

BEAVERCREEK TOWNSHIP

GREENE COUNTY, OHIO

BIENNIAL AUDIT

JANUARY 1, 2004 - DECEMBER 31, 2005





Mary Taylor, CPA

Auditor of State

Board of Trustees
Beavercreek Township
1981 Dayton Xenia Road
Beavercreek, Ohio 45434

We have reviewed the *Independent Auditor's Report* of Beavercreek Township, Greene County, prepared by Kennedy Cottrell Richards LLC, for the audit period January 1, 2004 through December 31, 2005. 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.

1. Finding for Recovery Repaid While Under Audit

John Mercs is employed as a Battalion Chief by Beavercreek Township. The Township incorrectly calculated the number of hours he worked on an annual basis. When the calculated number of hours to be worked was divided into the total salary to be paid to him on an annual basis (pursuant to his employment agreement), the result was incorrect hourly pay rates. The incorrect hourly rates were entered into the Township's payroll system, which resulted in Mr. Mercs being paid on annual basis differently than what his employment agreement allowed. His total overpayments are listed below, by year.

| Year | Compensation Received | Compensation Allowed | Overpayment |
|-------------|------------------------------|-----------------------------|--------------------|
| 2005 | \$ 74,728.56 | \$ 71,563.46 | \$ 3,165.10 |
| 2006 | 91,795.44 | 87,112.25 | 4,683.19 |
| | | | <u>\$ 7,848.29</u> |

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against John Mercs in the amount of \$7,848.29, and in favor of Beavercreek Township Fire Fund. The Finding was repaid by Mr. Mercs while under audit, as evidenced by receipt #459628.

2. Finding For Recovery Repaid While Under Audit

Clifford Smith is employed as a Battalion Chief by Beavercreek Township. The Township incorrectly calculated the number of hours he worked on an annual basis. When the calculated number of hours to be worked was divided into the total salary to be paid to him on an annual basis (pursuant to his employment agreement), the result was incorrect hourly pay rates. The incorrect hourly rates were entered into the Township's payroll system, which resulted in Mr. Smith being paid on annual basis differently than what his employment agreement allowed. In addition, he received wellness pay of \$1,049.61 in 2003, which was not allowed, per his employment contract. His total overpayments, including wellness pay are listed below, by year.

| Year | Compensation Received | Compensation Allowed | Overpayment |
|-------------|------------------------------|-----------------------------|---------------------|
| 2003 | \$ 81,283.21 | \$ 80,227.23 | \$ 1,055.98 |
| 2004 | 83,038.40 | 83,035.00 | 3.40 |
| 2005 | 89,983.08 | 84,575.00 | 5,408.08 |
| 2006 | 91,795.44 | 87,112.25 | 4,683.19 |
| | | | <u>\$ 11,150.65</u> |

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Clifford Smith in the amount of \$11,150.65, and in favor of Beavercreek Township Fire Fund. The Finding was repaid by Mr. Smith while under audit, as evidenced by receipt # 459645.

3. Finding for Recovery Repaid While Under Audit

Dan Paxson is employed as a Deputy Chief by Beavercreek Township. The Township incorrectly calculated the number of hours he worked on an annual basis. When the calculated number of hours to be worked was divided into the total salary to be paid to him on an annual basis (pursuant to his employment agreement), the result was incorrect hourly pay rates. The incorrect hourly rates were entered into the Township's payroll system, which resulted in Mr. Paxson being paid on annual basis differently than what his employment agreement allowed. In addition, he received longevity pay of \$1,112.40 and \$974.40 in 2003 and 2004 respectively, which was not allowed,

per his employment contract. His total overpayment, including longevity pay are listed below, by year.

| Year | Compensation Received | Compensation Allowed | Overpayment (Underpayment) |
|-------------|------------------------------|-----------------------------|-----------------------------------|
| 2003 | \$ 9,578.40 | \$ 9,664.38 | \$ (85.98) |
| 2004 | 87,859.92 | 85,711.23 | 2,148.69 |
| 2005 | 87,629.28 | 88,430.00 | (800.72) |
| 2006 | 91,540.80 | 91,536.10 | 4.70 |
| | | | <u>\$ 1,266.69</u> |

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Dan Paxson in the amount of \$1,266.69, and in favor of Beavercreek Township Fire Fund. The Finding was repaid by Mr. Paxson while under audit, as evidenced by receipt #459637.

