

Beaver Township
Pike County, Ohio

Regular Audit

For the years ended December 31, 2008 and 2007
Fiscal Years Audited Under GAGAS: 2008 and 2007



Balestra, Harr & Scherer, CPAs, Inc.

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Mary Taylor, CPA

Auditor of State

Board of Trustees
Beaver Township
1145 Carrs Run Road
Waverly, Ohio 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, 2007 through December 31, 2008. 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 is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 22, 2009

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Beaver Township
Pike County, Ohio
For the Years Ended December 31, 2008 and 2007
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Independent Auditor's Report

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

We have audited the accompanying financial statements of Beaver Township, Pike County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007. 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. We believe our audit provides a reasonable basis for our opinion.

As discussed 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 requirement. 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 second 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, 2008 and 2007 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, 2008 and 2007, or its changes in financial position for the years then ended.

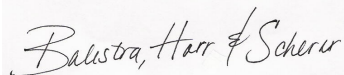
The basis of accounting prescribed by the Auditor of State requires the Township to report outstanding encumbrances at year end as budgetary expenditures. The Township did not record encumbrances for the years ended December 31, 2008 and 2007. Accordingly, budgetary expenditures in Note 3 do not include encumbrances. It was not practical for us to determine the amount of unrecorded encumbrances for the years ended December 31, 2008 and 2007.

Beaver Township
Pike County
Independent Auditors' Report

Also, in our opinion, except for the effects of such adjustments, if any might have been determined to be necessary had we performed a search for unrecorded year end outstanding encumbrances as discussed in the above paragraph, for the years ended December 31, 2008 and 2007, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Beaver Township, Pike County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 November 6, 2009, 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.



Balestra, Harr & Scherer, CPAs, Inc.

November 6, 2009

Beaver Township, Pike County
Combined Statement of Cash Receipts, Disbursements and Changes in Fund Cash Balances
Governmental Funds
For the Year Ended December 31, 2008

	General Fund	Special Revenue Fund	Total (Memorandum Only)
Receipts			
Property and Other Local Taxes	\$ 6,161	\$ 46,152	\$ 52,313
Intergovernmental	18,887	100,435	119,322
Interest	709	79	788
Other	2,398	-	2,398
<i>Total Receipts</i>	<u>28,155</u>	<u>146,666</u>	<u>174,821</u>
Disbursements			
Current:			
General Government	23,901	-	23,901
Public Safety	-	11,177	11,177
Public Works	-	106,419	106,419
Health	1,002	23,215	24,217
Debt Service:			
Principal Retirement	2,591	2,590	5,181
Interest and Fiscal Charges	84	84	168
<i>Total Disbursements</i>	<u>27,578</u>	<u>143,485</u>	<u>171,063</u>
<i>Excess of Receipts Over / (Under) Disbursements</i>	<u>577</u>	<u>3,181</u>	<u>3,758</u>
<i>Net Change in Fund Balances</i>	577	3,181	3,758
<i>Fund Balances - Beginning of Year</i>	<u>924</u>	<u>172,930</u>	<u>173,854</u>
<i>Fund Balances - End of Year</i>	<u>\$ 1,501</u>	<u>\$ 176,111</u>	<u>\$ 177,612</u>

See accompanying notes to the basic financial statements.

Beaver Township, Pike County
Combined Statement of Cash Receipts, Disbursements and Changes in Fund Cash Balances
Governmental Funds
For the Year Ended December 31, 2007

	General Fund	Special Revenue Fund	Total (Memorandum Only)
Receipts			
Property and Other Local Taxes	\$ 6,568	\$ 51,992	\$ 58,560
Intergovernmental	18,932	106,681	125,613
Interest	788	93	881
Other	967	-	967
<i>Total Receipts</i>	<u>27,255</u>	<u>158,766</u>	<u>186,021</u>
Disbursements			
Current:			
General Government	30,200	-	30,200
Public Safety	-	11,190	11,190
Public Works	-	83,368	83,368
Health	-	26,008	26,008
Debt Service:			
Principal Retirement	3,814	3,814	7,628
Interest and Fiscal Charges	144	143	287
<i>Total Disbursements</i>	<u>34,158</u>	<u>124,523</u>	<u>158,681</u>
<i>Excess of Receipts Over / (Under) Disbursements</i>	<u>(6,903)</u>	<u>34,243</u>	<u>27,340</u>
Other Financing Sources			
Sale of Notes	2,590	2,590	5,180
<i>Total Other Financing Sources</i>	<u>2,590</u>	<u>2,590</u>	<u>5,180</u>
<i>Net Change in Fund Balances</i>	(4,313)	36,833	32,520
<i>Fund Balances - Beginning of Year</i>	<u>5,237</u>	<u>136,097</u>	<u>141,334</u>
<i>Fund Balances - End of Year</i>	<u>\$ 924</u>	<u>\$ 172,930</u>	<u>\$ 173,854</u>

See accompanying notes to the basic financial statements.

