



OHIO AUDITOR OF STATE
KEITH FABER



**DOVER TOWNSHIP
ATHENS COUNTY
DECEMBER 31, 2019 AND 2018**

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OHIO AUDITOR OF STATE KEITH FABER



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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, 2019 and 2018.

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 such 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 2 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.

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 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, 2019 and 2018, and the respective 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 cash balances, receipts and disbursements by fund type, and related notes of Dover Township, Athens County, Ohio, as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 12 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2020, 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.



Keith Faber
Auditor of State
Columbus, Ohio

September 2, 2020

**DOVER TOWNSHIP
ATHENS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$35,543	\$314,207	\$349,750
Intergovernmental	25,968	168,309	194,277
Earnings on Investments	839	283	1,122
Miscellaneous	4,552	5,033	9,585
<i>Total Cash Receipts</i>	<u>66,902</u>	<u>487,832</u>	<u>554,734</u>
Cash Disbursements			
Current:			
General Government	39,614	6,439	46,053
Public Safety	0	59,634	59,634
Public Works	0	326,288	326,288
Health	0	35,946	35,946
Capital Outlay	2,956	370,334	373,290
Debt Service:			
Principal Retirement	0	50,000	50,000
<i>Total Cash Disbursements</i>	<u>42,570</u>	<u>848,641</u>	<u>891,211</u>
<i>Excess of Cash Receipts (Under) Cash Disbursements</i>	<u>24,332</u>	<u>(360,809)</u>	<u>(336,477)</u>
Other Financing Receipts (Disbursements)			
Other Debt Proceeds	0	354,235	354,235
Sale of Capital Assets	1,751	0	1,751
<i>Total Other Financing Receipts (Disbursements)</i>	<u>1,751</u>	<u>354,235</u>	<u>355,986</u>
<i>Net Change in Fund Cash Balances</i>	26,083	(6,574)	19,509
<i>Fund Cash Balances, January 1</i>	<u>78,563</u>	<u>510,182</u>	<u>588,745</u>
Fund Cash Balances, December 31			
Restricted	0	446,725	446,725
Committed	0	56,883	56,883
Unassigned	104,646	0	104,646
<i>Fund Cash Balances, December 31</i>	<u><u>\$104,646</u></u>	<u><u>\$503,608</u></u>	<u><u>\$608,254</u></u>

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

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Dover Township
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of 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.

Public Entity Risk Pool

The Township participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types organized on a fund type basis.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

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:

Special Levy Fire Fund The Special Levy Fire Fund accounts for and reports that portion of special levy funding restricted for fire protection within the Township.

Basis of Accounting

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.

Dover Township
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Budgetary Process

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

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

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.

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 2019 budgetary activity appears in Note 4.

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.

Capital Assets

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

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.

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:

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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.

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.

Dover Township
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

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.

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.

Note 3 – Compliance

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Special Levy Road Maintenance Fund and the Special Levy Fund by \$12,941 and \$21,632, respectively, for the year ended December 31, 2019.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$73,876	\$68,653	(\$5,223)
Special Revenue	907,518	842,067	(65,451)
Total	\$981,394	\$910,720	(\$70,674)

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$72,487	\$42,570	\$29,917
Special Revenue	904,641	848,832	55,809
Total	\$977,128	\$891,402	\$85,726

Note 5 – Deposits

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

Demand Deposits	2019 \$608,254
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Dover Township
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 6 – Property Taxes

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

Note 7 – Risk Management

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2019</u>
Cash and investments	\$35,207,320
Actuarial liabilities	\$ 10,519,942

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Dover Township
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Township's 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

Social Security

One Township employee contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2019.

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment 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. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

Note 10 – Debt

Debt outstanding at December 31, 2019, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
John Deere Lease	44,825	4.75%
Fire Truck Lease	<u>304,236</u>	4.6%
Total	<u><u>\$349,061</u></u>	

Leases

The Township entered into a non-cancelable lease agreement in August 2018 for equipment for Township road maintenance. The Township disbursed \$16,415 to pay lease costs for the year ended December 31, 2019. The Township entered into a non-cancelable lease agreement in February 2019 for equipment for Township fire protection. The Township disbursed \$50,000 to pay lease costs for the year ended December 31, 2019.