4. Finding For Recovery

Greg Connors is employed as a Battalion Chief by Beavercreek Township. The Township incorrectly calculated the number of hours he worked on an annual basis. When the calculated number of hours to be worked was divided into the total salary to be paid to him on an annual basis (pursuant to his employment agreement), the result was incorrect hourly pay rates. The incorrect hourly rates were entered into the Township's payroll system, which resulted in Mr. Connors being paid on annual basis differently than what his employment agreement allowed. In addition, he received wellness pay of \$1,228.54 in 2003, which was not allowed, per his employment contract. His total overpayments, including wellness pay are listed below, by year.

| Year | Compensation Received | Compensation Allowed | Overpayment |
|-------------|------------------------------|-----------------------------|---------------------|
| 2003 | \$ 81,462.14 | \$ 80,227.23 | \$ 1,234.91 |
| 2004 | 83,038.40 | 83,035.00 | 3.40 |
| 2005 | 89,123.76 | 84,575.00 | 4,548.76 |
| 2006 | 92,554.08 | 87,112.25 | 5,441.83 |
| | | | <u>\$ 11,228.90</u> |

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Greg Connors in the amount of \$11,228.90, and in favor of Beavercreek Township Fire Fund. Mr. Connors agreed in writing on October 5, 2007 to repay the finding to the Beavercreek Township Fire Fund on or before December 15, 2007.

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 Creek Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Mary Taylor". The script is cursive and fluid, with the first letters of each word being capitalized and prominent.

Mary Taylor, CPA
Auditor of State

October 23, 2007

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Beavercreek Township
1981 Dayton-Xenia Road
Beavercreek, Ohio 45434

We have audited the accompanying financial statements of Beavercreek Township, Greene County, Ohio (the Township) as of and for the years ended December 31, 2005 and 2004. 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.

Except as disclosed below, 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 obtain reasonable assurance about 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.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America. 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 would require the Township to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2005. Instead of the combined funds the accompanying financial statements present for 2005 (and 2004), the revision requires presenting entity wide statements and also to present larger (i.e. major) funds separately for 2005. 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 its financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits.

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 as of December 31, 2005 and 2004, or its changes in financial position for the year then ended.

In addition, we were unable to obtain sufficient competent evidential matter supporting the Other Revenue amounts reported in the Township's financial statements.

Also, in our opinion, except for the effects of such adjustments, if any, as might have been determined necessary had we been able to examine evidence regarding the Township's Other Revenue the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Beavercreek Township, Greene County, Ohio, as of December 31, 2005 and 2004 and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2007, on our consideration of the Government'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. 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.

We conducted our audit to form an opinion on the Township's financial statements. The accompanying schedule of receipts and expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

A handwritten signature in cursive script that reads "Kennedy Cottrell Richards LLC".

Kennedy Cottrell Richards LLC
January 31, 2007

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUNDS -
FOR THE YEAR ENDED DECEMBER 31, 2005**