**BEAVER TOWNSHIP
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2008 AND 2007**

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, Pike County, Ohio (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 and cemetery maintenance and fire protection. The Township contracts with the Village of Beaver Fire Department to provide fire services.

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. The 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. Cash and Investment

The Township invests all available funds in an interest bearing checking account.

D. 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 the 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 Fund:

Gasoline Tax Fund – This fund receives gasoline tax money to pay constructing, maintaining, and repairing township roads.

Cemetery Fund – This fund receives tax money for the upkeep of the Township's cemeteries.

**BEAVER TOWNSHIP
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2008 AND 2007**

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control 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. Unencumbered 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 use the encumbrance method of accounting.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

2. Equity in Pooled Cash

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

	<u>2008</u>	<u>2007</u>
Demand deposits	<u>\$177,612</u>	<u>\$173,854</u>

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

**BEAVER TOWNSHIP
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2008 AND 2007**

3. Budgetary Activity

Budgetary activity for the years ending as follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 38,800	\$ 28,155	\$ (10,645)
Special Revenue	214,190	146,666	(67,524)
Total	\$ 252,990	\$ 174,821	\$ (78,169)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 48,663	\$ 27,578	\$ 21,085
Special Revenue	386,121	143,485	242,636
Total	\$ 434,784	\$ 171,063	\$ 263,721

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 28,465	\$ 29,845	\$ 1,380
Special Revenue	186,510	161,356	(25,154)
Total	\$ 214,975	\$ 191,201	\$ (23,774)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 45,065	\$ 34,158	\$ 10,907
Special Revenue	321,000	124,523	196,477
Total	\$ 366,065	\$ 158,681	\$ 207,384

See note 7 for details of material non-compliance with Ohio Budgetary Laws.

**BEAVER TOWNSHIP
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2008 AND 2007**

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 property owner elects to pay semiannually, the first half is due December 31. The second half payment is due to 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

Township officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, which include postretirement healthcare and survivor and disability benefits as prescribed by the Ohio Revised Code.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10 and 9.5% respectively, of their gross salaries and the Township contributed an amount equaling 14 and 13.85%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

6. Risk Management

Commercial Insurance

The Township has obtained commercial insurance for the following risk

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

7. Compliance

The Township did not comply with material laws and regulations as follows:

- Ohio Administrative Code (OAC) Section 117-2-02(A) requires the Township to maintain accurate accounting records. The cash book maintained by the Clerk did not include all receipts and disbursements transacted by the Township.
- Ohio Revised Code (ORC) Section 5705.36(A)(4) requires that an amended certificate of estimated resources be obtained when actual receipts fall short of estimated receipts and the deficiency causes available resources to fall below appropriations. ORC Section 5705.39 provides in part that appropriations may not exceed estimated resources. During 2008 and 2007 the Township's actual receipts fell short of estimated amounts. Appropriations exceeded both estimated and actual resources.
- Ohio Revised Code Section 5705.41(D) requires the Clerk to certify that the amount required to meet any contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of the collection to the credit of an appropriate fund free from any previous encumbrance.



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
1145 Carrs Run Road
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, 2008 and 2007, which collectively comprise the Township's basic financial statements and have issued our report thereon dated November 6, 2009, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United State of America. We also noted that the Township did not report reserves for encumbrances which are required according to the Township's basis of accounting. 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 expressing our opinion on the financial statements, but not to opine 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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the accounting basis described in Note 1 such that there is more than a remote likelihood that the Township's internal controls will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2008-001 and 2008-003.

A material weakness is a significant deficiency, or combination of significant deficiencies, resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Beaver Township

Pike County

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*

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Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weakness. However, of the significant deficiencies described above, we believe findings numbers 2008-001 and 2008-003 are also material weaknesses.

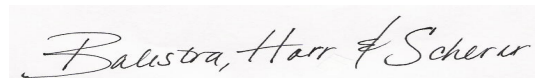
We also noted certain internal control matters that we reported to the Township's management in a separate letter dated November 6, 2009.

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 instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2008-001 through 2008-004.

We also noted a certain noncompliance or other matter not requiring inclusion in this report that we reported to the Township's management in a separate letter dated November 6, 2009.

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



Balestra, Harr & Scherer, CPAs, Inc.

