



**BENTON TOWNSHIP
MONROE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**BENTON TOWNSHIP
MONROE COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Benton Township
Monroe County
40249 Greenbrier Road
New Matamoras, Ohio 45767

To the Board of Trustees:

We have audited the accompanying financial statements of Benton Township, Monroe County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

During 2000 and 1999, Benton Township, Monroe County, expended \$991 and \$4,362, respectively, from the Gasoline Tax Fund, Special Revenue Fund Type, to pay for audit fees, UAN contractual fees, publishing expenses for the budget and general liability insurance. The use of gasoline excise tax is restricted by Ohio Rev. Code Section 5735.27. Had this amount been properly expended from the General Fund, the effect would have been to increase the cash balances of the Gasoline Tax Fund by \$5,353 to \$29,047 and to decrease the cash balance of the General Fund by \$5,353 to a deficit of \$1,399 as of December 31, 2000.

In our opinion, except for the matter referred to in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Benton Township, Monroe County, as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2001, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Benton Township
Monroe County
Report of Independent Accountants
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This report is intended solely for the information and use of management, the Board of Trustees, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

November 15, 2001

**BENTON TOWNSHIP
MONROE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$6,558	\$	\$	\$6,558
Intergovernmental	3,126	63,834		66,960
Earnings on Investments	541	697		1,238
Other Revenue		2,217		2,217
				<u>2,217</u>
 Total Cash Receipts	<u>10,225</u>	<u>66,748</u>	<u>0</u>	<u>76,973</u>
Cash Disbursements:				
Current:				
General Government	8,260			8,260
Public Safety	1,200			1,200
Public Works	748	51,903		52,651
Health	1,091			1,091
Debt Service:				
Redemption of Principal			5,876	5,876
Interest and Fiscal Charges			1,238	1,238
				<u>1,238</u>
 Total Cash Disbursements	<u>11,299</u>	<u>51,903</u>	<u>7,114</u>	<u>70,316</u>
 Total Receipts Over/(Under) Disbursements	<u>(1,074)</u>	<u>14,845</u>	<u>(7,114)</u>	<u>6,657</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	3,500		7,114	10,614
Transfers-Out		(10,614)		(10,614)
				<u>(10,614)</u>
 Total Other Financing Receipts/(Disbursements)	<u>3,500</u>	<u>(10,614)</u>	<u>7,114</u>	<u>0</u>
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	2,426	4,231	0	6,657
 Fund Cash Balances, January 1	<u>1,528</u>	<u>44,452</u>	<u>23</u>	<u>46,003</u>
 Fund Cash Balances, December 31	<u>\$3,954</u>	<u>\$48,683</u>	<u>\$23</u>	<u>\$52,660</u>

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

**BENTON TOWNSHIP
MONROE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Local Taxes	\$5,855	\$	\$	\$5,855
Intergovernmental	1,094	119,087		120,181
Earnings on Investments	23	1,567	23	1,613
Other Revenue	113	25		138
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	7,085	120,679	23	127,787
Cash Disbursements:				
Current:				
General Government	7,962			7,962
Public Safety	1,700			1,700
Public Works	778	57,394		58,172
Health	500			500
Debt Service:				
Redemption of Principal	25,000		4,489	29,489
Interest and Fiscal Charges			2,625	2,625
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	35,940	57,394	7,114	100,448
Total Receipts Over/(Under) Disbursements	<hr/> (28,855)	<hr/> 63,285	<hr/> (7,091)	<hr/> 27,339
Other Financing Receipts/(Disbursements):				
Transfers-In	27,000		7,114	34,114
Transfers-Out		<hr/> (34,114)		<hr/> (34,114)
Total Other Financing Receipts/(Disbursements)	<hr/> 27,000	<hr/> (34,114)	<hr/> 7,114	<hr/> 0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(1,855)	29,171	23	27,339
Fund Cash Balances, January 1	<hr/> 3,383	<hr/> 15,281	<hr/> 0	<hr/> 18,664
Fund Cash Balances, December 31	<hr/> \$1,528	<hr/> \$44,452	<hr/> \$23	<hr/> \$46,003

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

**BENTON TOWNSHIP
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Benton Township, Monroe County (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 and a publicly elected Clerk. The Township provides general governmental services, including road and bridge maintenance (public works), cemetery maintenance (health), and fire protection (public safety). The Township contracts with the Village of New Matamoros and Antioch Fire Departments to provide fire 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 follow the basis of accounting prescribed or permitted by the 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 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 prescribed or permitted by the Auditor of State.

C. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. 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:

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

Motor Vehicle License Tax Fund - This fund receives motor vehicle license tax money to pay for constructing, maintaining and repairing Township roads.

3. Debt Service Fund

The debt service fund is used to accumulate resources for the payment of note indebtedness. The Township had the following significant Debt Service Funds:

General Note Retirement Fund - This fund receives gasoline tax money to pay principal and interest on outstanding note debt.

**BENTON TOWNSHIP
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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 cash balances 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 2000 and 1999 budgetary activity appears in Note 3.

E. 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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2000</u>	<u>1999</u>
Demand deposits	<u>\$52,660</u>	<u>\$46,003</u>

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

**BENTON TOWNSHIP
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 was as follows:

2000 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$13,970	\$13,725	(\$245)
Special Revenue	56,427	66,748	10,321
Debt Service	7,114	7,114	0
Total	<u>\$77,511</u>	<u>\$87,587</u>	<u>\$10,076</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$14,036	\$11,299	\$2,737
Special Revenue	95,918	62,517	33,401
Debt Service	7,137	7,114	23
Total	<u>\$117,091</u>	<u>\$80,930</u>	<u>\$36,161</u>

1999 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$8,748	\$34,085	\$25,337
Special Revenue	108,556	120,679	12,123
Debt Service	0	7,137	7,137
Total	<u>\$117,304</u>	<u>\$161,901</u>	<u>\$44,597</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$12,122	\$35,940	(\$23,818)
Special Revenue	70,122	91,508	(21,386)
Debt Service	7,114	7,114	0
Total	<u>\$89,358</u>	<u>\$134,562</u>	<u>(\$45,204)</u>

**BENTON TOWNSHIP
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

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 December 31. If the property owner elects to make semiannual payment, the first half is due December 31. 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.

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Promissory Notes	\$14,635	5.25%
Total	\$14,635	

The promissory note was issued to finance the purchase of a road grader to be used for Township road maintenance. The note is collateralized by the road grader.

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

Year ending December 31:	Promissory Note
2001	\$7,114
2002	7,114
2003	1,583
Total	\$15,811

6. RETIREMENT SYSTEMS

The Township's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**BENTON TOWNSHIP
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

6. RETIREMENT SYSTEMS (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. For the period July 1, 2000 through December 31, 2000 PERS temporarily reduced the employer's contribution rate to 8.13% of participants gross salaries. The Township prepared checks for the June through December 2000 employee and employer share of PERS but did not remit the checks to PERS. The Township has unpaid contributions of \$3,451 at December 31, 2000 that result in liabilities of \$946 to General Fund, \$780 to Motor Vehicle License Fund and \$1,725 to Gasoline Tax Fund. We have adjusted the undistributed checks back into the financial statements.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- General liability and casualty
- Vehicles
- Property
- Public Officials' liability

The Township also provides health and life insurance coverage to elected officials through a private carrier.

8. PAYROLL WITHHOLDING TAXES

The Township prepared checks for the monthly distribution of state withholding, federal withholding and employee and employer share medicare payroll taxes but never remitted these checks to the appropriate governmental agency. The Township has unpaid contributions of \$8,781 for federal withholding and employee and employer share of medicare and \$1,316 for state withholding payroll taxes. Unpaid contributions for payroll withholding taxes has resulted in liabilities of \$2,637 to General Fund, \$6,388 to Motor Vehicle License Fund and \$1,072 to Gasoline Tax Fund. We have adjusted the undistributed checks back into the financial statements.

9. COMPLIANCE

The Township did not consistently obtain Clerk's prior certification for disbursements in 1999, contrary to Ohio Rev. Code Section 5705.41(D).

The Township had expenditures that exceeded appropriations during 1999, contrary to Ohio Rev. Code Section 5705.41(B).

The Township made improper expenditures from the Gasoline Tax Fund, contrary to Ohio Rev. Code Section 5735.27.

The Township withheld federal withholding payroll taxes and medicare taxes but did not remit to the federal government, contrary to 26 U.S.C. Section 3403.

The Township withheld Public Employees Retirement System deductions but did not remit the withholdings to Public Employees Retirement System, contrary to Ohio Rev. Code Section 145.47.

The Township withheld State withholding payroll taxes but did not remit to State of Ohio, contrary to Ohio Rev. Code Section 5747.07.

**BENTON TOWNSHIP
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

10. RESTATEMENT OF FUND BALANCES

For the year ended December 31, 1998, an adjustment resulted in fund balance restatement.