| | General | Special Revenue | Capital Projects | Totals (Memorandum Only) |
|--|-------------------|---------------------|---------------------|--------------------------------|
| Cash Receipts: | | | | |
| Property Taxes | \$ 603,841 | \$ 5,552,260 | \$ 66,000 | \$ 6,222,101 |
| Charges for Services | 60 | 1,122,511 | - | 1,122,571 |
| Permits and Fees | 66,290 | 19,787 | - | 86,077 |
| Fines and Forfeitures | 527 | - | - | 527 |
| Intergovernmental | 293,536 | 931,304 | 216,247 | 1,441,087 |
| Earnings on Investments | 78,736 | 197 | 11,722 | 90,655 |
| Miscellaneous | 25,864 | 41,380 | - | 67,244 |
| | <u>1,068,854</u> | <u>7,667,439</u> | <u>293,969</u> | <u>9,030,262</u> |
| Total Cash Receipts | | | | |
| Cash Disbursements: | | | | |
| General Government | 1,024,477 | 40 | - | 1,024,517 |
| Public Safety | - | 6,395,733 | - | 6,395,733 |
| Public Works | - | 589,811 | - | 589,811 |
| Health | - | 15,777 | - | 15,777 |
| Conservation/Recreation | 125,311 | - | - | 125,311 |
| Capital Outlay | 241,029 | 392,941 | 1,915,196 | 2,549,166 |
| Debt Service: | | | | |
| Principal Retirement | - | - | 45,000 | 45,000 |
| Interest and Fiscal Charges | - | - | 21,000 | 21,000 |
| | <u>1,390,817</u> | <u>7,394,302</u> | <u>1,981,196</u> | <u>10,766,315</u> |
| Total Cash Disbursements | | | | |
| Total Receipts Over/(Under) Disbursements | <u>(321,963)</u> | <u>273,137</u> | <u>(1,687,227)</u> | <u>(1,736,053)</u> |
| Other Financing Sources/(Uses): | | | | |
| Advances In | 39,682 | - | 39,682 | 79,364 |
| Transfers In | 219,916 | 25,401 | - | 245,317 |
| Advances Out | (39,682) | - | (39,682) | (79,364) |
| Transfers Out | - | - | (245,317) | (245,317) |
| | <u>219,916</u> | <u>25,401</u> | <u>(245,317)</u> | <u>-</u> |
| Total Other Financing Sources/(Uses): | | | | |
| Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Sources | <u>(102,047)</u> | <u>298,538</u> | <u>(1,932,544)</u> | <u>(1,736,053)</u> |
| Fund Cash Balances, January 1, 2005 | <u>597,021</u> | <u>2,912,629</u> | <u>2,731,986</u> | <u>6,241,636</u> |
| Fund Cash Balances, December 31, 2005 | <u>\$ 494,974</u> | <u>\$ 3,211,167</u> | <u>\$ 799,442</u> | <u>\$ 4,505,583</u> |
| Reserve for Encumbrances, December 31, 2005 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 303,012</u> | <u>\$ 303,012</u> |

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

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE - NON-EXPENABLE TRUST FUND -
FOR THE YEAR ENDED DECEMBER 31, 2005**

| | <u>Non-Expendable Trust</u> |
|--------------------------------------|---------------------------------|
| Operating Cash Receipts | \$ 136 |
| Operating Cash Disbursements | <u>136</u> |
| Operating Income | - |
| Fund Cash Balance, January 1, 2005 | <u>5,024</u> |
| Fund Cash Balance, December 31, 2005 | <u><u>\$ 5,024</u></u> |

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

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

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

| | General | Special Revenue | Capital Projects | Totals (Memorandum Only) |
|--|-------------------|---------------------|---------------------|--------------------------------|
| Cash Receipts: | | | | |
| Property Taxes | \$ 584,357 | \$ 5,380,838 | \$ - | \$ 5,965,195 |
| Charges for Services | - | 1,043,599 | - | 1,043,599 |
| Permits and Fees | 53,811 | 10,429 | - | 64,240 |
| Fines and Forfeitures | 100 | - | - | 100 |
| Intergovernmental | 360,903 | 1,595,664 | 24,029 | 1,980,596 |
| Earnings on Investments | 65,592 | 198 | 7,569 | 73,359 |
| Miscellaneous | 89,003 | 29,383 | 1,500 | 119,886 |
| | <u>1,153,766</u> | <u>8,060,111</u> | <u>33,098</u> | <u>9,246,975</u> |
| Total Cash Receipts | | | | |
| Cash Disbursements: | | | | |
| General Government | 1,083,913 | 18,979 | - | 1,102,892 |
| Public Safety | - | 6,723,912 | - | 6,723,912 |
| Public Works | - | 675,313 | - | 675,313 |
| Health | - | 19,638 | - | 19,638 |
| Conservation/Recreation | 111,254 | - | - | 111,254 |
| Capital Outlay | 2,121 | 724,399 | 2,323,846 | 3,050,366 |
| Debt Service: | | | | |
| Principal Retirement | - | - | 25,000 | 25,000 |
| Interest and Fiscal Charges | - | - | 29,895 | 29,895 |
| | <u>1,197,288</u> | <u>8,162,241</u> | <u>2,378,741</u> | <u>11,738,270</u> |
| Total Cash Disbursements | | | | |
| Total Receipts Over/(Under) Disbursements | <u>(43,522)</u> | <u>(102,130)</u> | <u>(2,345,643)</u> | <u>(2,491,295)</u> |
| Other Financing Sources/(Uses): | | | | |
| Bond Proceeds | - | - | 514,636 | 514,636 |
| Advances In | 13,000 | 3,000 | 272,410 | 288,410 |
| Transfers In | - | - | 89,400 | 89,400 |
| Advances Out | (145,000) | (3,000) | (140,410) | (288,410) |
| Transfers Out | (89,400) | - | - | (89,400) |
| | <u>(221,400)</u> | <u>-</u> | <u>736,036</u> | <u>514,636</u> |
| Total Other Financing Sources/(Uses): | | | | |
| Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Sources | (264,922) | (102,130) | (1,609,607) | (1,976,659) |
| Fund Cash Balances, January 1, 2004, as restated (Note 8) | <u>861,943</u> | <u>3,014,759</u> | <u>4,341,593</u> | <u>8,218,295</u> |
| Fund Cash Balances, December 31, 2004 | <u>\$ 597,021</u> | <u>\$ 2,912,629</u> | <u>\$ 2,731,986</u> | <u>\$ 6,241,636</u> |
| Reserve for Encumbrances, December 31, 2004 | <u>\$ -</u> | <u>\$ 317,603</u> | <u>\$ 1,508,740</u> | <u>\$ 1,826,343</u> |