November 6, 2009

**BEAVER TOWNSHIP
PIKE COUNTY
DECEMBER 31, 2008 AND 2007
SCHEDULE OF FINDINGS**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING 2008-001

Material Noncompliance/Material Weakness

Ohio Administrative Code (OAC) Section 117-2-02(A) directs all public offices to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, and analyze, classify record and report its transactions, maintain accountability for the related assets, and prepare financial statements required by the Rule 117-2-03 or the OAC. OAC section 117-2-02(D) 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 payer, purpose, receipt number, and other information necessary to record the transaction on this ledger and; (3) Appropriation ledger to assemble and classify disbursements into separate accounts for, at a minimum, each listed in the appropriation resolution. The amount, date, fund, check number, purchase order number, encumbrance amount, unencumbered balance, amount of disbursement, uncommitted balance of appropriations, and any other information required may be entered in the appropriate columns.

The cashbook maintained by the Fiscal Officer contained the name, amount, date, receipt number, and check numbers for most entries. However, not all receipts and disbursements were recorded on the cashbook and some of those recorded were posted in the incorrect amounts and on the incorrect lines making it impossible to foot and cross foot. The receipts ledger did not include the estimated receipts information necessary for regulating budgetary transactions. However, the receipts ledger did have the payer, amount, receipt number, date and the receipts ledger did properly foot. The appropriations ledger contained the name, amount, date and check number for the transactions and this ledger footed. However, the ledger did not record the amount appropriated for each line or show the unencumbered amount balances to assist in the monitoring of budgetary activity. The manner that these ledgers were maintained did not allow the Fiscal Officer to accurately reflect the financial transactions the Township.

This resulted in several reclassification/adjustments to be made to the Township's financial statements.

The Townships Fiscal Officer should review the requirements of OAC section 117-2-02 and maintain the cashbook, receipts and appropriations ledger in the manner prescribed therein.

Client Response:

We received no response from officials regarding the above findings.

FINDING 2008-002

Material Noncompliance

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. Ohio Rev. Code section 5705.36(A)(3) requires that an increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. Ohio Rev. code section 5705.36(A)(4) requires that a reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriations.

During 2008 and 2007 the Township's actual resources fell short of estimated resources in the General fund, Motor Vehicle fund, Gasoline Tax fund, and the Road & Bridge fund and no amendment was obtained as required.

**BEAVER TOWNSHIP
PIKE COUNTY
DECEMBER 31, 2008 AND 2007
SCHEDULE OF FINDINGS**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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**FINDING 2008-002
(continued)**

Material Noncompliance

The Township should obtain a reduced amended certificate of estimated resources when it becomes apparent it is going to receive less than what was estimated. The Township should also monitor the effect of the reduction in relation to their appropriations and make amendment as needed.

Client Response:

We received no response from officials regarding the above findings.

FINDING 2008-003

Material Noncompliance/Material Weakness

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

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

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

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

3. Super Blanket Certificate – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation. Seventy-one percent in 2005 and sixty-four percent in 2006 of the transactions tested were not certified by the fiscal officer at the time the commitment was incurred and there was no evidence that the Township followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**BEAVER TOWNSHIP
PIKE COUNTY
DECEMBER 31, 2008 AND 2007
SCHEDULE OF FINDINGS**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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**FINDING 2008-003
(continued)**

Material Noncompliance/Material Weakness

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's fund exceeding budgetary spending limitations, we recommend that the Clerk certify that the funds are or will be available prior to obligation by the Township. When prior certification is not possible, "then and now" certification should be used.

The Township officials and employees should obtain the Fiscal Officer's certification of the availability of funds prior to the commitment being incurred.

Client Response:

We received no response from officials regarding the above findings.

FINDING 2008-004

Material Noncompliance

Ohio Revised Code (ORC) Section 5705.39 provides in part that total appropriations from each fund shall not exceed the total estimated resources. General fund appropriations exceeded estimated resources for 2008 and 2007.

The Township should implement monitoring controls to ensure compliance with the above requirement.

Client Response:

We received no response from officials regarding the above findings.

**BEAVER TOWNSHIP
PIKE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
YEARS END DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2006-001	Finding for Recovery ORC 507.09 (A)(3)	Yes	
2006-002	Citation 5705.41(B) – expenditures exceeded appropriations	Yes	
2006-003	Citation OAC section 117-2-02(A) not all activity was recorded in the casbook	No	Re-issued finding number 2008-01.
2006-004	Citation ORC 5705.41 (D) – The Township did not properly encumber funds.	No	Re-issued finding number 2008-03.



Mary Taylor, CPA
Auditor of State

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
JANUARY 5, 2010**