

Beaver Township

Pike County, Ohio

Regular Audit

For the Years Ended December 31, 2004 and 2003

BALESTRA, HARR & SCHERER, CPAs, INC.

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Piketon, Ohio 45661

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**Auditor of State
Betty Montgomery**

Board of Trustees
Beaver Township, Pike County
1145 Carrs Run Rd.
Waverly, OH 45690

We have reviewed the *Independent Auditor's Report* of Beaver Township, Pike County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2003 to December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Beaver Township, Pike County is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

September 6, 2006

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Beaver Township
Pike County

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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Independent Auditors' Report

Board of Trustees
Beaver Township
Pike County, Ohio
1145 Carrs Run Rd.
Waverly, OH 45690

We have audited the accompanying financial statements of Beaver Township, Pike County, (the Township) as of and for the years ended December 31, 2004 and 2003. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. 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. We believe that our audit provides a reasonable basis for our opinion.

The accompanying 2004 and 2003 financial statements present receipts and disbursements by totals only. Ohio Administrative Code 117-2-02 (A) requires governments to classify receipt and disbursement transactions, however, the amounts in the receipts and appropriations ledgers, as presented, were not in agreement with the Township's cash journal.

As described in Note 1, the government 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. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

Revisions to GAAP require the Township to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the funds accompanying financial statements presented for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e., major) funds separately for 2004. While the Township does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require, governments to reformat their statements. The Township has elected not to reformat its statements. Since the Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts are materially misstated under accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township's combined funds as of December 31, 2004, or their changes in financial position for the year then ended.

Also, in our opinion, because of the effect of the matters discussed in a preceding paragraph regarding the omission of receipt and disbursement classifications, the financial statements referred to above do not present fairly, in all material respects, the combined fund cash balances of Beaver Township, Pike County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion & Analysis for the year ended December 31, 2004. The Township has not presented Management's Discussion & 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 March 22, 2006, 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 testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. The 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.



Balestra, Harr & Scherer, CPAs, Inc.

March 22, 2006

**Beaver Township
Pike County**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Governmental Fund Types		Totals
	General	Special Revenue	(Memorandum Only)
Cash Receipts:			
Cash Receipts	\$ 35,549	\$ 123,006	\$ 158,555
Total Cash Receipts	35,549	123,006	158,555
Cash Disbursements:			
Cash Disbursements:	36,225	123,504	159,729
Total Cash Disbursements	36,225	123,504	159,729
Total Cash Receipts Over/(Under) Cash Disbursements	(676)	(498)	(1,174)
Excess of Cash Receipts Over/(Under) Cash Disbursements	(676)	(498)	(1,174)
Fund Cash Balances, January 1	10,476	67,969	78,445
Fund Cash Balances, December 31	\$ 9,800	\$ 67,471	\$ 77,271

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

**Beaver Township
Pike County**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Governmental Fund Types		Totals
	General	Special Revenue	(Memorandum Only)
Cash Receipts:			
Cash Receipts	\$ 36,439	\$ 108,447	\$ 144,886
Total Cash Receipts	36,439	108,447	144,886
Cash Disbursements:			
Cash Disbursements	37,590	103,889	141,479
Total Cash Disbursements	37,590	103,889	141,479
Total Cash Receipts Over/(Under) Cash Disbursements	(1,151)	4,558	3,407
Other Financing Receipts and (Disbursements):			
Other Sources	0	6,681	6,681
Total Other Financing Receipts/(Disbursements)	0	6,681	6,681
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(1,151)	11,239	10,088
Fund Cash Balances, January 1	11,627	56,730	68,357
Fund Cash Balances, December 31	\$ 10,476	\$ 67,969	\$ 78,445

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

**BEAVER TOWNSHIP
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Beaver Township, Pike County(the Township), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance, cemetery maintenance, fire protection, and emergency medical services. The Township contracts with the Village of Beaver to provide fire services and ambulance services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from 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 to pay for constructing, maintaining, and repairing Township roads.

Cemetery Fund – This fund receives tax money from the cemetery levy to pass through to Beaver Union cemetery to provide cemetery maintenance services.

**BEAVER TOWNSHIP
PIKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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. The township did not encumber all commitments as required by Ohio law.

A summary of 2004 and 2003 budgetary activity appears in Note 4.

E. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

F. Cash and Investments

The Township had one primary checking account during our audit period.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2004</u>	<u>2003</u>
Demand deposits	\$77,271	\$78,445

Deposits: Deposits are either insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

**BEAVER TOWNSHIP
PIKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)

3. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability; and
- Vehicles

The Township also provides health and life insurance to officials through a private carrier.

4. PROPERTY TAX

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

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.

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

5. RETIREMENT SYSTEMS

The Township's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2004 and 2003, members of PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all employer contributions required through December 31, 2004.