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

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE - NON-EXPENABLE TRUST FUND -
FOR THE YEAR ENDED DECEMBER 31, 2004**

| | <u>Non-Expendable Trust</u> |
|--------------------------------------|---------------------------------|
| Operating Cash Receipts | \$ 137 |
| Operating Cash Disbursements | <u>137</u> |
| Operating Income | - |
| Fund Cash Balance, January 1, 2004 | <u>5,024</u> |
| Fund Cash Balance, December 31, 2004 | <u><u>\$ 5,024</u></u> |

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

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Beavercreek Township, Greene County, Ohio (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 general governmental services, including road maintenance, cemetery maintenance, zoning, fire protection, and emergency medical 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 were prepared on the basis of accounting prescribed or permitted by the Ohio 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 a payment is made 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit repurchase agreements are valued at cost.

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:

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.

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:

Fire Fund – This fund receives property tax money to provide fire protection and emergency services to Township residents.

EMS Medic Services Fund – This fund receives fees to provide emergency medical services to Township residents.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Capital Project Funds

The Township used these fund types to account for acquisitions of equipment and construction of facilities. The Township had the following significant Capital Projects Funds:

Senior Citizens Center Bond Fund – This fund received bond proceeds for acquisition, construction and installation of improvements to a Senior Center.

New Fire Station Fund – This fund received estate tax and property tax money for the construction of a new fire station.

Beavercreek Trail Connector Fund – This fund received state grant money for construction of a bike trail for connection to surrounding areas.

Koogler Conservation Easement Fund – This fund received state grant money for the acquisition, protection, and preservation of a conservation easement located in the Township.

Non-Expendable Trust Fund

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. The Township had the following non-expendable trust fund:

Cemetery Bequest Fund – Amounts donated are maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the donor.

E. Budgetary Process

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

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. Unencumbered appropriations lapse at year-end.

Estimated Resources

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

Encumbrances

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

A summary of 2005 and 2004 budgetary activity appears in Note 3.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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.

G. Accumulated Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the Township's basis of accounting.

NOTE 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 were as follows:

| | 2005 | 2004 |
|--------------------------------|--------------|--------------|
| Demand deposits | \$ 1,226,583 | \$ 6,241,636 |
| Certificates of deposit | 5,024 | 5,024 |
| Total deposits | 1,231,607 | 6,246,660 |
| Repurchase Agreement | 3,279,000 | - |
| Total deposits and investments | 4,510,607 | 6,246,660 |

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

Investments: The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements. The securities are not in the Township's name.