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Dover Township
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Year Ending December 31:	John Deere Lease	Fire Truck Lease
2020	\$16,415	\$38,980
2021	\$16,415	\$38,980
2022	\$16,415	\$38,980
2023		\$38,980
2024		\$38,980
2025-2029		\$194,900
Total	\$49,245	\$389,800

Note 11 – 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.

Note 12 – Subsequent Event

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The impact on the Township’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**DOVER TOWNSHIP
ATHENS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$35,506	\$313,891	\$349,397
Intergovernmental	25,024	162,339	187,363
Earnings on Investments	631	233	864
Miscellaneous	2,644	17,725	20,369
<i>Total Cash Receipts</i>	<u>63,805</u>	<u>494,188</u>	<u>557,993</u>
Cash Disbursements			
Current:			
General Government	46,053	7,035	53,088
Public Safety	0	57,462	57,462
Public Works	0	318,464	318,464
Health	0	32,089	32,089
Capital Outlay	8,318	78,019	86,337
<i>Total Cash Disbursements</i>	<u>54,371</u>	<u>493,069</u>	<u>547,440</u>
<i>Excess of Cash Receipts (Under) Cash Disbursements</i>	<u>9,434</u>	<u>1,119</u>	<u>10,553</u>
Other Financing Receipts (Disbursements)			
Other Debt Proceeds	0	74,819	74,819
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>74,819</u>	<u>74,819</u>
<i>Net Change in Fund Cash Balances</i>	9,434	75,938	85,372
<i>Fund Cash Balances, January 1</i>	<u>69,129</u>	<u>434,244</u>	<u>503,373</u>
Fund Cash Balances, December 31			
Restricted	0	462,443	462,443
Committed	0	47,739	47,739
Unassigned	78,563	0	78,563
<i>Fund Cash Balances, December 31</i>	<u><u>\$78,563</u></u>	<u><u>\$510,182</u></u>	<u><u>\$588,745</u></u>

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

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Dover Township
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of 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.

Public Entity Risk Pool

The Township participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types organized on a fund type basis.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

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:

Special Levy Road Maintenance Fund The Special Levy Road Maintenance Fund accounts for and reports that portion of special levy funding restricted for maintenance and repair of roads within the Township.

Road and Bridge Fund The Road and Bridge Fund accounts for and reports that portion of property tax money for constructing, maintaining, and repairing Township roads and bridges.

Basis of Accounting

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.

Dover Township
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Budgetary Process

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

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

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

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

A summary of 2018 budgetary activity appears in Note 4.

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.

Capital Assets

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

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.

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:

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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.

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.

Dover Township
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

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.

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.

Note 3 – Compliance

Contrary to Ohio law, all budgetary expenditures exceeded appropriation authority in all funds as the Board failed to pass an appropriation resolution for the year ended December 31, 2018. This also resulted in improper encumbrance as purchase orders were not based on valid appropriations.

Note 4 – Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$74,000	\$63,805	(\$10,195)
Special Revenue	523,200	569,007	45,807
Total	\$597,200	\$632,812	\$35,612

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$54,371	(\$54,371)
Special Revenue	0	493,069	(493,069)
Total	\$0	\$547,440	(\$547,440)

Note 5 – Deposits

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

Demand Deposits	2018 \$588,745
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Dover Township
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 6 – Property Taxes

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

Note 7 – Risk Management

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2018</u>
Cash and investments	\$33,097,416
Actuarial liabilities	\$ 7,874,610

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Dover Township
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Township's 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

Note 9 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment 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. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018.

Note 10 – Debt

Debt outstanding at December 31, 2018, was as follows:

	Principal	Interest Rate
John Deere Lease	\$58,404	4.75%

Leases

The Township entered into a non-cancelable lease agreement in August 2018 for equipment for Township road maintenance. The Township disbursed \$16,415 to pay lease costs for the year ended December 31, 2018.

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	John Deere Lease
2019	\$16,415
2020	\$16,415
2021	\$16,415
2022	\$16,415
Total	\$65,660

Dover Township
Athens County
Notes to the Financial Statements
For the Year Ended December 31, 2018
(Continued)

Note 11 – 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.

Note 12 – Subsequent Event

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. The impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

OHIO AUDITOR OF STATE KEITH FABER



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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 the cash balances, receipts, and disbursements by fund type of Dover Township, Athens County, Ohio (the Township), as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, and have issued our report thereon dated September 2, 2020, wherein we noted the Township followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township.

