



Dave Yost • Auditor of State

**BEAVER TOWNSHIP
NOBLE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2010.....	7
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2009.....	8
Notes to the Financial Statements	9
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15
Schedule of Findings.....	17

This page intentionally left blank.



Dave Yost • Auditor of State

Beaver Township
Noble County
57036 SR 147
Quaker City, Ohio 43773

To the Board of Trustees:

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 20, 2011

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Beaver Township
Noble County
57036 Seneca Lake Road
Quaker City, Ohio 43773

To the Board of Trustees:

We have audited the accompanying financial statements of Beaver Township, Noble County, Ohio (the Township), as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity-wide statements and also presenting the Township's larger (i.e., major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the fifth following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2010 and 2009, or its changes in financial position for the years then ended.

During 2009, the Township received \$1,260 from Wayne Township, Noble County, for mowing roads in Wayne Township. The Township also received \$4,005 from a private company for the purchase of stone in order to repair the Township roads that were damaged due to heavy equipment. Both receipts were posted to the General Fund; however, the expenses for mowing the roads and the purchase of the stone were paid from the Gasoline Tax Fund. These receipts should have been posted to the Gasoline Tax Fund.

During 2009 the Trustees' timesheets reflected board meetings attended during the year as a part of their administrative duties, but the amount of administrative charges posted to the General Fund by the Fiscal Officer did not agree to the timesheets. The additional amount that should have been paid out of the General Fund for these administrative duties was \$677. Had the aforementioned 2009 adjustment in the previous paragraph and this 2009 adjustment been properly posted to the financial statements and the Township's accounting system, the General Fund's December 31, 2009 cash fund balance would have been decreased by a cumulative \$5,942, its 2009 receipts would have been decreased by \$5,265 and its 2009 disbursements would have been increased by \$677. Also, the Special Revenue Fund's December 31, 2009 cash fund balance would have been increased by a cumulative \$5,942, its 2009 receipts would have been increased by \$5,265 and its 2009 disbursements would have been decreased by \$677. Due to the impact these adjustments would have on the December 31, 2009 General Fund cash fund balance, the Township has declined to make this adjustment this audit period.

During 2010 the Trustees' timesheets reflected board meetings attended during the year as a part of their administrative duties, but the amount of administrative charges posted to the General Fund by the Fiscal Officer did not agree to the timesheets. The additional amount that should have been paid out of the General Fund for these administrative duties was \$973. Had the two aforementioned 2009 adjustments in the previous two paragraphs and this 2010 adjustment been properly posted to the financial statements and the Township's accounting system, the General Fund's December 31, 2010 cash fund balance would have been decreased by a cumulative \$6,915, and its 2010 disbursements would have been increased by \$973. Also, the Special Revenue Fund's December 31, 2010 cash fund balance would have been increased by a cumulative \$6,915, and its 2010 disbursements would have been decreased by \$973. Due to the impact this adjustment would have on the December 31, 2010 General Fund cash fund balance, the Township has declined to make this adjustment this audit period.

Also, in our opinion, because of the effects of the matter discussed in the preceding three paragraphs, the financial statements referred to above do not present fairly, in all material respects, the combined fund cash balances of Beaver Township, Noble County, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As discussed in Note 7, the Township is experiencing financial difficulties. Management has declined to post the aforementioned adjustments due to the General Fund's cash balance not being sufficient to support these adjustments. Management's plan in regards to these financial difficulties is described in Note 7 to the financial statements. These financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2011, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

September 20, 2011

This page intentionally left blank.

**BEAVER TOWNSHIP
NOBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property and Other Local Taxes	\$6,071	\$19,026		\$25,097
Intergovernmental	6,239	101,367	4,500	112,106
Licenses, Permits and Fees	800			800
Earnings on Investments	673	694		1,367
Miscellaneous	1,291			1,291
Total Cash Receipts	<u>15,074</u>	<u>121,087</u>	<u>\$4,500</u>	<u>140,661</u>
Cash Disbursements:				
Current:				
General Government	16,913			16,913
Public Safety	1,387			1,387
Public Works		116,398		116,398
Health		3,681		3,681
Debt Service:				
Redemption of Principal			7,774	7,774
Interest and Other Fiscal Charges			429	429
Total Cash Disbursements	<u>18,300</u>	<u>120,079</u>	<u>8,203</u>	<u>146,582</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(3,226)	1,008	(3,703)	(5,921)
Other Financing Receipts and (Disbursements):				
Advances-In		2,500	2,500	5,000
Advances-Out		(2,500)	(2,500)	(5,000)
Total Other Financing Receipts/(Disbursements)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(3,226)	1,008	(3,703)	(5,921)
Fund Cash Balances, January 1	<u>3,966</u>	<u>171,163</u>	<u>3,820</u>	<u>178,949</u>
Fund Cash Balances, December 31	<u>\$740</u>	<u>\$172,171</u>	<u>\$117</u>	<u>\$173,028</u>