NOTE 3 – BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2005 and December 31, 2004 follows:

| Fund Type | 2005 Budgeted vs. Actual Receipts | | |
|----------------------|-----------------------------------|--------------------|------------|
| | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 1,271,023 | \$ 1,288,770 | \$ 17,747 |
| Special Revenue | 7,576,160 | 7,692,840 | 116,680 |
| Capital Projects | 19,577 | 293,969 | 274,392 |
| Non-Expendable Trust | 200 | 136 | (64) |
| Total | \$ 8,866,960 | \$ 9,275,715 | \$ 408,755 |

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

NOTE 3 – BUDGETARY ACTIVITY (Continued)

2005 Budgeted vs. Actual Budgetary Basis Expenditures

| <u>Fund Type</u> | <u>Appropriation Authority</u> | <u>Budgetary Expenditures</u> | <u>Variance</u> |
|----------------------|--------------------------------|-------------------------------|---------------------|
| General | \$ 1,633,761 | \$ 1,390,817 | \$ 242,944 |
| Special Revenue | 10,067,770 | 7,394,302 | 2,673,468 |
| Capital Projects | 2,655,263 | 2,284,208 | 371,055 |
| Non-Expendable Trust | 5,224 | 136 | 5,088 |
| Total | <u>\$ 14,362,018</u> | <u>\$ 11,069,463</u> | <u>\$ 3,292,555</u> |

2004 Budgeted vs. Actual Receipts

| <u>Fund Type</u> | <u>Budgetary Receipts</u> | <u>Actual Receipts</u> | <u>Variance</u> |
|----------------------|---------------------------|------------------------|---------------------|
| General | \$ 955,701 | \$ 1,153,766 | \$ 198,065 |
| Special Revenue | 7,188,910 | 8,060,111 | 871,201 |
| Capital Projects | 29,883 | 637,134 | 607,251 |
| Non-Expendable Trust | 268 | 137 | (131) |
| Total | <u>\$ 8,174,762</u> | <u>\$ 9,851,148</u> | <u>\$ 1,676,386</u> |

2004 Budgeted vs. Actual Budgetary Basis Expenditures

| <u>Fund Type</u> | <u>Appropriation Authority</u> | <u>Budgetary Expenditures</u> | <u>Variance</u> |
|----------------------|--------------------------------|-------------------------------|---------------------|
| General | \$ 1,745,473 | \$ 1,286,688 | \$ 458,785 |
| Special Revenue | 9,882,718 | 8,479,844 | 1,402,874 |
| Capital Projects | 4,471,479 | 3,887,481 | 583,998 |
| Non-Expendable Trust | 5,292 | 137 | 5,155 |
| Total | <u>\$ 16,104,962</u> | <u>\$ 13,654,150</u> | <u>\$ 2,450,812</u> |

Ohio Revised Code Section 5705.41(B), states in part, "no subdivision or taxing unit is to expend money unless it has been appropriated." The following funds had expenditures in excess of appropriations during 2004 and 2005.

| <u>Fund</u> | <u>Appropriations</u> | <u>Budgetary Expenditures</u> | <u>Excess</u> |
|--------------------|-----------------------|-------------------------------|---------------|
| <u>2004</u> | | | |
| 2192 | \$ 5,850,046 | \$ 6,111,486 | \$ (261,440) |
| 4101 | - | 85,472 | (85,472) |
| 4907 | - | 138,061 | (138,061) |
| <u>2005</u> | | | |
| 4101 | 447,165 | 486,675 | (39,510) |

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

NOTE 4 – PROPERTY TAX

Real property taxes become a lien on January 1, preceding the October 1 date for which rates are adopted by 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 January 20. If the property owner elects to make semiannual payment, the first half is due January 20. The second half payment is due the following June 20.

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

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

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

NOTE 5 – DEBT

Debt outstanding at December 31, 2005 was as follows:

| | Principal | Interest Rate |
|-----------------------------|------------|------------------|
| Building Construction Bonds | \$ 430,000 | 3.25% - 5.00% |

The building construction bonds were issued on June 1, 2004 to pay for the acquisition, construction and installation of improvements to a Senior Center. The bonds will be paid in semi-annual installments, with through December 2013. The bonds are secured by a pledge of faith, credit and revenue of the Board of Trustees.