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 2019-003 and 2019-005 through 2019-008 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 2019-001 through 2019-004.

Township'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 subject the Township's responses to the auditing procedures applied in the audit of the financial statements 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 report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

September 2, 2020

DOVER TOWNSHIP
ATHENS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018

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

FINDING NUMBER 2019-001

Noncompliance

Ohio Rev. Code § 505.37(A) provides that when the estimated cost to purchase fire apparatus, mechanical resuscitators, underwater rescue and recovery equipment, or other fire equipment, appliances, materials, fire hydrants, buildings, or fire-alarm communications equipment or services exceeds fifty thousand dollars, the contract shall be let by competitive bidding.

The Board did not competitively bid the lease purchase agreement for the fire truck obtained in 2019, which exceeded the fifty thousand dollar limit due to an oversight by the Board. The failure to competitively bid purchases can lead to unnecessary costs.

The Board should competitively bid any lease for fire equipment as required by statute.

Official's Response: We contacted Peoples Bank and Hocking Valley Bank and they said they couldn't compare. But we did not get any paper work confirming that.

FINDING NUMBER 2019-002

Noncompliance

Ohio Rev. Code § 5549.021 provides that a Board of Township Trustees may enter into a lease for machinery, tools, trucks, and other equipment for use in constructing, maintaining, and repairing roads, including a lease with an option to purchase. Any lease with an option to purchase shall require the board to pay a cash down payment of at least three-twentieths of the total cost. If the board sells used equipment as part of a lease with option to purchase, the cash down payment may be reduced by the amount of the selling price of the used equipment. A lease with an option to purchase may be entered into only with the lowest responsive and responsible bidder of the equipment after advertising for bids in the manner provided in section 5575.01 of the Revised Code.

The Board did not competitively bid the lease purchase agreement for road equipment obtained in 2018 due to an oversight by the Board. The failure to properly bid a purchase can lead to unnecessary cost.

The Board should competitively bid leases for road equipment as required by statute.

Official's Response: We were under the assumption that this didn't have to be competitively bid.

FINDING NUMBER 2019-003

Noncompliance and Material Weakness

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

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.

**DOVER TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2019-003 (Continued)

Noncompliance and Material Weakness- Ohio Rev. Code § 5705.41(B), Ohio Rev. Code § 5705.38, and Ohio Admin. Code § 117-2-02(C)(1) (Continued)

Ohio Admin. Code § 117-2-02(C)(1) provides that all local public offices integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Board failed to pass an appropriation resolution for 2018. As a result, all expenditures in 2018 were made absent of the legal appropriation authority. Further, Board monitoring of financial information using budget to actual information was limited as the Board had not approved the budgetary amounts included the accounting system. In addition, at December 31, 2019, expenditures exceeded appropriations in the Special Levy Road Maintenance Fund and the Special Levy Fund by \$12,941 and \$21,632, respectively.

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Board should closely monitor expenditures and appropriations and make the necessary appropriation resolutions and amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

Official's Response: We believe the appropriations were adopted at the first meeting of the year. However, we could not provide documentation that this occurred. The Fiscal Officer called UAN to help move these figures but apparently misunderstood how to properly do it.

FINDING NUMBER 2019-004

Noncompliance

Ohio Rev. Code § 5705.41(D)(1) provides that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the Fiscal Officer certifying that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that Fiscal Officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in §§ 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Rev. Code.

1. "Then and Now" certificate – If the chief fiscal officer can certify both at the time the contract or order was made ("then"), and at the time the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collections, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Board can authorize the drawing of a warrant for the payment of the amount due. The Board has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

**DOVER TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2019-004 (Continued)

Noncompliance- Ohio Rev. Code § 5705.41(D)(1) (Continued)

Amounts less than \$100 in counties and less than \$3,000 in all other subdivisions may be paid by the Fiscal Officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

2. Blanket Certificate – The Auditor or Fiscal Officer may prepare “blanket” certificates for a certain sum of money, not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority, against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The Board may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the Fiscal Officer for most professional services, fuel oil, gasoline, food items, roadway materials, utilities, and any other specific recurring and reasonably predictable operating expense. This certification may, but need not, be limited to a specific vendor. This certification is not to extend beyond the current fiscal year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Board did not formally adopt appropriation measures for 2018; however, the Fiscal Officer issued purchase orders in both years as representing amounts "lawfully appropriated". Regarding the use of blanket purchase orders, the Board did not pass the resolution establishing a maximum amount as required. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to help ensure purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township’s funds exceeding budgetary spending limitations, the Board should approve appropriations and set limits on blanket certificates. Further, the Fiscal Officer should certify the funds are or will be available prior to obligation by the Township. When prior certification is not possible, “then and now” certification should be used.

