



Dave Yost • Auditor of State

DOVER TOWNSHIP
ATHENS COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Dover Township
Athens County
16145 Millfield Road
Millfield, Ohio 45761

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Dover Township, Athens County, Ohio (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 § 117.38 and Ohio Administrative Code § 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 § 117.38 and Ohio Administrative Code § 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.

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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 § 117.38 and Ohio Administrative Code § 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 of 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.

Basis for Adverse Opinion on Regulatory Basis of Accounting

The Township did not adjust the 2013 or 2012 financial statements to reflect findings for adjustment from those years that would reduce the General Fund cash balance by \$9,033, increase the Motor Vehicle License Tax Fund, the Gasoline Tax Fund and the Permissive Motor Vehicle License Tax Fund cash balances by \$1,403, \$6,972 and \$658, respectively. The Motor Vehicle License Tax, Gasoline Tax and Permissive Motor Vehicle License Tax Funds are reported within the Special Revenue Fund type.

Opinion on Regulatory Basis of Accounting

In our opinion, because of the effects of the December 31, 2015 and 2014 fund cash balance misstatements discussed in the *Basis for Adverse Opinion on Regulatory Basis of Accounting* paragraph, the financial statements referred to above do not present fairly, in all material respects, the cash fund balance of the General Fund and the combined fund cash balances of the Special Revenue Funds of Dover Township, Athens County, Ohio, as of December 31, 2015 and 2014, or its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2016, 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 27, 2016

**DOVER TOWNSHIP
ATHENS COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$31,065	\$241,025	\$272,090
Intergovernmental	31,173	156,873	188,046
Earnings on Investments	538	1,232	1,770
Miscellaneous	0	19,032	19,032
<i>Total Cash Receipts</i>	<u>62,776</u>	<u>418,162</u>	<u>480,938</u>
Cash Disbursements			
Current:			
General Government	37,729	9,286	47,015
Public Safety	0	80,325	80,325
Public Works	100	311,563	311,663
Health	0	33,571	33,571
Capital Outlay	2,056	17,282	19,338
<i>Total Cash Disbursements</i>	<u>39,885</u>	<u>452,027</u>	<u>491,912</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>22,891</u>	<u>(33,865)</u>	<u>(10,974)</u>
Other Financing Receipts (Disbursements)			
Other Debt Proceeds	0	1,385	1,385
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>1,385</u>	<u>1,385</u>
<i>Net Change in Fund Cash Balances</i>	22,891	(32,480)	(9,589)
<i>Fund Cash Balances, January 1</i>	<u>(447)</u>	<u>310,809</u>	<u>310,362</u>
Fund Cash Balances, December 31			
Restricted	0	247,640	247,640
Committed	0	30,689	30,689
Unassigned	22,444	0	22,444
<i>Fund Cash Balances, December 31</i>	<u>\$22,444</u>	<u>\$278,329</u>	<u>\$300,773</u>

**DOVER TOWNSHIP
ATHENS COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$30,112	\$238,025	\$268,137
Intergovernmental	16,019	150,888	166,907
Earnings on Investments	345	54	399
Miscellaneous	3,341	3,386	6,727
	49,817	392,353	442,170
 Cash Disbursements			
Current:			
General Government	50,200	9,677	59,877
Public Safety	0	192,336	192,336
Public Works	0	203,727	203,727
Health	0	17,967	17,967
Capital Outlay	1,329	22,363	23,692
Debt Service:			
Principal Retirement	0	16,556	16,556
Interest and Fiscal Charges	0	269	269
	51,529	462,895	514,424
<i>Net Change in Fund Cash Balances</i>	<i>(1,712)</i>	<i>(70,542)</i>	<i>(72,254)</i>
<i>Fund Cash Balances, January 1</i>	<i>1,265</i>	<i>381,351</i>	<i>382,616</i>
 Fund Cash Balances, December 31			
Restricted	0	267,876	267,876
Committed	0	42,933	42,933
Unassigned	(447)	0	(447)
	(\$447)	\$310,809	\$310,362
<i>Fund Cash Balances, December 31</i>	<i>(\$447)</i>	<i>\$310,809</i>	<i>\$310,362</i>

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

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

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

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 § 117.38 and Ohio Administrative Code § 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 § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

C. Deposits

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

D. Fund Accounting

The Township uses fund accounting to segregate cash that is 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 Funds:

Special Fire Levy Fund - This fund receives property tax money to provide fire protection services to the Township residents.