**BEAVER TOWNSHIP
PIKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)

6. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$40,650	\$35,549	(\$5,101)
Special Revenue	149,707	123,006	(26,701)
Total	\$190,357	\$158,555	(\$31,802)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$51,126	\$36,225	\$14,901
Special Revenue	212,673	123,504	89,169
Total	\$263,799	\$159,729	\$104,070

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$83,020	\$36,439	(\$46,581)
Special Revenue	200,770	115,128	(85,642)
Total	\$283,790	\$151,567	(\$132,223)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$128,264	\$37,590	\$90,674
Special Revenue	275,122	103,889	171,233
Total	\$403,386	\$141,479	\$261,907

Contrary to Ohio Rev. Code Section 5705.41(D), the Township failed to obtain the Clerk's prior certification consistently during 2004 and 2003. Contrary to Ohio Rev. Code Section 5705.36(A)(4), the Township failed to obtain a reduced amended certificate in 2004 and 2003. Contrary to Ohio Rev. Code Section 5705.39, the Township's appropriations exceed estimated resources during 2004 in the General Fund by \$5,666 and by \$3,606 in the Gasoline Tax Fund. During 2003, appropriations exceeded estimated resources in the General Fund by \$33,617, by \$1,080 in the Motor Vehicle License Tax Fund, by \$30,950 in the Gasoline Tax Fund, and by \$4,819 in the Cemetery Fund.

7. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

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**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Board of Trustees
Beaver Township
Pike County, Ohio
1145 Carrs Run Rd.
Waverly, Ohio 45690

We have audited the financial statements of Beaver Township, Pike County, Ohio (the Township), as of and for the years ended December 31, 2004 and 2003, wherein we noted the Township follows accounting practices the Auditor of State prescribes or permits, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America and the Township did not present receipts and disbursements in accordance with Ohio Administrative Code 117-2-01 (A) which requires the Township to classify receipts and disbursements transactions which we opined the financial statements were not fairly presented, and have issued our report thereon dated March 22, 2006. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Township's internal control over financial reporting in order to determine auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 2004-004 and 2004-005.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weakness. However, we consider Findings 2004-004 and 2004-005 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Governmental Auditing Standards* and which are described in the accompanying Schedule of Findings as items 2004-001 through 2004-003.

We noted certain matters that we reported to the management of the Township in a separate letter dated March 22, 2006.

This report is intended solely for the information and use of the audit committee, management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.
March 22, 2006

**BEAVER TOWNSHIP
PIKE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2004-001

Noncompliance Citation

Ohio Rev. Code, Section 5705.41(D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

This section also provides for two exceptions to the above requirements:

- A. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.

- B. If the amount involved is less than \$1,000 (which was changed to \$3,000 effective April 7, 2003), the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Village Council, if such expenditure is otherwise valid.

This section of codes also allows fiscal officers to prepare so-called "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.

Then and Now Certificates were completed for all disbursements. However they were not approved by the Board of Township Trustees by resolution. As a result, in 2003, 46% of the disbursements we tested and in 2004, 52% of the disbursements we tested were not properly certified. Not certifying funds prior to a purchase commitment may cause the Township to obligate money it does not have.

No orders involving the expenditure of money should be made unless the clerk has issued a purchase order or blanket certificate to certify that the amount required has been lawfully appropriated and is in the treasury or in the process of collection. Then and Now Certificates should be used as the exception rather than the rule. Trustees should approve all Then and Now certificates greater than \$3000 by resolution.

**BEAVER TOWNSHIP
PIKE COUNTY**

**SCHEDULE OF FINDINGS
FISCAL YEAR END 2004 AND 2003**

FINDING NUMBER 2004-002

Noncompliance Citation

Ohio Rev. Code, Section 5705.36(A)(2) allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. ORC Section 5705.36(A)(4) requires obtaining a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriations.

For the year ended December 31, 2004, actual receipts were significantly less than the estimated receipts, reducing available resources below the level of appropriations in the following funds:

General Fund	\$ 5,039
Motor Vehicle License Tax Fund	3,091
Gasoline Tax Fund	20,550
Fire Fund	1,205

For the year ended December 31, 2003, actual receipts were significantly less than the estimated receipts, reducing available resources below the level of appropriations in the following funds:

General Fund	\$51,887
Motor Vehicle License Tax Fund	22,060
Gasoline Tax Fund	45,020
Cemetery Fund	11,717
Fire Fund	9,333

Since the expenditure of Township funds is based on the estimated resources, instances when actual receipts do not meet budgetary estimates could lead to overspending.

The Township Clerk should monitor estimated and actual receipts. When it is apparent that actual receipts will fall short of budgetary estimates, the Township Clerk should obtain a reduced amended certificate from the County Budget Commission. The Board of Trustees should then make corresponding reductions in appropriations.

FINDING NUMBER 2004-003

Noncompliance Citation

Ohio Rev. Code, Section 5705.39 states that appropriations to any fund shall not exceed that fund's estimated resources.