Official’s Response: We believe the appropriations were adopted at the first meeting of the year. However, we could not provide documentation that this occurred.

FINDING NUMBER 2019-005

Material Weakness- Check Numbers

All local public offices shall 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.

DOVER TOWNSHIP
ATHENS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018
(Continued)

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

FINDING NUMBER 2019-005 (Continued)

Material Weakness- Check Numbers (Continued)

In 2019, check numbers documented in the check register did not agree to the actual check for 15% of non-payroll transactions tested due to printing errors by the Fiscal Officer. The failure of underlying accounting records to agree to actual checks obscures the audit trail and provides for the opportunity for errors and/or irregularities to occur and remain undetected for an extended period.

The Board and Fiscal Officer should establish procedures to monitor the accounting records and printing of the disbursements to help ensure the check numbers in the system agree to the physical checks.

Official's Response: The Fiscal Officer had several printer issues and even tried a new printer. However, these issues resulted in wasting a lot of checks so he let some go with mixed numbers.

FINDING NUMBER 2019-006

Material Weakness-Approved Appropriations vs the System

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Sound accounting practices require accurately posting appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Board to make informed decisions regarding budgetary matters.

The appropriation resolution establishes the legal spending authority of the Township and the appropriation ledger provides the process by which the Township controls spending. It is therefore necessary the amounts appropriated by the Board are precisely stated and accurately posted to the appropriation ledger.

In 2019, the Fiscal Officer posted supplemental appropriations to the accounting system without obtaining the proper approvals from the Board. At December 31, 2019 appropriations posted to the system varied materially from those approved by the Board in the Special Levy Fire Fund by \$50,000 and the Special Levy Road Maintenance Fund by \$20,000. In 2018, the Fiscal Officer posted appropriations in the accounting system of \$79,114 and \$614,878 for the General Fund and Special Revenue Funds, respectively, despite no formal approbation resolution passed. The Township did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations and/or amendments thereof approved by the Board were not properly posted to the accounting system.

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Township should post to the ledgers, on a timely basis, appropriations approved by the Board. The Board and Fiscal Officer should then monitor budget versus actual reports to help ensure amended appropriations have been properly posted to the ledgers.

**DOVER TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2019-006 (Continued)

Material Weakness-Approved Appropriations vs the System (Continued)

Official's Response: We are not sure how this happened. We will be sure not to let it pass again.

FINDING NUMBER 2019-007

Material Weakness- Financial Reporting

In our audit engagement letter, as required by AU-C § 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C § 210 paragraphs .A14 & .A16.

Additionally, Auditor of State Bulletin 2011-004 mandated Governmental Accounting Standard Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions for financial statements for periods beginning after June 15, 2010.

The Fiscal Officer classified certain transactions incorrectly resulting in material audit adjustments.

For the year ended December 31, 2019:

- Misclassifications of revenue resulted in the following:
 - General Fund- a decrease in Intergovernmental receipts of \$1,673, a decrease in Property and Other Local Taxes of \$4,762, an increase in Miscellaneous receipts of \$4,552, an increase in General Government of \$1,100, and an increase in Sale of Capital Assets of \$651.
 - Permissive Motor Vehicle License Tax Fund- an increase in Intergovernmental receipts of \$726 and an increase in Miscellaneous receipts of \$513.
 - Gasoline Tax Fund- a decrease in Intergovernmental receipts of \$726 and an increase in Miscellaneous receipts of \$1,211.
 - Road and Bridge Fund- an increase in Intergovernmental receipts of \$13,522, a decrease in Property and Other Local Taxes of \$11,207, and an increase in Public Works of \$2,315.
 - Special Levy Fire Fund- an increase in Intergovernmental receipts of \$8,041, an increase in Miscellaneous receipts of \$609, a decrease in Property and Other Local Taxes of \$6,633, and an increase in Public Safety of \$1,408.
 - Special Levy Cemetery Fund- an increase in Intergovernmental receipts of \$2,172, a decrease in Property and Other Local Taxes of \$1,050, and an increase in Health of \$1,122.
 - Special Levy Road Maintenance- an increase in Intergovernmental receipts of \$8,707, a decrease in Property and Other Local Taxes of \$5,703, and an increase in Public Works of \$3,004.
- Withholding payments were not posted in the proper year based on cash basis of accounting used resulting in a decrease in General Government of \$2,736 in the General Fund.
- The Fiscal Officer did not properly classify fund balances in accordance with GASB 54 as outlined in AOS Bulletin 2011-004. Because the Road and Bridge Fund levy was within the 10 mil limitation, the December 31, 2019 Fund Cash Balance was reclassified as Committed rather than Restricted.