**DOVER TOWNSHIP
ATHENS COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

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

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, 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 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 canceled, and reappropriated in the subsequent year.

A summary of 2015 and 2014 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into three 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. 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.

**DOVER TOWNSHIP
ATHENS COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

2. 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.

3. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant, and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

2. Equity in Pooled Deposits

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

	2015	2014
Demand deposits	\$300,773	\$310,362

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

3. Budgetary Activity

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

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$81,500	\$62,776	(\$18,724)
Special Revenue	492,210	419,547	(72,663)
Total	\$573,710	\$482,323	(\$91,387)

**DOVER TOWNSHIP
ATHENS COUNTY**

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

3. Budgetary Activity (Continued)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$39,885	(\$39,885)
Special Revenue	0	452,027	(452,027)
Total	<u>\$0</u>	<u>\$491,912</u>	<u>(\$491,912)</u>

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$81,000	\$49,817	(\$31,183)
Special Revenue	491,260	392,353	(98,907)
Total	<u>\$572,260</u>	<u>\$442,170</u>	<u>(\$130,090)</u>

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$51,529	(\$51,529)
Special Revenue	0	462,895	(462,895)
Total	<u>\$0</u>	<u>\$514,424</u>	<u>(\$514,424)</u>

Contrary to Ohio law, the Township failed to formally approve appropriations resulting in all budgetary expenditures exceeded appropriation authority in all funds for the years ended December 31, 2015 and 2014.

4. Property Tax

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

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

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

5. Retirement System

The Township's elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's 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%, respectively, of their gross salaries and the Township contributed an amount equaling 14%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2015.

**DOVER TOWNSHIP
ATHENS COUNTY**

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

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 Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2014, OTARMA retained \$350,000 for casualty claims and \$250,000 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 government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2013 and 2014 (the latest information available):

	<u>2013</u>	<u>2014</u>
Assets	\$34,954,286	\$35,970,263
Liabilities	8,486,363	8,912,432
Net Position	\$26,467.923	\$27,057,831

At December 31, 2013 and 2014, respectively, the liabilities above include approximately \$7.9 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.2 million of unpaid claims to be billed to approximately 957 member governments in the future, as of December 31, 2013 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Township's share of these unpaid claims collectible in future years is approximately \$10,000.

**DOVER TOWNSHIP
ATHENS COUNTY**

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

6. Risk Management (Continued)

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>Contributions to OTARMA</u>	
<u>2015</u>	<u>2014</u>
\$18,811	\$17,430

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

7. Contingent Liabilities

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

8. Subsequent Events

On February 4, 2016, the Township was awarded an Ohio Department of Transportation Safety Signage Grant for \$50,000. This grant will be used for road signs.



Dave Yost • Auditor of State

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

Dover Township
Athens County
16145 Millfield Road
Millfield, Ohio 45761

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Dover Township, Athens County, Ohio (the Township), as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated April 27, 2016, wherein we noted the Township followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. We issued an adverse opinion on the General and Special Revenue Funds because the Township declined to fully adjust its financial statements or accounting records for prior audit findings for adjustments. These adjustments result in a material misstatement of General Fund and the Motor Vehicle License Tax, Gasoline Tax and Permissive Motor Vehicle License Tax Funds (Special Revenue Funds) cash balances as of December 31, 2015 and 2014.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control over financial reporting, that we consider a material weakness and 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 a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. We consider finding 2015-002 described in the accompanying Schedule of Findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2015-001 and 2015-003 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, 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 2015-001 through 2015-003.

