



Dave Yost • Auditor of State

**BEARFIELD TOWNSHIP
PERRY COUNTY
DECEMBER 31, 2016 AND 2015**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Bearfield Township
Perry County
1795 Township Road 320
Crooksville, Ohio 43731

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Bearfield Township, Perry County, Ohio (the Township), as of and for the years ended December 31, 2016 and 2015.

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 Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly 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 such 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 opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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, 2016 and 2015, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Bearfield Township, Perry County, Ohio, as of December 31, 2016 and 2015, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2017, 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 Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

November 6, 2017

Bearfield Township
Perry County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2016

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$32,484	\$44,344	\$76,828
Licenses, Permits and Fees	0	17,850	17,850
Intergovernmental	19,355	96,842	116,197
Special Assessments	790	0	790
Earnings on Investments	0	33	33
Miscellaneous	0	499	499
<i>Total Cash Receipts</i>	<u>52,629</u>	<u>159,568</u>	<u>212,197</u>
Cash Disbursements			
Current:			
General Government	44,002	0	44,002
Public Safety	300	29,311	29,611
Public Works	0	114,085	114,085
Health	0	15,020	15,020
<i>Total Cash Disbursements</i>	<u>44,302</u>	<u>158,416</u>	<u>202,718</u>
<i>Net Change in Fund Cash Balances</i>	8,327	1,152	9,479
<i>Fund Cash Balances, January 1</i>	<u>2,817</u>	<u>59,415</u>	<u>62,232</u>
Fund Cash Balances, December 31			
Restricted	0	60,567	60,567
Assigned	11,144	0	11,144
<i>Fund Cash Balances, December 31</i>	<u>\$11,144</u>	<u>\$60,567</u>	<u>\$71,711</u>

See accompanying notes to the basic financial statements

Bearfield Township
Perry County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2015

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$29,667	\$34,764	\$64,431
Licenses, Permits and Fees	0	11,500	11,500
Intergovernmental	26,259	101,409	127,668
Special Assessments	596	1,029	1,625
<i>Total Cash Receipts</i>	<u>56,522</u>	<u>148,702</u>	<u>205,224</u>
Cash Disbursements			
Current:			
General Government	51,780	0	51,780
Public Safety	0	30,762	30,762
Public Works	300	148,491	148,791
Health	0	12,206	12,206
Other	0	836	836
<i>Total Cash Disbursements</i>	<u>52,080</u>	<u>192,295</u>	<u>244,375</u>
<i>Net Change in Fund Cash Balances</i>	4,442	(43,593)	(39,151)
<i>Fund Cash Balances, January 1</i>	<u>(1,625)</u>	<u>103,008</u>	<u>101,383</u>
Fund Cash Balances, December 31			
Restricted	0	59,415	59,415
Assigned	2,817	0	2,817
<i>Fund Cash Balances, December 31</i>	<u>\$2,817</u>	<u>\$59,415</u>	<u>\$62,232</u>

See accompanying notes to the basic financial statements

Bearfield Township
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2016 and 2015

Note 1 - Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Bearfield Township, Perry 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 services. The Township contracts with the Village of Crooksville to provide fire and emergency medical services.

Public Entity Risk Pool

The Township participates in the Ohio Township Association Risk Management Authority, a public entity risk pool. Note 6 provides additional information about this entity.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Gas Tax Fund The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

Motor Vehicle License Tax Fund The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

Bearfield Township
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2016 and 2015

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

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 fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year-end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must 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 canceled, and reappropriated in the subsequent year.

A summary of 2016 and 2015 budgetary activity appears in Note 3.

Deposits and Investments

The Township's accounting basis includes no investments; only demand deposits which are insured by the Federal Deposit Insurance Corporation.

Capital Assets

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

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Bearfield Township
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2016 and 2015

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:

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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.

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.

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.

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.

Note 3 - Budgetary Activity

Budgetary activity for the years ending December 31, 2016 and 2015 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$47,237	\$52,629	\$5,392
Special Revenue	151,430	159,568	8,138
Total	\$198,667	\$212,197	\$13,530

Bearfield Township
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2016 and 2015

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$50,054	\$44,302	\$5,752
Special Revenue	210,487	158,416	52,071
Total	\$260,541	\$202,718	\$57,823

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$71,854	\$56,522	(\$15,332)
Special Revenue	154,082	148,702	(5,380)
Total	\$225,936	\$205,224	(\$20,712)

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$77,229	\$52,080	\$25,149
Special Revenue	250,091	192,295	57,796
Total	\$327,320	\$244,375	\$82,945

Note 4 - Deposits and Investments

The Township maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments was \$71,711 and \$62,232 at December 31, 2016 and 2015, respectively.

Note 5 - Property Taxes

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.

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

Note 6 - Risk Management

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

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

Bearfield Township
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2016 and 2015

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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. 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

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2016 and December 31, 2015, OTARMA retained \$350,000 for casualty claims and \$250,000 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, 2016:

	2016	2015
Assets	\$38,473,283	\$37,313,311
Liabilities	8,244,140	8,418,518
Net Position	\$30,229,143	\$28,894,793

At December 31, 2016 and 2015, respectively, the liabilities above include approximately \$7.4 and \$7.8 million of estimated incurred claims payable. The assets above also include approximately \$6.9 and \$7.7 million of unpaid claims to be billed to approximately 1,010 members and 989 member governments in the future, as of December 31, 2016 and 2015, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Township's share of these unpaid claims collectible in future years is approximately \$3,000.