**DOVER TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2019-007 (Continued)

Material Weakness- Financial Reporting (Continued)

- The Fiscal Officer did not record a lease for a fire truck resulting in an increase of \$354,236 in Other Debt Proceeds and Capital Outlay, respectively, in the Special Levy Fire Fund. The Fiscal Officer also misclassified debt payments resulting in an increase in Principal Retirement and decrease in Public Safety of \$50,000 in the Special Levy Fire Fund.

For the year ended December 31, 2018:

- The Fiscal Officer reversed prior year audit adjustments in the accounting system resulting in:
 - General Fund- an increase in Fund Cash Balances, January 1 and increase in General Government of \$2,778.
- Misclassifications of revenue resulted in the following:
 - General Fund- an increase in Intergovernmental receipts of \$2,244, a decrease in Property and Other Local Taxes of \$1,448, an increase in Miscellaneous receipts of \$2,644, and an increase in General Government of \$5,021.
 - Permissive Motor Vehicle License Tax Fund- a decrease in Intergovernmental receipts of \$243.
 - Gasoline Tax Fund- a decrease in Intergovernmental receipts of \$475 and an increase in Miscellaneous receipts of \$1,225.
 - Motor Vehicle License Tax Fund- an increase in Intergovernmental receipts of \$243.
 - Miscellaneous Special Revenue VFD Fund- a decrease in Intergovernmental receipts and an increase in Miscellaneous receipts of \$245.
 - Road and Bridge Fund- an increase in Intergovernmental receipts of \$13,257, a decrease in Property and Other Local Taxes of \$10,577, an increase in Miscellaneous receipts of \$309, and an increase in Public Works of \$2,481.
 - Special Levy Fire Fund- an increase in Intergovernmental receipts of \$7,905, an increase in Miscellaneous receipts of \$126, a decrease in Property and Other Local Taxes of \$6,293, and an increase in Public Safety of \$1,493.
 - Special Levy Cemetery Fund- an increase in Intergovernmental receipts of \$2,189, a decrease in Property and Other Local Taxes of \$1,021, and an increase in Health of \$1,168.
 - Special Levy Road Maintenance- an increase in Intergovernmental receipts of \$8,610, a decrease in Property and Other Local Taxes of \$5,413, and an increase in Public Works of \$3,119.
- Expenses were posted to improper functions resulting in:
 - Road and Bridge Fund- an increase in Public Works and a decrease in Capital Outlay of \$10,414.
 - Special Levy Road Maintenance- an increase in Public Works and a decrease in Capital Outlay of \$12,052.
 - Special Levy Cemetery- a decrease in Health and an increase in Capital Outlay of \$3,200.
- The Fiscal Officer did not properly classify fund balances in accordance with GASB 54 as outlined in AOS Bulletin 2011-004.
 - Because the Road and Bridge Fund levy was within the 10 mil limitation, the December 31, 2018 Fund Cash Balance was reclassified as Committed rather than Restricted.

**DOVER TOWNSHIP
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018
(Continued)**

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

FINDING NUMBER 2019-007 (Continued)

Material Weakness- Financial Reporting (Continued)

- The Fiscal Officer did not record a lease for a tractor resulting in:
 - Motor Vehicle License Tax Fund- an increase of \$18,232 in Other Debt Proceeds and Capital Outlay, respectively.
 - Road and Bridge Fund- an increase of \$22,790 in Other Debt Proceeds and Capital Outlay, respectively.
 - Special Levy Road Maintenance Fund- an increase of \$33,797 in Other Debt Proceeds and Capital Outlay, respectively.