Amortization of the above debt is scheduled as follows:

| Year ending December 31 | Building Construction Bonds | |
|-------------------------|-----------------------------|-----------|
| | Principal | Interest |
| 2006 | \$ 45,000 | \$ 19,425 |
| 2007 | 50,000 | 17,738 |
| 2008 | 50,000 | 15,863 |
| 2009 | 50,000 | 13,863 |
| 2010 | 55,000 | 11,613 |
| 2011-2013 | 180,000 | 18,500 |
| | \$ 430,000 | \$ 97,002 |

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

NOTE 6 – RETIREMENT SYSTEMS

The Township's certified firefighters belong to the Ohio Police and Fire Disability and Pension Fund (OPFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OPFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement 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 2005 and 2004, OPFDPF contributions for participating employees were 10% of their wages. The Township contributed this amount on behalf of the employees. The Township also contributed an amount equal to 24% of their wages. For 2005 and 2004, PERS members contributed an amount equal to 8.5% of their wages. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all required contributions through December 31, 2005.

NOTE 7 – RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Commercial Umbrella Liability Policy Declarations – General, Automobile, Employee Benefit, Employer
- Property, General Liability, Crime, Auto, Contractors Equipment, General Floater, Signs
- Business Auto Coverage

The Township also provides health insurance to full-time employees through a private carrier and a cafeteria plan for healthcare and dependent care.

NOTE 8 – PRIOR PERIOD RESTATEMENT

Prior period restatements are the net effect of changes resulting from the correction of an error. Because such amounts are the product of errors from a prior period, they are not properly included as part of the results of operations of the current period, rather are reported as a direct adjustment to beginning fund balance/net assets to restate that amount to what it would have been had the error not occurred.

The Township recorded a prior period restatement in 2004 due to the general fund ending fund balance at December 31, 2003 being understated by \$36,612. As a result, the restated ending fund balance at December 31, 2003 is \$861,943.

**INDEPENDENT AUDITOR'S 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
Beavercreek Township
1981 Dayton-Xenia Road
Beavercreek, Ohio 45434

We have audited the financial statements of Beavercreek Township, Greene County, Ohio (the Township) as of and for the years ended December 31, 2005 and 2004 and have issued our report thereon dated January 31, 2007. Except as discussed in that report, 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 audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider 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 four instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. These instances of noncompliance are described in the accompanying schedule of findings as items 2005-01 through 2005-04.

We also noted certain additional matters that we reported to management of the Township in a separate letter dated January 31, 2007.

Beavercreek Township, Greene County, Ohio
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*
Page 2

This report is intended for the information and use of the audit committee, management, Board of Trustees, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Kennedy Cottrell Richards LLC". The signature is written in a cursive, flowing style.

Kennedy Cottrell Richards LLC
January 31, 2007

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Trustees
Beavercreek Township
1981 Dayton-Xenia Road
Beavercreek, Ohio 45434

To the Board of Trustees:

Compliance

We have audited the compliance of the Beavercreek Township, Greene County, Ohio (the Township) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2004. The Township's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Township's management. Our responsibility is to express an opinion on the Township's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Township's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Township's compliance with those requirements.

In our opinion, the Township complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2004.

Internal Control Over Compliance

The management of the Township is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Township's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a 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 noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the audit committee, management, Board of Trustees, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Kennedy Cottrell Richards LLC". The signature is written in a cursive, flowing style.

Kennedy Cottrell Richards LLC
January 31, 2007

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JANUARY 1, 2004 TO DECEMBER 31, 2005

| Federal grantor/Pass through grantor/Program title | Federal CFDA Number | Agency or pass through number | Expenditures |
|---|------------------------------------|--|---------------------|
| U.S. DEPARTMENT OF HOMELAND SECURITY | | | |
| Received directly from U.S. Department of Homeland Security | | | |
| Assistance to Firefighters Grant | 97.044 | EMW-2003-FG-11878 | \$ 603,260 |
| Passed Through the Ohio Emergency Management Agency | | | |
| Public Assistance Grant Program | 97.036 | FEMA-3198-057-04724-00 | 13,101 |
| Total U.S. Department of Homeland Security | | | 616,361 |
| Total Expenditures of Federal Awards | | | <u>\$ 616,361</u> |

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JANUARY 1, 2004 TO DECEMBER 31, 2005

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards has been prepared using the cash basis of accounting. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other governmental agencies is included on the Schedule.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505**