	Fund Balance at <u>December 31,</u> <u>1998</u>	Restatement <u>Amount</u>	Fund Balance at <u>January 1, 1999</u>
<u>Governmental Fund Type:</u>			
General Fund	\$2,674	\$709	\$3,383
Special Revenue Fund	\$12,727	\$2,554	\$15,281

The changes in fund balances for the General and Special Revenue Funds are the result of adjustments for posting errors in the prior period.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Benton Township
Monroe County
40249 Greenbrier Road
New Matamoras, Ohio 45767

To the Board of Trustees:

We have audited the accompanying financial statements of Benton Township, Monroe County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, which was qualified since certain disbursements were not recorded in the proper fund types, and have issued our report thereon dated November 15, 2001. 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.

Compliance

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 grants, noncompliance with which could have a direct and material effect on 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 instances of noncompliance that is required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2000-41056-001 through 2000-41056-006. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated November 15, 2001.

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 opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying Schedule of Findings as items 2000-41056-007, 2000-41056-008 and 2000-41056-009. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated November 15, 2001.

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 misstatements 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We consider the reportable condition identified above as item 2000-41056-009 to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated November 15, 2001.

This report is intended for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

November 15, 2001

**BENTON TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2000-41056-001

Finding for Adjustment

Ohio Rev. Code § 5735.27 restricts the purpose for which the gasoline excise tax may be expended.

During 2000 and 1999, the Township expended \$991 and \$4,362, respectively, from the Gasoline Tax Fund, Special Revenue Fund Type, to pay for audit fees, UAN contractual fees, publishing expenses for the budget and general liability insurance.

A finding for adjustment is hereby issued against the General Fund of Benton Township, Monroe County, in the amount of \$5,353, in favor of the Gasoline Tax Fund, Special Revenue Fund Type. This adjustment has not been recorded on the books of the Township.

FINDING NUMBER 2000-41056-002

Noncompliance Citation

Ohio Rev. Code § 5705.41(D) states that no subdivision or taxing unit shall make any contact or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides two "exceptions" to the above requirements:

1. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, the Board of Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
2. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Board of Trustees.

Certain liabilities, contracts, and open purchase commitments were not certified by the Clerk prior to the obligation. There was no documentation that a "Then and Now" Certificate was used and subsequently approved by the Board of Trustees within the aforementioned 30-day time period. Thirty-six percent of expenditure transactions tested for 1999 and 2000 were not properly certified.

We recommend the Township Clerk certify the availability of funds prior to the cash expenditure being made. Where prior certification is not practicable, we encourage the Clerk to utilize "Then and Now" certificates or blanket certificates.

**BENTON TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2000-41056-003

Noncompliance Citation

Ohio Rev. Code § 5705.41 (B) prohibits a subdivision from making an expenditure unless it has been appropriated.

During 1999 expenditures exceeded appropriations at the legal level of control in the FEMA Fund, a Special Revenue Fund Type, in the amount of \$34,114 and the General Fund, in the amount of \$24,571.

We recommend the Board of Trustees and the Clerk review the appropriation balances each month and approve the necessary amendments to the appropriations at the legal level of control prior to the disbursement of funds.

FINDING NUMBER 2000-41056-004

Noncompliance Citation

Ohio Rev. Code § 145.47 requires each employer to report and pay amounts withheld from all employees for contributions to the Public Employees Retirement System within thirty days of the end of the month in which amounts were withheld.

The Township prepared checks for the June 2000 through December 2000 employee and employer share of PERS but did not remit the checks to PERS. The Township maintained these checks as outstanding checks for the bank reconciliation process.

We recommend the Township contact the Public Employees Retirement System and make arrangements to pay the seven months of PERS withholdings in arrears, with any applicable penalties. The Township should ensure that PERS withholdings are remitted to PERS within thirty days. We have adjusted these checks that were not remitted back into the financial statements.

FINDING NUMBER 2000-41056-005

Noncompliance Citation

Ohio Rev. Code § 5747.07 requires the Township to pay state taxes withheld from the employees' and officials' compensation during each calendar quarter, to the state treasury within thirty days from the end of each calendar quarter end and file an employer's return with each payment as prescribed by the tax commissioner.

For calendar years 1998, 1999 and 2000, state tax was deducted from the wages of the Township employees and officials and checks were prepared, however, the checks were never remitted to the Treasurer of the State of Ohio during the audit period. The Township maintained these checks as outstanding checks for the bank reconciliation process.

We recommend the Township contact the State Tax Commissioner and make arrangements to pay the three years of state withholding taxes in arrears, with any applicable penalties. The Township should ensure that state tax withholdings are remitted to the State of Ohio within thirty days. We have adjusted these checks that were not remitted back into the financial statements.

**BENTON TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2000-41056-006

Noncompliance Citation

26 U.S.C. § 3402 states that every employer making payment of wages shall deduct and withhold upon such wages a tax determined in accordance with tables or computational procedures prescribed by the Secretary of the Treasury. The employer is required to submit the employees' withholdings to the Internal Revenue Service either monthly or quarterly, depending upon the monthly gross wages.

For calendar years 1998, 1999 and 2000, the federal tax withholding and the employer and employee share of medicare tax were deducted from the wages of the Township employees and officials and checks were prepared, however, the checks were never remitted to the Internal Revenue Service during the audit period. The Township maintained these checks as outstanding checks for the bank reconciliation process.

We recommend the Township contact the Internal Revenue Service and make arrangements to pay the three years of federal withholding taxes in arrears, with any applicable penalties. The Township should ensure that federal tax withholdings are remitted to the Internal Revenue Service within thirty days or quarterly. We have adjusted these checks that were not remitted back into the financial statements.

FINDING NUMBER 2000-41056-007

Reportable Condition - Estimated Revenue and Appropriations Posting

The Township should post in the Receipt Ledger, the estimated amount of money anticipated to be received by all funds and accounts, as specified by the County Budget Commission in the Certificates of Estimated Resources, and post in the Appropriation Ledger, at the legal level of control, the amount appropriated for each fund by the legislative authority.

The Township Receipts Ledger did not reflect all changes in the Amended Certificate of Estimated Resources that were filed and approved by the County Budget Commission in 1999 and 2000. The Appropriations Ledger did not reflect the amounts appropriated at the legal level of control for each account in the appropriation resolutions noted in the Board of Trustees' minute record. This resulted in inaccurate budget to actual revenue comparisons in the annual financial report and for use as a basis for managing the Township.

We recommend that Township records be updated in a timely manner to reflect any budgetary amendments and changes in budgetary information be posted amounts be verified to estimated receipts certified in the latest Amended Certificate of Estimated Resources and appropriations approved by the Board of Trustees.

**BENTON TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2000-41056-008

Reportable Condition - Supporting Documentation

The Township's disbursement cycle had a procedure that all voucher packages contain supporting documentation for all expenditures made by the Township.

Thirty-five percent of the vouchers we tested did not have supporting documentation, such as an invoice. Subsequently, our scan of vouchers indicated that invoices were not consistently a part of the voucher package. The lack of maintaining invoices for all Township expenditures provides a lack of support as to whether expenditures represent valid Township expenditures and were posted correctly to the accounting records.

We recommend that all voucher packages contain supporting documentation. If a voucher package does not contain supporting documentation, the Board of Trustees should not approve as ready for payment. We have considered the effects of this matter in forming our opinion on the financial statements.

FINDING NUMBER 2000-41056-009

Material Weakness - Financial Reports

The Township Clerk was required to perform all accounting functions, which did not provide an adequate segregation of duties. The Board of Trustees did not ask for, or receive, any financial reports from the Clerk for the majority of our audit period. It was not documented in the minutes that the Board of Trustees review the bills at each monthly meeting and make a motion to pay the bills.

The lack of providing the Board with current financial information could lead the Board to make financial decisions without adequate knowledge of the Township's financial status.

We recommend the Township have the Clerk prepare monthly for their review, the monthly bank reconciliation, fund status report, budget vs. actual fund report, list of bills to be paid and a monthly check register report. The Board should review these reports and document their approval of these reports in the monthly minutes. Additionally, the Board of Trustees should periodically review the accounting records to ensure they are posted up-to-date.

**BENTON TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2000**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1998-41056-001	Ohio Rev. Code Section 5705.41(D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Of expenditures tested in 1998 and 1997, 61% did not contain prior certification.	No	Not Corrected; Repeated in GAGAS letter as Finding 2000-41056-002 for salary overpayments made during this audit period.
1998-41056-002	Ohio Rev. Code Section 5705.41(B) prohibits a subdivision from making an expenditure unless it has been properly appropriated. The Township had expenditures in excess of the appropriations in the Gasoline Tax Fund and the Issue II Fund.	No	Not Corrected; Repeated in GAGAS letter as Finding 2000-41056-003.



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OFFICE OF THE AUDITOR

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BENTON TOWNSHIP

MONROE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 15, 2002**