These misstatements were caused by confusion over proper posting. As a result, these 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 net effect of these adjustments, along with any other immaterial adjustments agreed to by the Township, are reflected in the following chart:

Fund	Unaudited Balance 12/31/19	Audit Adjustment	Audited Balance 12/31/19
General Fund	\$ 104,714	\$ (68)	\$ 104,646
Motor Vehicle License Tax	65,965	415	66,380
Gasoline Tax Fund	97,988	372	98,360
Road and Bridge Fund	56,658	225	56,883
Cemetery Fund	27,222	0	27,222
Special Levy Fire Fund	56,284	734	57,018
Special Levy Cemetery Fund	112,698	118	112,816
Special Levy Road Maintenance Fund	68,329	(65)	68,264
Permissive Motor Vehicle License Tax Fund	15,669	996	16,665
Misc. Special Revenue	0	0	0
Misc. Special Revenue - VFD	0	0	0
	<u>\$ 605,527</u>	<u>\$ 2,727</u>	<u>\$ 608,254</u>

The Fiscal Officer should refer to the Township Handbook and AOS Bulletin 2011-004 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 classifications.

Official’s Response: The Fiscal Officer had difficulty with the withholdings and couldn’t seem to get help figuring it out. We were also under the incorrect impression that a lease wasn’t a debt. Further, the Fiscal Officer reversed the adjustments of the prior audit in an attempt to reconcile to the bank.

DOVER TOWNSHIP
ATHENS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2019 AND 2018
(Continued)

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

FINDING NUMBER 2019-008

Material Weakness- Bank Reconciliations

Sound accounting practices require 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 reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Board are responsible for reviewing the reconciliations and related support.

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 variances. Bank reconciliations completed included an "other adjusting" factor in every month for 2018. In 2019, bank reconciliations included an "other adjusting" factor in 6 out of the 12 months. The Bank reconciliations were also not properly reviewed and approved by the Board of Trustees. Failure to reconcile monthly increases the possibility that the Township will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Fiscal Officer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Board should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

Official's Response: Because of difficulties with withholdings and other factors, the Fiscal Officer couldn't get the reconciliations done. He was unsuccessful in his attempts to get outside assistance with this issue.

DOVER TOWNSHIP

ATHENS COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2019 AND 2018

Finding Number	Finding Summary	Status	Additional Information
2017-001	Ohio Rev. Code § 149.351(A) cited and Material Weakness identified as the Township failed to maintain support for miscellaneous receipts in the General Fund for 2017 and 2016 resulting in a modified opinion.	Fully Corrected	N/A
2017-002	Ohio Rev. Code § 5705.36(A)(1) cited and Material Weakness identified as the Township did not obtain a certificate of estimated resources from the Budget Commission in 2017.	Fully Corrected	N/A
2017-003	Ohio Rev. Code § 5705.38 and 5705.41(B) cited and Material Weakness identified for expenditures exceeding formally adopted appropriations as no appropriations were passed.	Not Corrected	We believe the appropriations were adopted at the first meeting of the year. However, we could not provide documentation that this occurred. The Fiscal Officer called UAN to help move these figures but apparently misunderstood how to properly do it. We will correct this going forward.
2017-004	Ohio Rev. Code § 5705.41(D)(1) cited and Material Weakness identified for improper encumbering.	Not Corrected	We believe the appropriations were adopted at the first meeting of the year. However, we could not provide documentation that this occurred. We will correct this going forward.
2017-005	Ohio Admin. Code §§ 117-2-01(D)(3) and (5) cited and Material Weakness identified for failing to properly reconcile to the bank monthly.	Not Corrected	Because of difficulties with withholdings and other factors, the Fiscal Officer couldn't get the reconciliations done. He was unsuccessful in his attempts to get outside assistance with this issue. We will correct this going forward.
2017-006	Material Weakness identified for material audit adjustments.	Not Corrected	The Fiscal Officer had difficulty with the withholdings and couldn't seem to get help figuring it out. We were also under the incorrect impression that a lease wasn't a debt. Further, the Fiscal Officer reversed the adjustments of the prior audit in an attempt to reconcile to the bank. We will correct this going forward.

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OHIO AUDITOR OF STATE KEITH FABER



DOVER TOWNSHIP

ATHENS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/29/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov