



Dave Yost • Auditor of State

**BEAVER TOWNSHIP
NOBLE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Beaver Township, Noble County, Ohio (the Township), as of and for the years ended December 31, 2012 and 2011.

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 of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fair 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, 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, 2012 and 2011, or changes in financial position thereof for the years then ended.

Basis for Adverse Opinion on General Fund on Regulatory Basis of Accounting

During the prior audit for the period January 1, 2009 through December 31, 2010, the Township received \$1,260 from Wayne Township, Noble County, for mowing roads in Wayne Township. The Township also received \$4,005 from Price Gregory Company for the purchase of stone in order to repair the Township roads that were damaged to due heavy equipment used by Price Gregory Company. 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. The receipts should have been posted to the Gasoline Tax Fund. The Township declined to make this adjustment.

Also, during the prior audit, the Township Trustees' timesheets did reflect 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 and \$973 respectively. Had the aforementioned prior audit adjustments in the previous paragraph and these adjustments been properly posted to the financial statements and the Township's accounting system, the General Fund's January 1, 2011 cash fund balance would have been decreased by a cumulative \$6,915, and the Special Revenue Fund's January 1, 2011 cash fund balance would have been increased by a cumulative \$6,915. The Township declined to make this adjustment.

Adverse Opinion on General Fund on Regulatory Basis of Accounting

In our opinion, because of the significance of the matters discussed in the *Basis for Adverse Opinion on Regulatory Basis of Accounting*, the General Fund in the financial statements referred to above does not present fairly, in all material respects, the combined cash balances of the Beaver Township, Noble County, Ohio, as of December 31, 2012 and 2011, 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 permits, described in Note 1.

Opinion on Special Revenue Fund on Regulatory Basis of Accounting

In our opinion, the Special Revenue Fund in the financial statements referred to above presents fairly, in all material respects, the combined cash balances of the Beaver Township, Noble County, Ohio, as of December 31, 2012 and 2011, 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 permits, described in Note 1.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during 2011 the Township adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

As discussed in Note 8, the Township is experiencing financial difficulties. Management has declined to post the aforementioned adjustments discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraphs, 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 8 to the financial statements. These financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2013, 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 Council's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

May 30, 2013

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**BEAVER TOWNSHIP
NOBLE COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$19,700	\$65,769	\$85,469
Charges for Services		840	840
Licenses, Permits and Fees	1,060		1,060
Intergovernmental	6,783	106,478	113,261
Earnings on Investments	222	171	393
Miscellaneous	34,863	948	35,811
<i>Total Cash Receipts</i>	<u>62,628</u>	<u>174,206</u>	<u>236,834</u>
Cash Disbursements			
Current:			
General Government	13,765	6,366	20,131
Public Safety	1,501		1,501
Public Works		117,529	117,529
Health	3,974		3,974
Capital Outlay		40,832	40,832
<i>Total Cash Disbursements</i>	<u>19,240</u>	<u>164,727</u>	<u>183,967</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>43,388</u>	<u>9,479</u>	<u>52,867</u>
Other Financing Receipts (Disbursements)			
Transfers In		3,343	3,343
Transfers Out		(3,343)	(3,343)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	43,388	9,479	52,867
<i>Fund Cash Balances, January 1</i>	<u>7,519</u>	<u>176,578</u>	<u>184,097</u>
Fund Cash Balances, December 31			
Restricted	0	186,057	186,057
Unassigned (Deficit)	50,907	0	50,907
<i>Fund Cash Balances, December 31</i>	<u>\$50,907</u>	<u>\$186,057</u>	<u>\$236,964</u>

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

**BEAVER TOWNSHIP
NOBLE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Debt Service	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$15,762	\$52,277		\$68,039
Charges for Services		1,200		1,200
Licenses, Permits and Fees	800			800
Intergovernmental	11,565	107,007		118,572
Earnings on Investments	440	497		937
Miscellaneous	816			816
<i>Total Cash Receipts</i>	<u>29,383</u>	<u>160,981</u>	<u>\$0</u>	<u>190,364</u>
Cash Disbursements				
Current:				
General Government	19,476			19,476
Public Safety	1,387			1,387
Public Works		118,975		118,975
Health	1,714	3,533		5,247
Capital Outlay		34,210		34,210
<i>Total Cash Disbursements</i>	<u>22,577</u>	<u>156,718</u>	<u>0</u>	<u>179,295</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>6,806</u>	<u>4,263</u>	<u>0</u>	<u>11,069</u>
Other Financing Receipts (Disbursements)				
Transfers In		3,243		3,243
Transfers Out	(27)	(3,099)	(117)	(3,243)
Advances In	3,500	3,500		7,000
Advances Out	(3,500)	(3,500)		(7,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(27)</u>	<u>144</u>	<u>(117)</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	6,779	4,407	(117)	11,069
<i>Fund Cash Balances, January 1</i>	<u>740</u>	<u>172,171</u>	<u>117</u>	<u>173,028</u>
Fund Cash Balances, December 31				
Restricted	0	176,578	0	176,578
Unassigned (Deficit)	7,519	0	0	7,519
<i>Fund Cash Balances, December 31</i>	<u>\$7,519</u>	<u>\$176,578</u>	<u>\$0</u>	<u>\$184,097</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, 2012 AND 2011**

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

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

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 and investments that are 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:

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

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

**BEAVER TOWNSHIP
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(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 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 2012 and 2011 budgetary activity appears in Note 3.

E. Fund Balance

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

1. Nonspendable

The Township classifies assets as nonspendable 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.

