



Dave Yost • Auditor of State



DUBLIN TOWNSHIP  
MERCER COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report .....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2013 .....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Fiduciary Fund Type - For the Year Ended December 31, 2013 .....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2012 .....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Fiduciary Fund Type - For the Year Ended December 31, 2012 .....	6
Notes to the Financial Statements .....	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	13
Schedule of Findings.....	15

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Dublin Township  
Mercer County  
PO Box 203  
Rockford, OH 45882

To the Board of Trustees:

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

We have audited the accompanying financial statements and related notes of Dublin Township, Mercer County, (the Township) as of and for the years ended December 31, 2013 and 2012.

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

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

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

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

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

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

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***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, 2013 and 2012, or changes in financial position thereof for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Dublin Township, Mercer County as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Emphasis of Matter***

As described in Note 2, Dublin Township restated their beginning fund balance for the Permanent Fund and Fiduciary Fund types as of January 1, 2012. Our opinion is not modified with respect to this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2014, 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

July 24, 2014

**DUBLIN TOWNSHIP  
MERCER COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Governmental Fund Types</u>			<u>Totals</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	<u>(Memorandum Only)</u>
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$61,861	\$80,730		\$142,591
Licenses, Permits and Fees		8,475		8,475
Intergovernmental	270,299	111,942		382,241
Earnings on Investments	977	2,242	\$6	3,225
Miscellaneous	6,561	16,813		23,374
Total Cash Receipts	<u>339,698</u>	<u>220,202</u>	<u>6</u>	<u>559,906</u>
<b>Cash Disbursements:</b>				
<b>Current:</b>				
General Government	74,167	2,671		76,838
Public Safety	35,998	37,181		73,179
Public Works	2,909	110,174		113,083
Health	4,499	18,562		23,061
Capital Outlay	3,028	37,025		40,053
Total Cash Disbursements	<u>120,601</u>	<u>205,613</u>		<u>326,214</u>
Net Change in Fund Cash Balances	<u>219,097</u>	<u>14,589</u>	<u>6</u>	<u>233,692</u>
Fund Cash Balance, January 1	<u>144,282</u>	<u>333,967</u>	<u>6,874</u>	<u>485,123</u>
<b>Fund Cash Balance, December 31:</b>				
Non-spendable			5,000	5,000
Restricted		288,836	1,880	290,716
Committed		59,720		59,720
Unassigned (Deficit)	363,379			363,379
Fund Cash Balance, December 31	<u>\$363,379</u>	<u>\$348,556</u>	<u>\$6,880</u>	<u>\$718,815</u>

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

DUBLIN TOWNSHIP  
MERCER COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCES - FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Fiduciary Fund Type</u> <u>Private Purpose Trust</u>
<b>Operating Cash Receipts:</b>	
Earnings on Investments (trust funds only)	<u>\$2</u>
Operating Income/(Loss)	<u>2</u>
Fund Cash Balance, January 1	<u>2,019</u>
Fund Cash Balance, December 31	<u><u>\$2,021</u></u>

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



**DUBLIN TOWNSHIP  
MERCER COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<b>Governmental Fund Types</b>				<b>Totals</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Permanent</b>	<b>(Memorandum Only)</b>
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$41,004	\$49,471			\$90,475
Licenses, Permits and Fees		16,637			16,637
Intergovernmental	31,016	109,892	\$31,629		172,537
Earnings on Investments	637			\$10	647
Miscellaneous	1,549	7,553			9,102
<b>Total Cash Receipts</b>	<b>74,206</b>	<b>183,553</b>	<b>31,629</b>	<b>10</b>	<b>289,398</b>
<b>Cash Disbursements:</b>					
Current:					
General Government	70,412	7,484			77,896
Public Safety	24,946				24,946
Public Works	1,775	92,662	31,629		126,066
Health	1,588	18,995		75	20,658
Capital Outlay		9,487			9,487
<b>Total Cash Disbursements</b>	<b>98,721</b>	<b>128,628</b>	<b>31,629</b>	<b>75</b>	<b>259,053</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>(24,515)</b>	<b>54,925</b>		<b>(65)</b>	<b>30,345</b>
<b>Other Financing Receipts/(Disbursements):</b>					
Sale of Capital Assets	6,262				6,262
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>6,262</b>				<b>6,262</b>
<b>Net Change in Fund Cash Balances</b>	<b>(18,253)</b>	<b>54,925</b>		<b>(65)</b>	<b>36,607</b>
<b>Fund Cash Balance, January 1 (Restated)</b>	<b>162,535</b>	<b>279,042</b>		<b>6,939</b>	<b>448,516</b>
<b>Fund Cash Balance, December 31:</b>					
Non-spendable				5,000	5,000
Restricted		259,942		1,874	261,816
Committed		74,025			74,025
Unassigned (Deficit)	144,282				144,282
<b>Fund Cash Balance, December 31</b>	<b>\$144,282</b>	<b>\$333,967</b>	<b>\$0</b>	<b>\$6,874</b>	<b>\$485,123</b>

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

DUBLIN TOWNSHIP  
MERCER COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES  
IN FUND CASH BALANCES - FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>Fiduciary Fund Types</u>
	<u>Private Purpose Trust</u>
<b>Operating Cash Receipts:</b>	
Earnings on Investments (trust funds only)	\$4
Operating Income/(Loss)	4
Fund Cash Balance, January 1 (Restated)	2,015
Fund Cash Balance, December 31	<u>\$2,019</u>

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

**DUBLIN TOWNSHIP  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012**

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

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

**B. Accounting Basis**

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

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

**C. Deposits and Investments**

The Dublin 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.

Certificates of deposit are valued at cost. Investments in STAR Ohio are recorded at share values reported by STAR Ohio.

**D. Fund Accounting**

The Dublin Township uses fund accounting to segregate cash and investments that are restricted as to use. The Dublin Township classifies its funds into the following types:

**1. General Fund**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Dublin Township had the following significant Special Revenue Funds:

**DUBLIN TOWNSHIP  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

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

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

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

**Cemetery Fund** - This fund receives money from the sale of cemetery plots, and the opening and closing of gravesites.

**3. Capital Project Fund**

This fund accounts for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Dublin Township had the following significant capital project fund:

**Issue II Fund** - The Dublin Township received a grant from the State of Ohio to replace a culvert.

**4. Fiduciary Fund - (Private Purpose Trust)**

This fund is used to account for resources restricted by legally binding trust agreements. The Township had the following significant fiduciary fund:

**Non-expendable Trust Fund** – Amounts donated are maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the donor.

**5. Permanent Fund- Trust Fund**

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

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

**E. Budgetary Process**

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

**1. Appropriations**

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

**DUBLIN TOWNSHIP  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

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

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2013 and 2012 budgetary activity appears in Note 4.

**F. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Dublin Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Non-spendable**

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

**2. Restricted**

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

**3. Committed**

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

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Dublin Township Trustees or a Dublin Township official delegated that authority by resolution, or by State Statute.

**DUBLIN TOWNSHIP  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

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

**5. Unassigned**

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

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

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. RESTATEMENT OF FUND BALANCE**

The Cemetery Bequest Fund and the Expendable Trust Fund had not been properly receiving interest and the fund balances were not in line with the trust agreements. These had the following effect on the fund balances previously reported:

	<b>Fund Balance at January 1, 2012</b>	<b>Restatement</b>	<b>Restated Fund Balance at January 1, 2012</b>
Permanent	\$7,551	(\$612)	\$6,939
Fiduciary	\$1,336	\$679	\$2,015

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

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

	<b>2013</b>	<b>2012</b>
Demand deposits	\$686,768	\$453,139
Certificates of deposit	13,028	13,021
Total deposits	699,796	466,160
STAR Ohio	21,040	20,982
Total deposits and investments	\$720,836	\$487,142

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

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

**DUBLIN TOWNSHIP  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**4. BUDGETARY Activity**

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

<b>2013 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$77,419	\$339,698	\$262,279
Special Revenue	185,095	220,202	35,107
Permanent		6	6
Fiduciary		2	2
Total	<u>\$262,514</u>	<u>\$559,908</u>	<u>\$297,394</u>

<b>2013 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$111,350	\$120,601	(\$9,251)
Special Revenue	399,639	205,613	194,026
Permanent	200		200
Fiduciary	100		100
Total	<u>\$511,289</u>	<u>\$326,214</u>	<u>\$185,075</u>

<b>2012 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$74,542	\$80,468	\$5,926
Special Revenue	165,121	183,553	18,432
Capital Projects	31,629	31,629	
Permanent		10	10
Fiduciary		4	4
Total	<u>\$271,292</u>	<u>\$295,664</u>	<u>\$24,372</u>

<b>2012 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$154,780	\$98,721	\$56,059
Special Revenue	194,915	128,628	66,287
Capital Projects	30,000	31,629	(1,629)
Permanent	200	75	125
Fiduciary	100		100
Total	<u>\$379,995</u>	<u>\$259,053</u>	<u>\$120,942</u>

Contrary to Ohio law, expenses exceeded appropriations in the General fund by \$9,251 for 2013 and by \$1,629 for the Issue II fund in 2012.

**DUBLIN TOWNSHIP  
MERCER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013 AND 2012  
(Continued)**

**5. PROPERTY TAX**

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

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

**6. RETIREMENT SYSTEMS**

The township's officials belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multi-employer plan. This plan provides retirement benefits, including post-retirement health care, survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

For 2013 and 2012, OPERS members contributed 10% of their gross salaries and the Dublin Township contributed an amount equaling 14% of participants' gross salaries. The Dublin Township has paid all contributions required through December 31, 2013.

**7. RISK MANAGEMENT**

**Commercial Insurance**

The Dublin Township has obtained commercial insurance for the following risks:

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





# Dave Yost • Auditor of State

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

Dublin Township  
Mercer County  
PO Box 203  
Rockford, OH 45882

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Dublin Township, Mercer County, (the Township) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated July 24, 2014 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit. As described in Note 2, Dublin Township restated the beginning fund balance for the Permanent Fund and Fiduciary Fund types as of January 1, 2012.

### ***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.

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 material weaknesses.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2013-001 through 2013-006 described in the accompanying schedule of findings 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 2013-001 through 2013-003 and 2013-007.

***Entity's Response 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 Government's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Government's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State

Columbus, Ohio

July 24, 2014

**DUBLIN TOWNSHIP  
MERCER COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2013 AND 2012**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2013-001**

**1. Time Spent Documenting on Timesheet – Noncompliance/Material Weakness**

**Ohio Rev. Code § 5705.10(I)** states money paid into any fund shall be used only for the purposes for which such fund is established.

One employee was paid almost entirely from the Gasoline Tax Fund when his timesheet documented time spent on Gasoline Tax, Cemetery or General Fund activities. Also, some days when multiple activities were performed, no breakdown was shown on his timesheet. An adjustment for \$6,308 and \$5,598 was made to the accompanying financial statements and ledgers of the Township to move expenditures from the Gasoline Tax Fund to the Cemetery Fund for the time documented solely as cemetery activities in 2013 and 2012 respectively.

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

**Official's Response:**

We did not receive a response from Officials to this Finding.