Entity's Responses to Findings

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

April 27, 2016

**DOVER TOWNSHIP
ATHENS COUNTY**

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2015-001

Noncompliance and Significant Deficiency

Ohio Rev. Code § 5705.38 provides that, on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1.

Further, Ohio Rev. Code § 5705.41(B) provides that no subdivision or taxing unit is to expend money unless it has been appropriated.

The Board of Trustees failed to pass an appropriation resolution for 2014 and 2015. As a result, all expenditures in 2014 and 2015 were made absent of the legal appropriation authority. Further, Board monitoring of financial information using budget to actual information was limited as budgetary amounts included the system were not approved.

The Trustees should adopt an appropriation measure prior to expending or obligating funds. If the Trustees want to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, they may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1.

Official's Response: The Fiscal Officer will make sure he does this correctly in the future.

FINDING NUMBER 2015-002

Noncompliance and Material Weakness

Ohio Admin Code § 117-2-02(A) provides that all local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

Ohio Rev. Code § 5705.10(I) provides that money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another fund.

The Fiscal Officer posted certain revenue and expenditures transactions incorrectly resulting in material audit adjustments and a negative General Fund Balance at December 31, 2014.

For the year ended December 31, 2014, the following items were noted:

General Fund

- Bank reconciliation errors noted due to Interest and expenditures improperly posted resulting in a decrease in Earning on Investments of \$503, and a decrease in General Government of \$751.
- Property and Other Local Taxes were posted at net rather than gross and various Intergovernmental and Miscellaneous receipts were misposted as Property Tax resulting in a decrease in Property and Other Local Taxes of \$8,746, an increase in Intergovernmental of \$5,115 an increase in Miscellaneous of \$3,341, and an increase in General Government of \$4,957.

**DOVER TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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**FINDING NUMBER 2015-002
(Continued)**

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

Special Revenue Funds

Bank reconciliation errors noted due to expenditures improperly posted resulting in:

- Road and Bridge Fund- a decrease in Public Works of \$819.
- Gasoline Tax Fund- a decrease in Public Works of \$558.
- Cemetery Fund- a decrease in Health of \$371.

Property and Other Local Taxes were posted at net rather than gross and various Intergovernmental and Miscellaneous receipts were misposted as Property Tax or to the wrong fund resulting in:

- Road and Bridge Fund- a decrease in Property and Other Local Taxes of \$10,245, an increase in General Government of \$2,617, and an increase in Intergovernmental of \$12,862.
- Special Levy Fire Fund- a decrease in Property and Other Local Taxes of \$7,174, an increase in General Government of \$1,754, an increase in Miscellaneous receipts of \$551, and an increase in Intergovernmental of \$8,377.
- Special Levy Road Maintenance- a decrease in Property and Other Local Taxes of \$10,277, an increase in General Government of \$2,811, and an increase in Intergovernmental of \$13,088.
- Special Levy Cemetery- a decrease in Property and Other Local Taxes of \$3,694, an increase in General Government of \$997, and an increase in Intergovernmental of \$4,691.
- Gasoline Tax Fund- an increase in Miscellaneous receipts of \$170 and an increase in Intergovernmental of \$4,477.
- Permissive Motor Vehicle License Tax Fund- an increase in Miscellaneous receipts of \$466 and a decrease in Intergovernmental of \$1,185.
- Motor Vehicle License Tax Fund- an increase in Intergovernmental of \$1,320.
- Road and Bridge Fund ending fund balance was not posted in accordance with GASB 54 resulting in a decrease in Restricted Fund Balance and an increase in Committed Fund Balance of \$42,933.

For the year ended December 31, 2015, the following items were noted:

General Fund

- Bank reconciliation errors noted due to expenditures improperly posted resulting in a decrease in General Government of \$751.
- Property and Other Local Taxes were posted at net rather than gross and various Intergovernmental receipts were misposted as Property Tax resulting in a decrease in Property and Other Local Taxes of \$1,054, an increase in Intergovernmental of \$5,261, and an increase in General Government of \$4,207.