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

**BEAVER TOWNSHIP
NOBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property and Other Local Taxes	\$6,088	\$19,377		\$25,465
Intergovernmental	6,149	103,526	6,000	115,675
Charges for Services	5,265			5,265
Licenses, Permits and Fees	400	400		800
Earnings on Investments	713	714		1,427
Miscellaneous	615	300		915
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	19,230	124,317	\$6,000	149,547
Cash Disbursements:				
Current:				
General Government	19,869			19,869
Public Safety	1,881			1,881
Public Works		108,439		108,439
Health		2,522		2,522
Capital Outlay		2,715		2,715
Debt Service:				
Redemption of Principal			7,389	7,389
Interest and Other Fiscal Charges			804	804
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	21,750	113,676	8,193	143,619
Total Cash Receipts Over/(Under) Cash Disbursements	(2,520)	10,641	(2,193)	5,928
Other Financing Receipts and (Disbursements):				
Transfers-In	4,550	28		4,578
Transfers-Out	(28)	(4,550)		(4,578)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	4,522	(4,522)	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	2,002	6,119	(2,193)	5,928
Fund Cash Balances, January 1	1,964	165,044	6,013	173,021
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$3,966</u>	<u>\$171,163</u>	<u>\$3,820</u>	<u>\$178,949</u>

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

**BEAVER TOWNSHIP
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

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 Beaver Township, Noble 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 and emergency medical services. The Township contracts with the Village of Quaker City to provide fire and emergency services.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. Note 6 to the financial statements provide additional information for this entity.

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

B. Accounting Basis

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

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

C. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

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

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

**BEAVER TOWNSHIP
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

C. Fund Accounting (Continued)

3. Debt Service Funds

These funds account for resources the Township accumulates to pay bond and note debt. The Township had the following significant Debt Service Fund:

General Note Retirement Fund – This fund was established to service the debt incurred from the purchase of a F450 Truck. The debt was paid in full in 2010.

D. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually, except for advances.

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2010 and 2009 budgetary activity appears in Note 3.

E. Property, Plant, and Equipment

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

**BEAVER TOWNSHIP
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

2. Equity in Pooled Deposits

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

	2010	2009
Demand deposits	\$173,028	\$178,949

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$14,929	\$15,074	\$145
Special Revenue	115,465	121,087	5,622
Debt Service	6,000	4,500	(1,500)
Total	\$136,394	\$140,661	\$4,267

2010 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$18,895	\$18,300	\$595
Special Revenue	286,628	120,079	166,549
Debt Service	9,821	8,203	1,618
Total	\$315,344	\$146,582	\$168,762

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$24,141	\$23,780	(\$361)
Special Revenue	113,340	124,345	11,005
Debt Service	6,000	6,000	0
Total	\$143,481	\$154,125	\$10,644

**BEAVER TOWNSHIP
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

3. Budgetary Activity (Continued)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$26,104	\$21,778	\$4,326
Special Revenue	278,384	118,226	160,158
Debt Service	12,013	8,193	3,820
Total	\$316,501	\$148,197	\$168,304

4. Property Tax

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

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. Retirement Systems

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 includes postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2010.

6. Risk Management

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

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

**BEAVER TOWNSHIP
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

6. Risk Management (Continued)

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

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2010, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Assets	\$35,855,252	\$38,982,088
Liabilities	<u>(10,664,724)</u>	<u>(12,880,766)</u>
Net Assets	<u>\$25,190,528</u>	<u>\$26,101,322</u>

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$9.9 and \$12.0 million of estimated incurred claims payable. The assets above also include approximately \$9.5 and \$11.5 million of unpaid claims to be billed to approximately 940 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Township's share of these unpaid claims collectible in future years is approximately \$2,000.