**FINDING NUMBER 2013-002**

**2. Properly Recording Receipts & Expenditures – Noncompliance/Material Weakness**

**Ohio Rev Code §507.04** states in part that the fiscal officer is to keep an accurate record of all township accounts and transactions. The following errors were noted in the 2013 and 2012 financials statement and Township books:

- In 2013, \$6,188 in homestead and rollback was receipted into the General Fund instead of being allocated \$3,281 to the Road & Bridge Fund and \$2,907 to the Fire Fund.
- In 2013, \$1,187 and \$1,563 in real estate fees were posted to the Fire Fund and Road and Bridge Fund, respectively, instead of being allocated to the General Fund.
- In 2013, \$6,803 of estate fees was recorded in the General Fund as public works rather than general government.
- In 2012, \$2,429 of the cents per gallon gas tax was recorded into the Motor Vehicle License Tax (MVGTL) Fund instead of the Gasoline Tax Fund.
- In 2012, \$6,262 related to the sale of a dump truck was recorded as miscellaneous revenue instead of sale of fixed assets in the General Fund.
- In 2012, \$9,487 of revenues for footer/foundation work in the Cemetery Fund was classified as miscellaneous revenue instead of charges for services.
- In 2012, \$1,629 of the expenditures related to the OPWC grant was recorded in the Road & Bridge Fund instead of the Issue II Fund.
- In 2012, \$52 and \$15 of interest from prior years was not recorded to the beginning fund balance of the Cemetery Bequest Fund and Private Purpose Trust Fund respectively. The Cemetery Bequest beginning fund balance was overstated by \$664 and Private Purpose Trust Fund balance was understated by \$664 to maintain the \$2,000 Private Purpose Trust Fund balance.

**FINDING NUMBER 2013-002  
 (Continued)**

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

The Fiscal Officer should refer to and follow the UAN Township manual in order to record revenues and expenditures to the correct fund and line account.

**Official's Response:**

I don't feel I made any mistake. If there was a mistake with the balances, it should have been caught by prior audits whether by the Auditor of State staff or IPA's. Revenue accounts and expenditure accounts for the cemetery fund. This is another item that should have been detected before 2010.

**FINDING NUMBER 2013-003**

**3. Expenditures Exceeding Appropriations- Noncompliance/Material Weakness**

**Ohio Rev. Code §5705.41(B)** prohibits expenditures from exceeding appropriations unless the funds have been properly appropriated.

For the year ended December 31, 2012, the Issue II Fund appropriations were \$30,000 when actual expenditures were \$31,629 which resulted in a variance of \$1,629. Also for the year ended December 31, 2013, the General Fund appropriations were \$111,350 when actual expenditures were \$120,601 which resulted in a variance of \$9,251.

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

**Official's Response:**

I sent an email to the Mercer County Auditor and requested an amended certificate to include the \$30,000 that the township was going to receive. I then prepared the 2012 permanent appropriations; I have a copy of the email.

**FINDING NUMBER 2013-004**

**4. Budgetary - UAN System – Material Weakness**

The Township's final certificate of estimated resources did not agree with the Uniform Accounting System (UAN) system in 2013 or 2012 for the following funds:

<b>2013 Resources</b>			
<b>Fund</b>	<b>2013 Estimated Receipts</b>	<b>UAN System</b>	<b>Variance</b>
General Fund	\$77,419	\$83,295	(\$5,876)
Road & Bridge Fund	49,790	54,693	(4,903)
Cemetery Fund	10,300	15,200	(4,900)
Fire Levy Fund		41,848	(41,848)
<b>2012 Resources</b>			
<b>Fund</b>	<b>2012 Estimated Receipts</b>	<b>UAN System</b>	<b>Variance</b>
General Fund	\$72,542	\$71,000	\$1,541
Road & Bridge Fund	56,221	45,692	10,529
Issue II	31,629		31,629

**FINDING NUMBER 2013-004  
 (Continued)**

The Township's final appropriations did not agree with the UAN system in 2013 or 2012 for the following funds:

<b>2013 Appropriations</b>			
<b>Fund</b>	<b>2013 Appropriations</b>	<b>UAN System</b>	<b>Variance</b>
General Fund	\$111,350	\$137,597	(\$26,242)

<b>2012 Appropriations</b>			
<b>Fund</b>	<b>2012 Appropriations</b>	<b>UAN System</b>	<b>Variance</b>
General Fund	\$154,780	\$155,280	(\$500)
MVGT Fund	14,350	14,950	(600)
Gasoline Tax Fund	98,415	98,315	100
Road & Bridge Fund	56,950	58,950	(2,000)

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

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

**Official's Response:**

We did not receive a response from Officials to this Finding.