Special Revenue Funds

Bank reconciliation errors noted due to Miscellaneous receipts and expenditures improperly posted resulting in:

- Road and Bridge Fund- an increase in Public Works of \$920.
- Gasoline Tax Fund- an increase in Public Works of \$754.
- Cemetery Fund- an increase in Health of \$80 and a decrease in Miscellaneous receipts of \$600.

**DOVER TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

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

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

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

Property and Other Local Taxes were posted at net rather than gross and various Intergovernmental receipts were misposted as Property Tax resulting in:

- Road and Bridge Fund- a decrease in Property and Other Local Taxes of \$10,004, an increase in General Government of \$2,986, and an increase in Intergovernmental of \$12,990.
- Special Levy Fire Fund- a decrease in Property and Other Local Taxes of \$6,173, an increase in General Government of \$1,983, and an increase in Intergovernmental of \$8,156.
- Special Levy Road Maintenance- a decrease in Property and Other Local Taxes of \$9,498, an increase in General Government of \$3,197, and an increase in Intergovernmental of \$12,695.
- Special Levy Cemetery- a decrease in Property and Other Local Taxes of \$3,447, an increase in General Government of \$1,120, and an increase in Intergovernmental of \$4,567.
- Road and Bridge Fund ending fund balance was not posted in accordance with GASB 54 resulting in a decrease in Restricted Fund Balance and an increase in Committed Fund Balance of \$30,790.

The following represents the cumulative effect of the adjustments listed above on the respective fund cash balances as of December 31, 2015:

Fund	Unadjusted 12/31/2015 Balances	Audit Adjustments	Adjusted 12/31/2015 Balances
General Fund	\$26,692	(\$4,248)	\$22,444
Motor Vehicle License Tax	21,194	(2,493)	18,701
Gasoline Tax	43,540	4,451	47,991
Road and Bridge	30,790	(101)	30,689
Cemetery	21,979	(229)	21,750
Special Levy- Cemetery	42,690	(80)	42,610
Permissive Motor Vehicle License Tax	5,407	3,094	8,501

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

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

Official's Response: The Fiscal Officer will refer to the Township Handbook to prevent future misposting.

**DOVER TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

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

FINDING NUMBER 2015-003

Noncompliance and Significant Deficiency

Ohio Admin. Code §§ 117-2-01(D)(3) and (5) provides that, when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The Fiscal Officer did not properly reconcile the bank statements to the cash journal monthly resulting in reconciling factors due to timing issues and other minor variances. Failure to perform reconciliations identifying all reconciling factors resulted in inaccurate financial information.

The Fiscal Officer should prepare monthly bank reconciliations in a timely manner so that reconciling items can be easily identified and corrections, if necessary, can be made in a timely manner. These reconciliations should be reviewed and approved by the Board of Trustees at monthly meetings and questioned if unidentified reconciling items are included.

Official's Response: The Fiscal Officer stated he will do better on this.

**DOVER TOWNSHIP
ATHENS 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; <i>Explain</i>
2013-001	Ohio Rev. Code § 5705.41(D)(1) cited for not encumbering purchase obligations prior to commitment.	Yes	N/A
2013-002	Finding for Adjustment, Ohio Admin. Code § 117-2-02(A) Noncompliance and Material Weakness for unposted material mipostings.	No	Not corrected. The Finding for Adjustment against the General Fund for \$9,033 and in favor of the Motor Vehicle License Tax Fund, the Gasoline Tax Fund and the Permissive Motor Vehicle License Tax Fund for \$1,403, \$6,972 and \$658, respectively is still outstanding.
2013-003	Ohio Admin. Code § 117-2-02(A) Noncompliance and Material Weakness for material mipostings.	No	Repeated as Finding 2015-002.
2013-004	Ohio Admin. Code § 117-2-02(C) Noncompliance and Material Weakness for budgeted amounts posted to the system not agreeing with the formally adopted amounts.	Yes	N/A

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Dave Yost • Auditor of State

DOVER TOWNSHIP

ATHENS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 10, 2016**