

**BENNINGTON TOWNSHIP
MORROW COUNTY, OHIO**

Audited Financial Statements

For the Years Ended December 31, 2008 and 2007



Mary Taylor, CPA
Auditor of State

Board of Trustees
Bennington Township
P.O. Box 337
Marengo, Ohio 43334

We have reviewed the *Independent Accountant's Report* of Bennington Township, Morrow County, prepared by Van Kregel and Company, CPA's, 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.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 8, 2009

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Bennington Township
Morrow County, Ohio

Table of Contents

<u>TITLE</u>	<u>PAGE</u>
Independent Accountant's Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances-All Governmental Fund Types For the Year Ended December 31, 2008.....	3
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances-All Governmental Fund Types For the Year Ended December 31, 2007.....	4
Notes to the Financial Statements.....	5
Independent Accountant's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15
Schedule of Findings.....	17
Schedule of Prior Audit Findings.....	26

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INDEPENDENT ACCOUNTANT'S REPORT

Bennington Township
Morrow County, Ohio
P O Box 337
Marengo, Ohio 43334

To the Board of Trustees:

We have audited the accompanying financial statements of Bennington Township, Morrow 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 audits.

We conducted our audits 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 audits 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 audits provide 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 (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 requires 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 require 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 requirements. 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.

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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.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Bennington Township, Morrow County, Ohio 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 October 28, 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 audits.



Van Krevel & Company
Dublin, Ohio

October 28, 2009

Bennington Township
Morrow County, Ohio
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2008

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$ 66,599	\$ 71,813	\$ -	\$ 138,412
Licenses, Permits, and Fees		6,050		6,050
Intergovernmental Receipts	26,013	105,907		131,920
Earnings on Investments	2,409	630		3,039
Miscellaneous	11,610	7,800		19,410
Total Cash Receipts	<u>106,631</u>	<u>192,200</u>	<u>-</u>	<u>298,831</u>
Cash Disbursements:				
Current:				
General Government	96,585	2,049		98,634
Public Safety	1,680			1,680
Public Works		155,777		155,777
Health		30,167		30,167
Capital Outlay	8,634	224		8,858
Debt Service:				
Redemption of Principal		2,836	11,664	14,500
Interest and Other Fiscal Charges		70	2,423	2,493
Total Cash Disbursements	<u>106,899</u>	<u>191,123</u>	<u>14,087</u>	<u>312,109</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(268)</u>	<u>1,077</u>	<u>(14,087)</u>	<u>(13,278)</u>
Other Financing Receipts/(Disbursements):				
Transfers In		31,000	14,000	45,000
Transfers Out	(45,000)			(45,000)
Total Other Financing Receipts/(Disbursements)	<u>(45,000)</u>	<u>31,000</u>	<u>14,000</u>	<u>-</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(45,268)	32,077	(87)	(13,278)
Fund Cash Balances, January 1	<u>129,529</u>	<u>150,495</u>	<u>553</u>	<u>280,577</u>
Fund Cash Balances, December 31	<u>\$ 84,261</u>	<u>\$ 182,572</u>	<u>\$ 466</u>	<u>\$ 267,299</u>

Bennington Township
Morrow County, Ohio
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2007

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property Tax and Other Local Taxes	\$ 71,142	\$ 73,929	\$ -	\$ -	\$ 145,071
Licenses, Permits, and Fees		5,900		-	5,900
Intergovernmental Receipts	91,362	98,706			190,068
Earnings on Investments	2,786	281		-	3,067
Miscellaneous	2,017	6,900		-	8,917
Total Cash Receipts	<u>167,307</u>	<u>185,716</u>		<u>-</u>	<u>353,023</u>
Cash Disbursements:					
Current:					
General Government	85,750			-	85,750
Public Safety				-	-
Public Works		145,066		-	145,066
Health		22,311		-	22,311
Capital Outlay		19,927		64,000	83,927
Debt Service:					
Redemption of Principal	-	4,558	6,554	-	11,112
Interest and Other Fiscal Charges	-	360	1,898	-	2,258
Total Cash Disbursements	<u>85,750</u>	<u>192,222</u>	<u>8,452</u>	<u>64,000</u>	<u>350,424</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>81,557</u>	<u>(6,506)</u>	<u>(8,452)</u>	<u>(64,000)</u>	<u>2,599</u>
Other Financing Receipts/(Disbursements):					
Debt Proceeds				64,000	64,000
Transfers In		42,000	9,000		51,000
Transfers Out	(51,000)				(51,000)
Total Other Financing Receipts/(Disbursements)	<u>(51,000)</u>	<u>42,000</u>	<u>9,000</u>	<u>64,000</u>	<u>64,000</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	30,557	35,494	548	-	66,599
Fund Cash Balances, January 1	<u>98,972</u>	<u>115,001</u>	<u>5</u>	<u>-</u>	<u>213,978</u>
Fund Cash Balances, December 31	<u>\$ 129,529</u>	<u>\$ 150,495</u>	<u>\$ 553</u>	<u>\$ -</u>	<u>\$ 280,577</u>

Bennington Township
Morrow County, Ohio

Notes to the Financial Statements
December 31, 2008 and 2007

NOTE 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 Bennington Township, Morrow County, (the Township) as a body corporate and politic. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance and cemetery maintenance.

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

B Basis of Accounting

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

STAROhio is recorded at the share value the mutual funds report.

Bennington Township
Morrow County, Ohio

Notes to the Financial Statements
December 31, 2008 and 2007

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 proceeds from specific sources (other than capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

Cemetery Fund – This fund receives tax monies for maintaining the cemetery and fees from Township residents for the purchase of cemetery lots and the opening and closing of grave sites.

3 Debt Service Fund

This fund is used to accumulate resources for the payment of bonds and note indebtedness. Although a debt service fund exists, current debt (see Note 5) is also being paid from certain special revenue funds consistent with the purpose for which the funds were established. This is in accordance with Ohio Revised Code section 5705.10.

4 Capital Projects Fund

This fund accounts for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital projects fund.

A fund was established to purchase land and building at 4395 OH 229, Marengo, Ohio.

Bennington Township
Morrow County, Ohio

Notes to Financial Statements
December 31, 2008 and 2007

NOTE 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, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2 Estimated Resources

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

3 Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled and reappropriated in the subsequent year.

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

F Property, Plant and Equipment

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

Bennington Township
Morrow County, Ohio

Notes to Financial Statements
December 31, 2008 and 2007

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F 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.

NOTE 2 EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	<u>2008</u>	<u>2007</u>
Demand Deposits	\$266,573	\$279,869
STAROhio	<u>726</u>	<u>708</u>
Total Deposits and Investments	<u>\$267,299</u>	<u>\$280,577</u>

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

Investments: Investments in STAROhio are not evidenced by securities that exist in physical or book entry form.

NOTE 3 BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2008, follows:

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 138,627	\$ 106,631	\$ (31,996)
Special Revenue	180,475	223,200	42,725
Debt Service	<u>8,000</u>	<u>14,000</u>	<u>6,000</u>
Totals	<u>\$ 327,102</u>	<u>\$ 343,831</u>	<u>\$ 16,729</u>

Bennington Township
Morrow County, Ohio

Notes to Financial Statements
December 31, 2008 and 2007

NOTE 3 BUDGETARY ACTIVITY (continued)

2008 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 192,080	\$ 151,899	\$ 40,181
Special Revenue	281,580	191,123	90,457
Debt Service	12,360	14,087	(1,727)
Totals	<u>\$ 486,020</u>	<u>\$ 357,109</u>	<u>\$ 128,911</u>

Budgetary activity for the year ending December 31, 2007, follows:

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 134,589	\$ 167,307	\$ 32,718
Special Revenue	152,259	227,716	75,457
Debt Service	-	9,000	9,000
Capital Projects	-	64,000	64,000
Totals	<u>\$ 286,848</u>	<u>\$ 468,023</u>	<u>\$ 181,175</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 149,677	\$ 136,750	\$ 12,927
Special Revenue	210,120	192,222	17,898
Debt Service	-	8,452	(8,452)
Capital Projects	-	64,000	(64,000)
Totals	<u>\$ 359,797</u>	<u>\$ 401,424</u>	<u>\$ (41,627)</u>

Bennington Township
Morrow County, Ohio

Notes to Financial Statements
December 31, 2008 and 2007

NOTE 3 BUDGETARY ACTIVITY (continued)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Debt Service Fund by \$1,727 for the year ended December 31, 2008. Expenditures also exceeded appropriation authority in the Motor Vehicle, Gasoline Tax, Road and Bridge, Permissive Motor Vehicle License, Debt Service, and Capital Projects Funds in the amounts of \$7,533, \$27,611, \$8,774, \$3,805, \$8,452, and \$64,000, respectively for the year ended December 31, 2007.

Contrary to Ohio law appropriations exceeded actual resources in the Permissive Motor Vehicle License Fund by \$4,264 for the year ended December 31, 2008.

NOTE 4 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.

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

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

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

Bennington Township
Morrow County, Ohio

Notes to Financial Statements
December 31, 2008 and 2007

NOTE 5 DEBT

Debt outstanding at December 31, 2008 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
First Knox National Bank	\$43,396	4.91%
Ohio Public Works Commission	<u>5,007</u>	0.00%
Total	<u>\$48,403</u>	

The Ohio Public Works Commission loan was issued to help finance the reconstruction of Township Road 21.

The First Knox National Bank loan was issued to help finance the purchase of real estate and will be repaid in 60 monthly installments of \$1,207 with interest at the rate of 4.91% through March 2012. The loan is collateralized by the Township's taxing authority.

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31,	<u>Ohio Public Works Commission Loan</u>	<u>First Knox</u>
2009	\$ 2,504	\$14,489
2010	2,503	14,489
2011	0	14,489
2012	<u>0</u>	<u>3,622</u>
Totals	<u>\$ 5,007</u>	<u>\$47,089</u>

Bennington Township
Morrow County, Ohio

Notes to Financial Statements
December 31, 2008 and 2007

NOTE 6 RETIREMENT SYSTEM

The Township's officials belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10.0% and 9.5%, respectively, of their gross salaries. The Township contributed an amount equal to 14.0% and 13.85% of participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

NOTE 7 RISK MANAGEMENT

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). 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 Coverage

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Bennington Township
Morrow County, Ohio

Notes to Financial Statements
December 31, 2008 and 2007

NOTE 7 RISK MANAGEMENT (continued)

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006 or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net assets at December 31, 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$40,737,740	\$43,210,703
Liabilities	<u>(12,981,818)</u>	<u>(13,357,837)</u>
Net Assets	<u>\$27,755,922</u>	<u>\$29,852,866</u>

Bennington Township
Morrow County, Ohio

Notes to Financial Statements
December 31, 2008 and 2007

NOTE 7 RISK MANAGEMENT (continued)

At December 31, 2008 and 2007, respectively, liabilities above include approximately \$12.1 million and \$12.5 million of estimated incurred claims payable. The net assets above also include approximately \$10.8 million and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2008 and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$7,948. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Financial Position

Based on discussions with OTARMA the expected rates charged by OTARMA 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. The Townships contributions to OTARMA for the past three years are as follows:

<u>Year</u>	<u>Contribution</u>
2008	\$3,974
2007	4,162
2006	4,661

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they give written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary 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 8 RELATED PARTY TRANSACTIONS

The Township purchased hauling services and stone for Township roads during 2008 and 2007 from Jim Young Trucking, a company owned by the father of the Township's Fiscal Officer. Purchases totaled \$49,543 for 2008 and \$57,661 for 2007.

The Township also leases office space and a computer from the Township's Fiscal Officer. Payments made to the Fiscal Officer for 2008 and 2007 were \$2,900 and \$2,400, respectively.

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

Bennington Township
Morrow County, Ohio
P O Box 337
Marengo, Ohio 43334-0337

To the Board of Trustees:

We have audited the financial statements of Bennington Township, Morrow County, Ohio, (the Township), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated October 28, 2009, wherein we noted that the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audits 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 audits, 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 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 certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

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 its applicable accounting basis, such that there is more than a remote likelihood that the Township’s internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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Bennington Township
Morrow County, Ohio
Independent Accountant's Report on Internal Control over
Financial Reporting and on Compliance with Other Matters
Required by *Government Auditing Standards*

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2008-001, 2008-003, and 2008-005.

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.

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 internal control deficiencies that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe findings 2008-001, 2008-003 and 2008-005 are also 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, providing an opinion on compliance with those provisions was not an objective of our audits 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 2008-002 through 2008-008.

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



Van Krevel & Company
Dublin, Ohio

October 28, 2009

Bennington Township
Morrow County, Ohio

Schedule of Findings
December 31, 2008 and 2007

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

FINDING NO. 2008-001

Significant Deficiency/Material Weakness

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 and finance-related legal and contractual requirements and prepare financial statements.

During 2008 and 2007, Township receipts and disbursements were not always posted into accurate receipt and expenditure classifications, based upon the source.

In 2008:

The Township posted Homestead and Rollback monies received from the State of Ohio totaling \$14,691 to "Property Taxes" instead of "Intergovernmental" within the General and the Special Revenue Funds

Charges for emergency management services totaling \$1,680 were charged to General Government instead of Public Safety.

All tax collection fees were charged to the General Fund instead of allocating them among the funds receiving the tax monies. This resulted in the following fund adjustments:

Road and Bridge Fund	\$ (837.27)
Cemetery Fund	(2,048.85)
General Fund	2,886.12

The loan payments to the Ohio Public Works Commission totaling \$2,503.68 were charged to "Public Works" instead of "Debt Principal".

Bennington Township
Morrow County, Ohio

Schedule of Findings
December 31, 2008 and 2007

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

FINDING NO. 2008-001 (continued)

In 2007,

The Township posted Homestead and Rollback monies received from the State of Ohio totaling \$13,102 to “Property Taxes” instead of “Intergovernmental” within the General and Special Revenue Funds

All tax collection fees were charged to the General Fund instead of allocating the fees among the funds receiving the tax monies. This resulted in the following fund adjustments:

Road and Bridge Fund	\$ (620.91)
Cemetery Fund	(1,704.03)
General Fund	2,324.94

The Ohio Public Works Commission loan payments totaling \$2,503.68 were charged to “Public Works” rather than “Debt Principal” in the Gasoline Tax and Road and Bridge Funds.

First Knox National Bank loan payments totaling \$2,414.84 were charged to “Public Works” rather than “Debt Principal” and “Interest” in the Permissive Motor Vehicle License Tax Fund.

Down payments for the purchase of real property in the amount of \$17,078 was charged to “Public Works” instead of “Capital Outlay” in the Motor Vehicle, Gasoline Tax, Road and Bridge, and Permissive Motor Vehicle License Tax Funds. Additionally, the related “Debt Proceeds” and “Capital Outlay” in the amount of \$64,000 were not recorded in the Capital Projects Fund.

Posting receipts and disbursements to improper classifications results in inaccurate financial information begin presented to the Township Trustees. Reclassification entries have been made to the accompanying financial statements to accurately reflect the proper classification of these transactions.

The Ohio Township Handbook (revised April, 2009) provides suggested account classifications. These accounts classify receipts by fund and sources and classify disbursements by fund, program or object. Using these classifications will provide the Township with information required to monitor compliance with the budget and prepare annual reports in the format required by the Auditor of State.

Officials’ Response: Fiscal Officer has obtained a new account listing and will review for appropriate postings.

Bennington Township
Morrow County, Ohio

Schedule of Findings
December 31, 2008 and 2007

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

FINDING NO. 2008-002

Non Compliance

Ohio Revised Code Section 5705.36(A)(2) states that upon determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be greater or less than the amount included on the official certificate, the fiscal officer may certify the amount of the deficiency or excess to the commission, and if the commission determines the fiscal officer's certification is reasonable, the commission shall certify an amended certificate reflecting the deficiency or excess.

During 2008 and 2007, the Township increased and decreased budgetary receipts and increased and decreased appropriations, but did not obtain amended certificates from the County Budget Commission. Failure to obtain amended certificates could result in appropriations and expenditures made in excess of the actual resources available.

Appropriations exceeded the amount of actual resources available (actual revenue plus the prior year unencumbered balance) in the following funds during 2008:

<u>Fund</u>	<u>Actual Resources</u>	<u>Appropriations</u>	<u>Variance</u>
Permissive Motor Vehicle	\$24,736	\$29,000	\$(4,264)

Failure to limit appropriations to the amount of available resources could result in overspending and negative cash fund balances. The fiscal officer should compare appropriations to actual resources to gain assurance that adequate resources will be available. If the resources will not be available to cover appropriations, an amendment to the appropriation resolution should be passed by the Township's Board of Trustees to reduce appropriations.

Officials' Response: Fiscal Officer will run reports quarterly and review them.

Bennington Township
Morrow County, Ohio

Schedule of Findings
December 31, 2008 and 2007

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

FINDING NO. 2008-003

Noncompliance Citation/Material Weakness

Ohio Revised Code Section 5705.41(D)(1) prohibits a subdivision or taxing authority 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. Furthermore, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or an 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 Ohio Revised Code Sections 5705.41(d)(1) and 5605.41(d)(3), respectively.

Then and Now Certificate – If the fiscal officer can certify that both at the time the contract or order was made (then) and at the time the fiscal officer is completing the certification (now) that sufficient funds were available or in the process of collection, to the credit of the 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 30 days from the receipt of the "then and now" certificate to approve payment by resolution or ordinance.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance of the Township 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.

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. Only one blanket certificate may be outstanding at any particular time for any one line item appropriation.

Bennington Township
Morrow County, Ohio

Schedule of Findings
December 31, 2008 and 2007

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

FINDING NO. 2008-003 (continued)

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.

Although the obligations paid by the Township had a statement indicating that the purchase was lawfully appropriated or in the process of collection to the credit of an appropriate fund and free from any previous encumbrance, this certification of funds was not obtained prior to incurring the obligation for 45% of transactions tested for 2008 and 60% of transactions tested for 2007, and there was no evidence of a “Then and Now” certificate being utilized.

Failure to properly certify the availability of funds may result in overspending of funds.

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 ensure that purchase commitments receive prior approval. To improve controls over disbursements and help reduce the possibility of the Township’s funds exceeding budgetary spending limitations, we recommend that the Township’s Fiscal Officer certify that funds are or will be available prior to obligations being incurred by the Township. When prior certification is not possible, “then and now” certificate should be used.

Officials’ Response: Fiscal Officer began using blanket certificates in mid 2009.

Bennington Township
Morrow County, Ohio

Schedule of Findings
December 31, 2008 and 2007

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

FINDING NO. 2008-004

Noncompliance Citation

Ohio Revised code Section 5575.01 provides that competitive bidding is required for contracts for the maintenance or repair of roads, where the amount involved exceeds \$45,000. In each case, the board must advertise once, not later than two weeks prior to letting of the contract, in a newspaper published in the county and of general circulation in the township. Award must be to the lowest possible bidder.

The Township purchased hauling services and stone for Township roads during 2008 and 2007 from Jim Young Trucking, a company owned by the father of the Township's Fiscal Officer. Purchases totaled \$49,543 for 2008 and \$57,661 for 2007. There was no indication of compliance with competitive bidding procedures.

We recommend that the Township follow proper bidding procedures when entering into all contracts that exceed \$45,000 and take advantage of the lowest and best bid. If exceptions apply, we recommend that the Township document the reasons in the minutes.

Officials' Response: On January 11, 2006, the Township held an Organizational meeting to accept Jim Young's prices for hauling stone. On December 26, 2007, the minutes stated the Board wanted to continue having Jim Young haul the stone. In 2009, the Board of Trustees agreed to advertise for bids.

Bennington Township
Morrow County, Ohio

Schedule of Findings
December 31, 2008 and 2007

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

FINDING NO. 2008-005

Noncompliance Citation/Material Weakness

Ohio Revised Code Section 5705.41(B) states that no subdivision shall make any expenditure unless the same has been properly appropriated. In addition, Ohio Revised Code Section 5705.40 states, in part, that any appropriation ordinance or measure may be amended or supplemented, provided that such amendment or supplement shall comply with all provisions of law governing the Township making the original appropriation. The legal level of budgetary control for the Township is the level at which the Board adopts the original appropriation measure.

The Board did not approve, nor did they submit appropriation amendments, to the County Auditor. This allowed budgetary expenditures to exceed appropriations filed with the County Auditor for the years ended December 31, 2008 and 2007 in various Special Revenue, Debt Service and Capital Projects Funds.

Expenditures exceeded appropriations for the following funds and by the following amounts:

<u>Fund</u>	<u>Year</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
Debt Service	2008	\$ 12,360	\$ 14,087	\$ (1,727)
Motor Vehicle	2007	16,500	24,033	(7,533)
Gasoline	2007	59,240	86,851	(27,611)
Road & Bridge	2007	17,600	26,374	(8,774)
Permissive Motor Vehicle	2007	26,000	29,805	(3,805)
Debt Service	2007	--	8,452	(8,452)
Capital Projects	2007	--	64,000	(64,000)

We recommend the Township Fiscal Officer modify appropriations with the Board of Trustees and County Budget Commission before incurring obligations that would cause expenditures to exceed appropriations. The Township should deny any payments until the legislative authority has passed changes to the appropriation measure.

Officials' Response: Fiscal Officer will print quarterly reports to monitor.

Bennington Township
Morrow County, Ohio

Schedule of Findings
December 31, 2008 and 2007

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

FINDING NO. 2008-006

Noncompliance Citation

Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16 provide guidelines pertaining to allowable inter-fund transfers. Ohio Revised Code Section 5705.14 provides that inter-fund transfers may only be made by resolution of the taxing authority. Ohio Revised Code Section 5705.14(E) has been interpreted as requiring a resolution passed by a simple majority when transferring funds from the General Revenue Fund to other funds. Transfers are intended to reallocate money permanently from one fund to another and may only be made as authorized in Ohio Revised Code Sections 5705.14 through 5705.16

Although there was evidence in the Township minutes of approval of the majority of inter-fund transfers, the following transfers were not so noted:

<u>Year</u>	<u>From Fund</u>	<u>To Fund</u>	<u>Amount</u>
2007	General Revenue	Debt Service	\$1,000
2008	General Revenue	Debt Service	\$2,000

Pursuant to Ohio Rev. Code Section 5705.14, a separate resolution with specific dollar amounts should be approved for each transfer.

Officials' Response: Transfers do get approved by the Board and are in the minutes with motions passed. The omission of the transfers noted above from the minutes was an oversight.

Bennington Township
Morrow County, Ohio

Schedule of Findings
December 31, 2008 and 2007

**Findings Related to the Financial Statements
Required to be Reported in Accordance with GAGAS**

FINDING NO. 2008-007

Noncompliance Citation

Ohio Revised Code Section 507.03 prescribes the minimum bond requirements for fiscal officers whose term of office began after November 5, 2005, based upon the annual budget of the Township. The Township's budget for 2007 and 2008 exceeded \$500,000, which would require a minimum bond of \$110,000 for the fiscal coverage. The bond coverage in effect is \$85,000.

We recommend that the Fiscal Officer review the limits and request additional coverages.

Officials' Response: On October 28, 2009, the Fiscal Officer requested and should receive a new bond in the amount of \$110,000.

FINDING NO. 2008-008

Noncompliance Citation

Ohio Revised Code Section 505.04 requires that the Township's Board of Trustees to file an annual inventory of materials, machinery, tools and other supplies with the County Engineer by the second Monday in the month of January. In addition, a copy is to be given to the Township's Fiscal Officer.

We could not determine that the Township had filed the required annual inventory. We recommend that the Board includes procedures that includes adherence to this requirement.

Officials' Response: Responsibility for this task has been assigned to one of the Trustees who has also been given an example to follow.

Bennington Township
Morrow County

Schedule of Prior Audit Findings
December 31, 2008 and 2007

<u>Finding</u>	<u>Description</u>	<u>Fully Corrected</u>
2006-001	Posting of Receipt/Expenditures	No; Reissued as Finding 2008-001
2006-002	Amending Estimated Resources	No; Reissued as Finding 2008-002
2006-003	“Then and Now” Certification	No; Reissued as Finding 2008-003
2006-004	Competitive Bidding	No; Reissued as Finding 2008-004
2006-005	Expenditures Exceeding Appropriations	No; Reissued as Finding 2008-005



Mary Taylor, CPA
Auditor of State

BENNINGTON TOWNSHIP

MORROW 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
DECEMBER 22, 2009**