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

**BEAVER TOWNSHIP
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

6. Risk Management (Continued)

<u>Contributions to OTARMA</u>	
<u>2010</u>	<u>2009</u>
2,870	3,332

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

7. Financial Difficulties

The Township's cash fund balance in the General Fund at the end of December 31, 2010 dropped to \$740. The Township's General Fund primary revenue sources, property tax and intergovernmental, bring in annually less than the required annual salary and fringe benefit payments due the fiscal officer by statute. The Township has no formal plans for increasing the revenue stream of the General Fund but is monitoring all expenditures of the General Fund.



Dave Yost • Auditor of State

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

Beaver Township
Noble County
57036 St. Route 147
Quaker City, Ohio 43773

To the Board of Trustees:

We have audited the financial statements of Beaver Township, Noble County, Ohio (the Township), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated September 20, 2011 wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We issued an adverse opinion on the 2010 and 2009 regulatory financial statements due to Township declining to make adjustments for mispostings. We also noted the Township is experiencing financial difficulties and processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2010-001 and 2010-002 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, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2010-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated September 20, 2011.

We intend this report solely for the information and use of management, the Board of Trustees, and others within the Township. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

September 20, 2011

**BEAVER TOWNSHIP
NOBLE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009**

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

FINDING NUMBER 2010-001

Finding for Adjustment/Noncompliance Citation/Material Weakness

Ohio Rev. Code Section 505.24(C) sets forth the method by which township trustees' compensation should be allocated. This Section is amplified by Ohio Attorney General (OAG) Opinion No. 2004-036. This Section requires that compensation of a township trustee must be paid from the Township General Fund or from such other township funds, in such proportions based on the amount of time spent on matters related to the services rendered. In addition, OAG Opinion No. 2004-036 indicates trustees should establish administrative procedures to document the proportionate amount of trustees' salaries chargeable to other township funds based on the portion of time spent on matters related to the services rendered. The "administrative procedures" can be timesheets or a similar method of record keeping, as long as the trustees document all time spent on township business and the type of service(s) performed, in a manner similar to trustees paid per diem compensation. If trustees do not document their time, then no part of salaries may be paid from these other funds.

During 2010 and 2009, the Trustees maintained daily timesheets to document work performed township services and administrative purposes. However, the allocation made by the Township on Township services posted to road funds did not agree to the percentage of time documented on Township service on the Trustee's timesheets. For 2010 and 2009, \$973 and \$677, respectively, should have been paid out of the General Fund instead of the Gasoline Tax Fund according to the Trustees' documentation presented for audit.

A finding for adjustment is hereby issued against the Beaver Township General Fund, in the amount of \$1,650 in 2009, and in favor of the Beaver Township Gasoline Tax Fund, Special Revenue Fund type, in the amount of \$1,650.

The Fiscal Officer has not posted this adjustment to the Township records and therefore, this adjustment is not reflected in the accompanying financial statements.

FINDING NUMBER 2010-002

Finding for Adjustment/Material Weakness

The Township entered into a contract with a private company to invoice the company for any road damage resulting from the company's trucks using the Township's roads for heavy equipment. Also, the Township entered into a contract with a neighboring Township (Wayne Township, Noble County) to mow along some of their Township roads.

The Township invoiced the private company \$4,005 for 100 tons of stone purchased in 2009 for road repairs caused as a result of equipment used by the private company. The stone was paid from the Gasoline Tax Fund. Upon receipt of the monies from the private company, the Township deposited these monies with the General Fund. Also, the Township invoiced Wayne Township, Noble County for \$1,260 for mowing services during September 2009. Upon receipt of the payment from Wayne Township, Noble County, the fiscal officer deposited these monies into the General Fund. These reimbursements, totaling \$5,265 should have been deposited in the Gasoline Tax Fund where the original charge was incurred.

**BEAVER TOWNSHIP
NOBLE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)**

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

FINDING NUMBER 2010-002 (Continued)

Finding for Adjustment/Material Weakness (Continued)

A finding for adjustment is hereby issued against the Beaver Township General Fund, in the amount of \$5,265 in 2009, and in favor of the Beaver Township Gasoline Tax Fund, Special Revenue Fund type, in the amount of \$5,265.

The Fiscal Officer has not posted this adjustment to the Township records and therefore, this adjustment is not reflected in the accompanying financial statements.

Official's Response:

Due to our General Fund having a very low cash balance, the proposed adjustments could not be made at this time.



Dave Yost • Auditor of State

BEAVER TOWNSHIP

NOBLE 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
OCTOBER 25, 2011**