**FINDING NUMBER 2013-005**

**5. Classification of Fund Balances – Material Weakness**

The Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, introduced five fund balance classifications and clarifies the existing governmental fund type definitions. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds.

During 2012 and 2013, the Road & Bridge Fund balances of \$74,025 and 59,720 respectively were classified as restricted instead of committed. In 2013 and 2012, the General fund balance of \$200,000 and \$22,000 respectively were classified as committed instead of unassigned. For the Cemetery Bequest Fund, in 2012, \$500 was reclassified from assigned to restricted and \$1,374 was reclassified from non-spendable to restricted. In 2013, the Cemetery Bequest Fund reported \$5,000 in the restricted classification, that should had been classified as non-spendable. These adjustments and reclassifications are reflected in the accompanying financials statements.

The Township's Fiscal Officer should review the Auditor of State Bulletin 2011-004 and other resources for guidance in correctly classifying their fund balances. The Township should perform a review of the classification of the fund balances prior to completion of the annual financial statements to assure consistency with the prior year. The Zoning Fund also should be reported with the General Fund in the future.

**Official's Response:**

We did not receive a response from Officials to this Finding.

**FINDING NUMBER 2013-006**

**6. Bank Reconciliations – Material Weakness**

The bank reconciliations for December 31, 2013 and 2012 contained multiple reconciling items for entries that should of been made on the UAN system as far back as 2010. The Township had to add some of the reconciling items to the bank balance to reconcile to the UAN system. In 2011 and 2012, the Township overpaid the IRS \$645.62 and \$220.56 respectively, but did not record these expenditures in the UAN system. Other overpayments to OPERS, Ohio Income Tax and Ohio School District Income Tax were made and not recorded in the UAN system. Interest from 2010 through 2013 was not posted to the UAN system. Another receipt from 2012 for \$650 was not receipted until 2014 in the UAN system.

The lack of making accurate withholding payments, posting all receipts timely and posting all expenditures made by the Township to the UAN system resulted in the bank balance being lower than the actual book balance.

The fiscal officer should make all the necessary adjustments to the UAN system to eliminate the reconciling items that are being carried from the past few years. The fiscal officer should record all payments, including overpayments to the UAN system. Also, the Board of Trustees should receive and review the monthly bank reconciliations at each regular meeting to verify that the bank balance is not lower than the UAN fund balances.

**Official’s Response:**

We did not receive a response from Officials to this Finding.

**FINDING NUMBER 2013-007**

**7. Township Insurance Reimbursement - Finding For Recovery Repaid Under Audit – Noncompliance**

Pursuant to **Ohio Rev. Code Section 505.60** the Township may only reimburse officers or employees if the officer or employee elects not to participate in the township’s insurance coverage pursuant to division (A). Specifically, that Section provides in part if any township officer or employee elects not to participate in the township’s health care plan, the township may reimburse the officer or employee for each out-of-pocket premium attributable to the coverage provided for the officer or employee for insurance benefits described in division (A) of this section that the officer or employee otherwise obtains, but not to exceed an amount equal to the average premium paid by the township for its officers and employees under any health care plan it procures under this section.

**Ohio Rev. Code Section 505.601** states, in part, that if a board of township trustees does not procure an insurance policy or group health care services as provided in section 505.60 of the Revised Code, the board of township trustees may reimburse any township officer or employee for each out-of-pocket premium attributable to the coverage provided for that officer or employee for insurance benefits described in division (A) of section 505.60 of the Revised Code that the officer or employee otherwise obtains, provided certain conditions are met. This Section only allows for reimbursement for out-of-pocket premiums; it does not however, allow for an officer or employee to receive cash in lieu of health insurance or in lieu of reimbursement for actual out-of-pocket premiums.