JANUARY 1, 2004 TO DECEMBER 31, 2005

| |
|--|
| 1. SUMMARY OF AUDITOR'S RESULTS |
|--|

| | | |
|--------------|--|--|
| (d)(1)(i) | Type of Financial Statement Opinion | Dual Adverse/Qualified |
| (d)(1)(ii) | Were there any material control weakness conditions reported at the financial statement level (GAGAS)? | No |
| (d)(1)(ii) | Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)? | No |
| (d)(1)(iii) | Was there any reported material noncompliance at the financial statement level (GAGAS)? | Yes |
| (d)(1)(iv) | Were there any material internal control weakness conditions reported for major federal programs? | No |
| (d)(1)(iv) | Were there any other reportable internal control weakness conditions reported for major federal programs? | No |
| (d)(1)(v) | Type of Major Programs' Compliance Opinion | Unqualified |
| (d)(1)(vi) | Are there any reportable findings under § .510(a) of Circular A-133? | No |
| (d)(1)(vii) | Major Programs (list): | Assistance to Firefighters Grant: CFDA 97.044 |
| (d)(1)(viii) | Dollar Threshold: Type A/B Programs | Type A: > \$300,000 Type B: All others |
| (d)(1)(ix) | Low Risk Auditee? | No |

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505**

JANUARY 1, 2004 TO DECEMBER 31, 2005

| |
|---|
| 2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS |
|---|

2005-01 Noncompliance: Accounting Records

Ohio Admin. Sect. 117-2-02 (A) states that all local public offices shall 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, document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

During our procedures we noted the following issues:

- Records to support financial statement transactions and legal compliance were not maintained in a complete, clear, and organized in manner.
- Original documentary evidence for several bank accounts and budgetary information were not maintained by the Township. Information had to be obtained from the original source.
- Monthly bank reconciliations were not prepared in timely manner and were inaccurate. This was a result of the transactions not being posted to the UAN system in a timely and accurate manner. In addition, unreconciled amounts were posted to other revenue line items.
- Changes to the budget were not properly updated in the UAN system.
- Original records to support certain pay rates and hours were could not be located. Unapproved or replacement documents had to be obtained from department managers.

We recommend the Board and management implement policies and procedures to ensure that the Township's accounting records are maintained in a sufficient and organized manner to maintain financial accountability and document compliance with legal requirements.

Official's Response

Beavercreek Township prefaces this statement with the following information. During the audit years 2004-2005 the Township Clerks (Fiscal Officer) were Judy Zembo and Karen Payne. Judy Zembo lost her bid for re-election in November 2003 to Karen Payne who took office in April 2004. Karen Payne resigned her position in December 2005 to join her husband who had moved to Nevada. Their assistant, Kathy VanHoose, was the person most involved with all the fiscal responsibilities - she was relieved of her position in January 2006. The Board of Trustees realized the inadequacies of the Fiscal Officer's Office and advised the appointed individual that there were problems in the office that needed to be resolved.

2005-01 Noncompliance: Accounting Records Under the present Fiscal Officer - Christy Ahrens - all financial records are being scrutinized, reviewed, verified and filed accurately and in a timely manner. All original PO's, requisitions, bills, invoices and the like are being filed in a manner that is provides easy access to them.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505**

JANUARY 1, 2004 TO DECEMBER 31, 2005

Official's Response (continued)

With the corrections provided by the Audit Firm Kennedy, Cottrell, Richards and the reconciliations provided by Clark, Shaeffer, Hackett & Co. Accountants for the year 2006, bank reconciliations are being prepared in a timely and accurate manner. Postings are done regularly and into the correct line items. All additional information available for revenue receipts as well as expenditures are attached accordingly. All transactions are prepared on the UAN in as timely manner as possible and monthly reconciliation performed accordingly. All payroll worksheets, timesheets and records are kept together and in a binder with the reports generated for each pay period.

The policy of Beaver Creek Township is to be in compliance with Ohio Administrative Section 117-2-02 (A) and 117-2-03 of the Administrative Code.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505**

JANUARY 1, 2004 TO DECEMBER 31, 2005

2005-02 Noncompliance: Expenditures Exceeded Appropriations

Ohio Revised Code Section 5705.41(B), states in part, “no subdivision or taxing unit is to expend money unless it has been appropriated.” Furthermore, Section 5705.39 states, in part, “No appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate.”