**BEAVER TOWNSHIP
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

E. Fund Balance (Continued)

3. Committed

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

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 Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

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 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.

F. Property, Plant, and Equipment

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

2. Change in Accounting Principle

For fiscal year 2011, the Township implemented Government Accounting Standards Board (GASB) Statement No. 54. Implementing GASB Statement No. 54 had no effect on fund balances previously reported.

3. Equity in Pooled Deposits

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

	<u>2012</u>	<u>2011</u>
Demand deposits	<u>\$236,964</u>	<u>\$184,097</u>

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

**BEAVER TOWNSHIP
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

4. Budgetary Activity

Budgetary activity for the years ending December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$49,655	\$62,628	\$12,973
Special Revenue	157,668	177,549	19,881
Total	\$207,323	\$240,177	\$32,854

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$22,595	\$19,240	\$3,355
Special Revenue	330,903	168,070	162,833
Total	\$353,498	\$187,310	\$166,188

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$27,878	\$29,383	\$1,505
Special Revenue	126,795	164,224	37,429
Total	\$154,673	\$193,607	\$38,934

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$28,619	\$22,604	\$6,015
Special Revenue	298,966	159,817	139,149
Debt Service	117	117	0
Total	\$327,702	\$182,538	\$145,164

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.

**BEAVER TOWNSHIP
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

5. Property Tax (Continued)

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.

6. 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 include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, 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, 2012.

7. Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees. The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. 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, 2011 and 2010 (the latest information available):

**BEAVER TOWNSHIP
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

7. Risk Management (Continued)

	<u>2011</u>	<u>2010</u>
Assets	\$35,086,165	\$35,855,252
Liabilities	(9,718,792)	(10,664,724)
Net Assets	<u>\$25,367,373</u>	<u>\$25,190,528</u>

At December 31, 2011 and 2010, respectively, the liabilities above include approximately \$9.1 and \$9.9 million of estimated incurred claims payable. The assets above also include approximately \$8.6 and \$9.5 million of unpaid claims to be billed to approximately 938 member governments in the future, as of December 31, 2011 and 2010, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2011, the Township's share of these unpaid claims collectible in future years is approximately \$2,347.

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

<u>Contributions to OTARMA</u>	
<u>2012</u>	<u>2011</u>
\$4,414	\$3,503

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.

8. Financial Difficulties

At December 31, 2011, the following funds had adjustments which the Township declined to make in the following amounts:

<u>Fund</u>	<u>December 31, 2011 Balance</u>	<u>Adjustments Not Made</u>	<u>Effect on December 31, 2011 Balance</u>
General	\$ 7,519	\$ (6,915)	\$ 604
Special Revenue	176,578	6,915	183,493

**BEAVER TOWNSHIP
NOBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

8. Financial Difficulties (Continued)

At December 31, 2012, the following funds had adjustments which the Township declined to make in the following amounts:

Fund	December 31, 2012 Balance	Adjustments Not Made	Effect on December 31, 2012 Balance
General	\$ 50,907	\$ (6,915)	\$ 43,992
Special Revenue	186,057	6,915	192,972

The Township's cash fund balance in the General Fund at the beginning of January 1, 2011 was \$740. The Township received an oil and gas lease payments, in the amount of \$34,579 in 2012. The General Fund property taxes increased starting in 2009 due to new tax revenues from the Rocky Express gas pipeline. The Township continues to monitor all expenditures of the General Fund.

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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, 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 Beaver Township, Noble County, Ohio (the Township), as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated May 30, 2013, wherein we noted the Township followed accounting financial reporting provisions of Ohio Rev. Code Section 117.38 and the Ohio Administrative Code Section 117-2-03 permit, described in Note 1. We also noted the Township has adopted Governmental Accounting Standards Board Statement No. 54. We issued an adverse opinion on the 2012 and 2011 General Fund in the regulatory financial statements due to the Township declining to make adjustments for mispostings in prior audits.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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 no instances of noncompliance or other matter we must report under *Government Auditing Standards*.

Purpose of this Report

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

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

May 30, 2013

**BEAVER TOWNSHIP
NOBLE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	Ohio Revised Code Section 505.24(C) Payroll expenditures did not follow timesheets. During the prior audit, the Trustees did maintain daily timesheets to document work performed for township services and administrative purposes. The allocation made by the Township on township services posted to road funds did not agree to the percentage of time document 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	Partially Corrected	Repeated in Management Letter 2012 and 2011 payroll expenditures agreed to time sheets, but certification forms were not utilized for the period October 27, 2011 through December 31, 2012. A finding for adjustment against the General Fund, in the amount of \$1,650, and in favor of the Gasoline Tax Fund, Special Revenue Fund type, in the amount of \$1,650 has not been posted to the Township records and therefore, this adjustment is not reflected in the accompanying financial statements.
2010-002	The Township invoiced Price Gregory Company \$4,005 for 100 tons of stone purchased in the prior audit for road repairs caused as a result of equipment used by Price Gregory Company. The stone was paid from the Gasoline Tax Fund. Upon receipt of the monies from Price Gregory 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 the prior audit. Upon receipt of the payment from Wayne Township, Noble County, the fiscal officer deposited these monies into the General Fund. These reimbursements, in the amount of \$5,265 should have been deposited in the Gasoline Tax Fund where the original charge was incurred.	Partially Corrected	Repeated in Management Letter A finding for adjustment against the General Fund, in the amount of \$5,265, and in favor of the Gasoline Tax Fund, Special Revenue Fund type, in the amount of \$5,265 has not been posted to the Township records and therefore, this adjustment is not reflected in the accompanying financial statements.

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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
JUNE 18, 2013**