. Retirement Systems

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

Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, the OPERS member contributed 10% of his gross salary and the Township contributed an amount equaling 14% of the participant's gross salary. The Township has paid all contributions required through December 31, 2009.

7. Risk Management

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of Your Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**DODSON TOWNSHIP
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

7. Risk Management (Continued)

Casualty Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains casualty risks up to an amount specified in the contracts. At December 31, 2008, OTARMA retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$40,737,740	\$43,210,703
Liabilities	<u>(12,981,818)</u>	<u>(13,357,837)</u>
Net Assets	<u>\$27,755,922</u>	<u>\$29,852,866</u>

At December 31, 2008 and 2007, respectively, liabilities above include approximately \$12.1 and \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.9 and \$11.6 million of unpaid claims to be billed to approximately 950 member townships in the future, as of December 31, 2008 and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$1,711.

Based on discussions with OTARMA the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Township Contributions to OTARMA</u>	
2007	\$1,518
2008	1,727
2009	1,990

**DODSON TOWNSHIP
HIGHLAND COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

7. Risk Management (Continued)

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Dodson Township
Highland County
1701 St. Rt. 50
Lynchburg, Ohio 45142

To the Township Board of Trustees:

We have audited the financial statements of Dodson Township, Highland County, Ohio (the Township), as of and for the year ended December 31, 2009 and 2008, and have issued our report thereon dated May 25, 2010, wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Audit of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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*.

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 audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined 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 was not designed to 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 material weaknesses and another deficiency we consider to be a significant deficiency.

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 Township's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-001 and 2009-02 described in the accompanying schedule of findings to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2009-003 described in the accompanying schedule of findings to be a significant deficiency.

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 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 2009-002 through 2009-005.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated May 25, 2010.

We intend this report solely for the information and use of the management. We intend it for no one other than these specified parties.

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

Mary Taylor, CPA
Auditor of State

May 25, 2010

**DODSON TOWNSHIP
HIGHLAND COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

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

FINDING NUMBER 2009-001

Material Weakness

The Township did not post the following transactions to the proper account codes, and therefore they were reported in an incorrect account classification, by material amounts, on the financial statements:

Item	Amount	Proper Fund / Classification	Fund / Classification Reported
2008			
Disbursement to the county health department of inside millage	\$2,963	General Fund - Health	General Fund – General Government
Purchase of a truck	10,500	Gasoline Tax Fund – Capital Outlay	Gasoline Tax Fund – Public Works
2009			
Estate tax receipt	2,960	General Fund - Intergovernmental	General Fund – Taxes
Materials and labor for new storage building	36,737	Gasoline Tax Fund – Capital Outlay	Gasoline Tax Fund - Public Works

The Township did not post the following transaction to the accounting records, and therefore receipts and disbursements were understated, by material amounts, on the financial statements:

Item	Amount	Proper Fund / Classification
2009		
Note proceeds	\$19,000	General Fund - Proceeds of Notes
Land purchase	19,000	General Fund – Capital Outlay

Failure to properly post transactions resulted in inaccurate financial statements. The Township agreed to reclassifications and adjustments to correctly report the above items, and the corrections were posted to the accompanying financial statements. The officials should review the chart of accounts in the *Ohio Township Handbook* to assure that items are being posted properly. In addition, the Township should establish control procedures for the review of the financial activity posted to the accounting records and financial statements.

FINDING NUMBER 2009-002

Noncompliance Citation/Material Weakness

Ohio Rev. Code, § 5705.10(C), requires that all revenue derived from a special levy shall be credited to a special fund for the purpose for which the levy was made. Homestead and rollback receipts were not distributed to the proper funds shown on the tax apportionment sheets. Instead, the total was credited to the General Fund. The amounts improperly posted were material to the General Fund. The amount credited to the General Fund that was due to the Road and Bridge Fund and the Cemetery Levy Fund are as follows:

	2008	2009
Road and Bridge Fund	\$1,531	\$1,627
Cemetery Levy Fund	1,016	1,076
Total	2,547	2,703

Failure to properly post transactions resulted in inaccurate fund balances and financial statements. The Township made adjustments to the accounting records and accompanying financial statements to correct the entries. The officials should review the chart of accounts in the *Ohio Township Handbook* to assure that items are being posted to the proper funds. Also as noted in Finding 2009-001, the Township should establish control procedures for the review of the financial activity posted to the accounting records and financial statements.

FINDING NUMBER 2009-003

Noncompliance Citation/Significant Deficiency

Ohio Rev. Code, § 5705.36(A)(4), provides in part that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

Actual receipts were less than estimated receipts and the deficiency reduced available resources below the level of current appropriations, by a material amount, as follows:

Fund	Available Resources (Beginning Fund Balance Plus Actual Receipts)	Appropriations	Variance
2008			
General Fund	\$63,510	\$66,589	(\$3,079)

Over estimating receipts could result in spending more funds than available. When it is determined receipts are going to be less than originally estimated, an amended certificate should be obtained and appropriations reduced, if necessary.

Also, the estimated receipts entered in the accounting system did not agree with estimated receipts certified by the budget commission on the latest amended certificate. Estimated receipts that were certified varied from those posted, by material amounts, as follows:

**FINDING NUMBER 2009-003
 (Continued)**

Fund	Estimated Receipts Certified by the Budget Commission	Estimated Receipts Posted	Variance
2009			
General Fund	\$23,057	\$26,665	(\$3,608)
Gasoline Tax Fund	97,829	86,650	11,179

Failure to post the estimated receipts certified by the budget commission into the accounting system resulted in the officials relying on inaccurate information. The officials should be sure that the estimated receipts from the most current amended certificate are entered into the accounting system.

FINDING NUMBER 2009-004

Noncompliance Citation

Ohio Rev. Code, § 5705.39, provides that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure as certified by the budget commission. In 2009, the budget commission certified \$40,086 in the General Fund as available resources. The Board appropriated \$42,478, exceeding the certified resources by \$2,392. Appropriating more than the amount certified could result in overspending. The officials should review the total certified resources on the amended certificate before making appropriations.

FINDING NUMBER 2009-005

Noncompliance Citation

Ohio Rev. Code, § 5705.41(B), provides that no subdivision shall make any expenditure of money unless it has been appropriated. In 2009, appropriations made by the Board to the General Fund were \$42,478. Total disbursements were \$52,316, exceeding the appropriations by \$9,838. This occurred because appropriations were not made for a land purchase, and the purchase was not recorded on the accounting records (see Finding 2009-001). Officials should assure that all transactions are recorded and review that appropriations are available prior to making any expenditure.

We did not receive a response from officials to the findings above.

This page intentionally left blank.

**DODSON TOWNSHIP
HIGHLAND COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-01	Sections 135.14 and 135.22 - no investment policy and investment training not attended	Yes	
2007-002	Section 5705.41(D) - prior certification for expenditures not obtained	Yes	
2007-003	OAC 117-2-01(D) - receipts and expenditures not posted to the proper fund and/or account	No	Repeated as Finding 2009-01
2007-004	Sections 5705.38(A) and 5705.40 - permanent and supplemental appropriations not adopted in Board Section 5705.41(B) - expenditures exceeded appropriations	No	Repeated 5705.41(B) as Finding 2009-04



Mary Taylor, CPA
Auditor of State

DODSON TOWNSHIP

HIGHLAND COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 29, 2010**