Although the Board approved various appropriation amendments during the two-year period under audit, the amendments were never submitted by the Township for County approval; thus, the amendments never became legally effective. During our testing we noted the following funds had expenditures in excess of appropriations as approved in the Township’s original appropriation amendments for each year.

| <u>Fund</u> | <u>Appropriations</u> | <u>Budgetary Expenditures</u> | <u>Excess</u> |
|--------------------|-----------------------|-------------------------------|---------------|
| <u>2004</u> | | | |
| 2192 | \$ 5,850,046 | \$ 6,111,486 | \$ (261,440) |
| 4101 | - | 85,472 | (85,472) |
| 4907 | - | 138,061 | (138,061) |
| <u>2005</u> | | | |
| 4101 | 447,165 | 486,675 | (39,510) |

We recommend the Board and management implement procedures to ensure that all appropriation amendments are properly submitted to the county auditor for approval. This will ensure that all amounts are lawfully appropriated.

Official’s Response

Beavercreek Township will adhere to Ohio Revised Code section 5705.41 (B) to ensure that all appropriation amendments are properly submitted to the county auditor for approval and that all amounts are lawfully appropriated. Many new lines items have been identified and will be submitted properly to the county auditor - no expenditures will be made in excess of the appropriated amount.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505**

JANUARY 1, 2004 TO DECEMBER 31, 2005

2005-03 Noncompliance: Investment Policy

Ohio Revised Code Section 135.14 (O) states, in part:

(1) Except as otherwise provided in divisions (O)(2) and (3) of this section, no treasurer or governing board shall make an investment or deposit under this section, unless there is on file with the auditor of state a written investment policy approved by the treasurer or governing board....

(2) If a written investment policy described in division (O)(1) of this section is not filed on behalf of the subdivision with the auditor of state, the treasurer or governing board of that subdivision shall invest the subdivision's interim moneys only in interim deposits pursuant to division (B)(3) of this section, no-load money market mutual funds pursuant to division (B)(5) of this section, or the Ohio subdivision's fund pursuant to division (B)(6) of this section.

During 2005, the township invested in an overnight repurchase agreement, which is not permitted by the Ohio Revised Code, since the township did not have an approved investment policy in place. We recommend that the Township either (i) limit its investments of interim monies to those allowed by the Ohio Revised Code, or (ii) devise and implement an investment policy that permits the Township to make other types of investments, such as repurchase agreements.

Official's Response

Beavercreek Township will adopt an Investment Policy to permit overnight repurchase agreements. Although no policy has been in place for the Township in the past, we are currently working with our Legal Advisor to prepare and submit for Board approval a Township Investment Policy.

BEAVERCREEK TOWNSHIP
GREENE COUNTY, OHIO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505

JANUARY 1, 2004 TO DECEMBER 31, 2005

2005-04 Noncompliance: Funds Not Properly Encumbered

Pursuant to Ohio Revised Code Section 5705.41(D)(1), no subdivision or taxing unit may:

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 or, in the case of a continuing contract to be performed in whole or in part in an ensuing fiscal year, the amount required to meet the obligation in the fiscal year in which the contract is made, has been lawfully appropriated for such purpose and is in the treasury or in process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every such contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

Over the two-year audit period, we noted 62 disbursement transactions, out of a total of 280 tested, in which the invoice date for the goods or services purchased preceded the Purchase Order date; thus indicating that the Purchase Order was not completed (and the funds not encumbered) until after the expenditure obligation was incurred.

We recommend that the Township implement procedures to ensure that Purchase Orders are properly completed prior to incurring obligations.

Official's Response

The Township has begun to implement procedures to ensure that Purchase Orders are properly completed prior to incurring obligations. To comply with ORC 5705.41(D)(1). We have initiated a new Purchase Requisition program in order to eliminate the occurrence of goods or services being purchased prior to a Purchase Order being created, and before sufficient funds are encumbered for that good or service.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



Mary Taylor, CPA
Auditor of State

BEAVERCREEK TOWNSHIP

GREENE 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
NOVEMBER 8, 2007**