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

Bearfield Township
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2016 and 2015

<u>Contributions to OTARMA</u>	
<u>2016</u>	<u>2015</u>
\$5,673	\$5,666

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.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

The Township Trustees, Fiscal Officer and other 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. 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, 2016 and 2015.



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

Bearfield Township
Perry County
1795 Township Road 320
Crooksville, Ohio 43731

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 cash balances, receipts, and disbursements by fund type of Bearfield Township, Perry County, Ohio (the Township), as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, and have issued our report thereon dated November 6, 2017, wherein we noted the Township followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2016-001 and 2016-002 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts.

However, 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 instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2016-001 and 2016-002.

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
Columbus, Ohio

November 6, 2017

**BEARFIELD TOWNSHIP
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2016-001

Noncompliance and Material Weakness

Ohio Admin. Code § 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 (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and requirements and prepare financial statements required by Ohio Admin. Code § 117-2-03.

In addition, Governmental Accounting Standards Board (GASB) Statement No. 54 defined how fund balances were to be classified and was codified as follows: GASB Cod. 1800.168-169 requires reporting funds whose revenue has external legal constraints as Restricted. GASB Cod.1800.170-172 requires reporting funds whose revenue had constraints imposed by the Board, which could not be changed without Board approval, as Committed. GASB Cod. 1800173-176 requires funds without external or internal constraints to report Assigned fund balances for amounts encumbered or set aside to cover the excess of subsequent year appropriations exceeding estimated revenue. GASB Cod. 1800.177 designates Unassigned fund balance as the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Various adjustments were made to the Township's financial statements for 2016 and 2015 including adjustments necessary to report fund balances in accordance with GASB Statement No. 54.

For the fiscal year ending December 31, 2016, the following adjustments were noted:

- Homestead and Rollback receipts were improperly posted as Property and Other Local Taxes rather Intergovernmental in the amount of \$5,390 in the General Fund.
- Expenditures totaling \$37,115 were improperly classified in the General Fund as Public Works rather than General Government.
- Expenditures totaling \$11,556 were improperly classified in the Cemetery Fund as Other rather than Health.
- Expenditures totaling \$3,464 were improperly classified in the Cemetery Fund as Public Safety rather than Health.
- Expenditures totaling \$35,620 were improperly classified in the Gasoline Tax Fund as Public Safety rather than Public Works
- Expenditures totaling \$3,538 and \$19,741 were improperly classified in the Motor Vehicle License Tax and Gasoline Tax Funds, respectively, as Other rather than Public Works.
- The General Fund balance, representing subsequent year appropriations of \$11,144, was incorrectly classified as Unassigned rather than as Assigned.
- The Motor Vehicle License Tax, Gasoline Tax, Cemetery, Fire, and EMS Fund balances were incorrectly reported as Unassigned rather than Restricted fund balance.

For the fiscal year ending December 31, 2015, the following reclassification and adjustments were noted:

- The beginning fund balances of the General and Gasoline Tax Funds on the financial statements did not properly reflect a prior period audit adjustment of \$7,000.
- The balances and activity of the EMS Fund were excluded from the financial statements in the amounts of \$3,945 for Property and Other Local Taxes receipts, \$615 for Intergovernmental receipts, \$5,289 for Public Safety Disbursements, and \$1,069 in Beginning Fund Balance.

**BEARFIELD TOWNSHIP
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2016-001 (Continued)

Noncompliance and Material Weakness - Ohio Admin. Code § 117-2-02(A) (Continued)

- Homestead and Rollback and other intergovernmental receipts, totaling \$5,640, were improperly posted as Property and Other Local Taxes rather Intergovernmental in the General Fund.
- Expenditures totaling \$12,206 were improperly classified in the Cemetery Fund as Public Works rather than Health.
- Expenditures totaling \$25,473 were improperly classified in the Fire Fund as Public Works rather than Public Safety.
- The General Fund balance, representing subsequent year appropriations of \$2,817, was incorrectly classified as Unassigned rather than as Assigned.
- The Motor Vehicle License Tax, Gasoline Tax, Cemetery, and Fire Fund balances were incorrectly reported as Unassigned rather than Restricted fund balance.

Audit adjustments, with which management has agreed, have been recorded in the accompanying financial statements to properly reflect these amounts. In addition to the adjustments listed above, we also identified additional unadjusted misstatements ranging from \$300 to \$3,393 that we have brought to the Township's attention.

Incorrect financial statement account classifications and balances could result in inaccurate reporting of the Township's financial information.

The Fiscal Officer should refer to the Ohio Township Handbook for proper classification and take additional care in posting transactions to the Township's ledgers and annual financial report in order to ensure the Township's year-end financial statements reflect the appropriate sources and uses of the Township's receipts and disbursements.

FINDING NUMBER 2016-002

Noncompliance and Material Weakness

Ohio Admin. Code § 117-2-02(C)(1) provides that each public office should design its accounting system to provide ongoing and timely information on unrealized budgetary receipts. This can be accomplished by integrating the budgetary accounts, at the legal level of control or lower, into the financial accounting system.

The Township did not post estimated receipts certified by the Budget Commission to the Receipts Journal for 2016 or 2015. Failure to post estimated receipts to the Receipts Journal could result in management of the Township not being able to effectively monitor and report the Township's budget versus actual information throughout the year.

The Fiscal Officer should post estimated receipts as approved by the Budget Commission to the Receipts Journal. This procedure will help ensure useful comparisons of budget versus actual activity, as well as provide management with an accurate monitoring tool.

Official's Response: We did not receive a response from Officials to the Findings reported above.



Dave Yost • Auditor of State

BEARFIELD TOWNSHIP

PERRY 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 16, 2017**