For the year ended December 31, 2004, appropriations exceeded estimated resources in the General Fund by \$5,666 and the Gasoline Tax Fund by \$3,606. For the year ended December 31, 2003, appropriations exceeded estimated resources in the General Fund by \$ 33,617, the Motor Vehicle License Tax Fund by \$1,080, the Gasoline Tax Fund by \$30,950, and the Cemetery Fund by \$4,819.

The Board of Trustees should not make appropriations to any fund in excess of the amount of that fund's estimated resources.

**BEAVER TOWNSHIP
PIKE COUNTY**

**SCHEDULE OF FINDINGS
FISCAL YEAR END 2004 AND 2003**

FINDING NUMBER 2004-004

Material Weakness

Rule 117-2-02(A) of the Ohio Administrative Code (OAC), directs all public offices to 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, and prepare financial statements required by rule 117-2-03 of the OAC. Rule 117-2-02(C) allows the records to be maintained manually or in a computerized format and requires the following: (1) Cash journal with the amount, date, receipt number, check number, account code, and any other information necessary to properly classify the transaction; (2) Receipts ledger to assemble and classify receipts into separate accounts for each type of receipt of each fund consisting of the amount, date, name of the payor, purpose, receipt number, and any other information necessary to record the transaction on this ledger and; (3) Appropriation ledger to assemble and classify disbursements into separate accounts for each account listed in the appropriation resolution. The amount, fund, date, check number, purchase order number, encumbrance amount, unencumbered balance, amount of disbursement, and any other information necessary to record the transaction on the ledger.

The Cash journal maintained by the Township Clerk contained the name, amount, date, receipt number and check number for most entries. However, not all receipts and disbursements were recorded on the cash journal and some of those recorded were not recorded in the correct fund. The Receipts ledger did not include the estimated receipts information necessary for regulating budgetary transactions. Of those receipts recorded, most contained the name of the payor, amount, date, and receipt number. There were several receipts that were not posted to the ledger and several that were not posted to the correct fund. The Appropriation ledger contained the name, amount, fund, date, check number, purchase order number for most of the recorded transactions. There were several transactions not recorded in the ledger or not recorded in the correct fund. The ledger did not record encumbrances or unencumbered balances to assist in the monitoring of budgetary activity. The manner in which these ledgers were maintained did not allow the Clerk to accurately reflect the financial transactions of the Township in the December 31, 2004 and 2003 financial statements prepared for the Board of Trustees and filed with the Auditor of State.

The Clerk should review the provisions of OAC Rule 117-2-02 and maintain the necessary financial records in the manner prescribed therein.

FINDING NUMBER 2004-005

Material Weakness

The financial statements for December 31, 2004 and 2003 were not accurate or complete. Beginning balances for 2003 did not agree to 2002 audited ending balances. This, in turn, resulted in inaccurate beginning balances for 2004. Receipt and Appropriation ledgers did not agree to the financial statements. Also, there were several mathematical errors in the financial statements.

Financial information is vital to an organization's management in its continual effort to effectively make decisions to guide the organization. Inaccurate financial information can result in ineffective decision making.

When preparing the financial statements the Township Clerk should ensure the following:

- beginning balances agree to prior year ending audited balances
- amounts are classified by line item
- amounts agree back to receipt and disbursement ledgers
- statements are mathematically accurate

Furthermore, the Township Trustees should review and approve the ledgers and statements prepared by the Clerk.

**BEAVER TOWNSHIP
PIKE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR END 2004 AND 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2002-001	Section 5705.41(D) was issued for disbursements tested were not properly certified.	No	Reissued as noncompliance finding number 2004-001.
2002-002	There was a reportable condition due to estimated receipts exceeding actual receipts by significant amounts.	No	Reissued as Noncompliance finding number 2004-002.

**BEAVER TOWNSHIP
PIKE COUNTY**

**CORRECTIVE ACTION PLAN
FISCAL YEAR END 2004 AND 2003**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person(s)
2004-001	The Clerk will review the requirements for certification of funds and inform the Trustees that the Township will begin utilizing purchase orders.	August 1, 2006	Township Clerk
2004-002	The Clerk will monitor actual receipts compared to estimates and secure amended certificates when necessary.	August 1, 2006	Township Clerk
2004-003	The Clerk will monitor appropriations to ensure the Trustees do not make appropriations in excess of estimated resources.	December 31, 2006	Township Clerk
2004-004	The Clerk will contact Local government Services for assistance and training to maintain accounting records more accurately.	August 1, 2006	Township Clerk
2004-005	The Clerk will exercise more care to ensure that the financial statements are accurate and complete.	December 31, 2006	Township Clerk



**Auditor of State
Betty Montgomery**

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BEAVER TOWNSHIP

PIKE 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 19, 2006**