**FINDING NUMBER 2013-007  
(Continued)**

In addition, under **Ohio Rev. Code Section 505.24**, the amount of annual compensation for each township trustee must not exceed the statutory per diem amount, based on the township annual budget, paid for not more than two hundred days or must be paid as an annual salary approved by the board that shall be no more than the maximum amount that could be received annually by a trustee if the trustee was paid on a per diem basis.

2008 Op. Att'y Gen. No. 2008-018 explains that Ohio Rev. Code Section 505.601 specifically limits the circumstances in which a board of township trustees may make such reimbursements, as follows: 1) the township has not procured health care coverage of township personnel under R.C. 505.60; 2) reimbursement is only for each out-of-pocket health care premium the officer or employee incurs for the types of insurance benefits listed in R.C. 505.60(A); and 3) the township adopts a resolution concerning such reimbursement that meets the requirements established by R.C. 505.601.

On January 16, 2012, the Board of Trustees determined not to procure an insurance policy or group health care services as provided in section 505.60 of the Revised Code. As a result, the township chose to reimburse township officers and employees for each out-of-pocket premium attributable to the coverage provided for that officer or employee for insurance benefits. However, the Township resolution providing for reimbursement of out-of-pocket insurance premiums also provided for a cash payment in lieu of health insurance premium reimbursement. The Board of Trustees had no authority under the Ohio Revised Code to make cash payments in lieu of out-of-pocket health premium reimbursement.

Bart Walls was paid cash for an estimated amount based on premium reimbursements to other officers and employees, in lieu of reimbursement for actual out-of-pocket health insurance premium costs in the amount of \$3,341. There was no documentation to support \$632 of this amount that would demonstrate that the payment was for actual out-of-pocket health insurance premiums or that it was for an otherwise proper public purpose. In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28 a Finding for Recovery for public monies illegally expended is hereby issued against Bart Walls in the amount of \$632 and in favor of the Township's General Fund (\$489), Gasoline Tax Fund (\$106), and Road and Bridge Fund (\$37).

Upon notification of the error by the Auditor of State's office, the Township notified Bart Walls of the overpayment in 2012 for out-of-pocket health insurance premiums in the amount of \$632. On July 14, 2014, the Township receipted in \$632 back to the Township on Receipt 58-2014 to correct the over the overpayment of out-of-pocket health insurance premiums.

**Official's Response:**

As I stated on the audit for calendar years 2010 and 2011, I don't think the township should be cited for a finding for recovery for the insurance payments to Bart Walls. The trustees followed the instructions in the management letter in 2002 and consulted the legal counsel. The following his instructions. Those instructions were later deemed as incorrect in an audit. The trustees again consulted with legal counsel and again followed his instructions. Those instructions resulted in a finding for recovery against me which I disagreed with. If this was wrong, it should have been detected before I was appointed to the fiscal office position in 2010.

Legal counsel attended the post audit meeting for the audit for years 2010 and 2011. He never mentioned that the trustees followed his advice and should not be penalized.

I asked when the finding for recovery for Bart Wall should be paid. The only instructions given were that the payment should be received by the next audit. I have copies of the emails.

**Finding Number 2013-007  
(Continued)**

In July of 2013, I received a letter from the Ohio Attorney General for payment of the finding. The township was given an interest and penalty charge which didn't feel was fair. I contacted the Attorney General's office. It was my understanding with conversations with the office, that the interest and penalty would be dropped. Bart Walls submitted a check for the entire amount. When the township received the money back, a deduction was made for interest and penalty. Had I known that the advice given to me was incorrect, I could have had Bart pay the township the amount owed and saved the township \$800. This also caused problems with my renewal of my visiting clerk contract with the UAN.





# Dave Yost • Auditor of State

**DUBLIN TOWNSHIP**

**MERCER COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 02, 2014**