



**Auditor of State
Betty Montgomery**

**BENTON TOWNSHIP
MONROE COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Benton Township
Monroe County
Route 1
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, 2002 and 2001. 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 generally accepted accounting principles.

In 2001, the Township failed to make an adjustment from a prior audit for illegal expenditures in favor of the Gas Tax Fund, Special Revenue Fund type in the amount of \$3,411 and against the General Fund in the amount of \$2,664 and the against the Motor Vehicle License Tax Fund, Special Revenue Fund type, in the amount of \$747. In 2001, the Township improperly charged various types of expenditures to the Gasoline Tax Fund, Special Revenue Fund type, in the amount of \$1,827 and due the General Fund, in the amount of \$1,413 and due the Motor Vehicle License Tax Fund, Special Revenue Fund type in the amount of \$414. Also in 2001, the portion of Board of Trustees' salaries due to be paid from the General Fund, in the amount of \$612 were paid from the Gasoline Tax Fund, Special Revenue Fund type, in the amount of \$612. Also, during 2001, the Township posted expenditures for the payment of federal and state payroll withholding taxes but these checks were never remitted to the appropriate agencies, resulting in invalid expenditures to the General Fund, in the amount of \$917, to the Motor Vehicle License Tax Fund, Special Revenue Fund type, in the amount of \$1,327 and to the Gasoline Tax Fund, Special Revenue Fund type, in the amount of \$995. Had these posting errors been properly posted to the Township's accounting system, the 2001 General Fund expenditures would have been increased by \$3,772 and the December 31, 2001 cash balance of the General Fund would have been decreased by \$3,772. The 2001 Special Revenue Fund expenditures would have been decreased by \$7,011 and the December 31, 2001 cash balance of the Special Revenue Fund would have been increased by \$7,011.

In 2002, the Township improperly charged various types of expenditures to the Gasoline Tax Fund, Special Revenue Fund type, in the amount of \$462 and due the General Fund, in the amount of \$462. Also in 2002, the portion of Board of Trustees' salaries due to be paid from the General Fund, in the amount of \$656 were paid from the Gasoline Tax Fund, Special Revenue Fund type, in the amount of \$656. Also, during 2002, the Township did not post interest revenue, resulting in under statement of revenues to the General Fund, in the amount of \$60, to the Motor Vehicle License Tax Fund, Special Revenue Fund type, in the amount of \$213 and to the Gasoline Tax Fund, Special Revenue Fund type, in the amount of \$595. Had these posting errors been properly posted to the Township's accounting system, the 2002 General Fund expenditures would have been increased by \$1,118, the 2002 General Fund revenues would have been increased by \$60 and the December 31, 2002 cash balance of the General Fund would have been decreased by a cumulative \$4,830. The 2002 Special Revenue Fund expenditures would have been decreased by \$1,118, the 2002 Special Revenue Fund revenues would have been increased by \$808 and the December 31, 2002 cash balance of the Special Revenue Fund would have been increased by a cumulative \$8,937.

During the current audit period and the preceding three years, the Township has failed to properly remit payroll withholding taxes, federal and state, in the cumulative amount of \$17,505. The General Fund is in arrears in the amount of \$3,860 and the Special Revenue Funds are in arrears in the amount of \$13,645. In addition, during the current audit period, the Township failed to properly remit Public Employees Retirement System payments, in the cumulative amount of \$3,791. The General Fund is in arrears in the amount of \$1,115 and the Special Revenue Funds are in arrears in the amount of \$2,676.

In our opinion, because of the effect of the matters discussed in the preceding three paragraphs, the financial statements referred to above do not present fairly, in all material respects, the combined fund cash balances of Benton Township, Monroe County, as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

Also, as described in Notes 5 and 6, as of December 31, 2002, the Township is in arrears \$21,296 in unremitted payroll withholdings.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2004 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.

This report is intended solely for the information and use of the audit committee, 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.



Betty Montgomery
Auditor of State

May 3, 2004

**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, 2002**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
Cash Receipts:				
Local Taxes	\$6,438	\$	\$	\$6,438
Intergovernmental	8,935	67,891		76,826
Other Revenue		600		600
Total Cash Receipts	15,373	68,491	0	83,864
Cash Disbursements:				
Current:				
General Government	9,945			9,945
Public Safety	1,700			1,700
Public Works	900	48,567		49,467
Health	1,000			1,000
Total Cash Disbursements	13,545	48,567	0	62,112
Total Cash Receipts Over/(Under) Cash Disbursements	1,828	19,924	0	21,752
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	1,828	19,924	0	21,752
Fund Cash Balances, January 1	2,089	39,041	23	41,153
Fund Cash Balances, December 31	\$3,917	\$58,965	\$23	\$62,905

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, 2001**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
Cash Receipts:				
Local Taxes	\$6,473	\$	\$	\$6,473
Intergovernmental	3,652	66,498		70,150
Earnings on Investments	303	982		1,285
Other Revenue	496			496
Total Cash Receipts	10,924	67,480	0	78,404
Cash Disbursements:				
Current:				
General Government	10,617			10,617
Public Safety	1,200			1,200
Public Works	818	72,109		72,927
Health	953	0		953
Total Cash Disbursements	13,588	72,109	0	85,697
Total Cash Receipts Over/(Under) Cash Disbursements	(2,664)	(4,629)	0	(7,293)
Other Financing Receipts/(Disbursements):				
Transfers-In	2,000			2,000
Transfers-Out		(2,000)		(2,000)
Total Other Financing Receipts/(Disbursements)	2,000	(2,000)	0	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(664)	(6,629)	0	(7,293)
Fund Cash Balances, January 1	2,753	45,670	23	48,446
Fund Cash Balances, December 31	\$2,089	\$39,041	\$23	\$41,153

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

**BENTON TOWNSHIP
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Benton Township, Monroe County, Ohio, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides road and bridge maintenance. The Township contracts with the Antioch Fire Department and the New Matamoras Fire Department to provide fire services.

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

B. 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:

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

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

3. Debt Service Funds

The debt service fund is established to accumulate resources for the payment of bonds and note indebtedness. The debt service fund did not have any financial activity during the audit period.

**BENTON TOWNSHIP
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 2002 and 2001 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

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

	<u>2002</u>	<u>2001</u>
Demand deposits	<u>\$62,905</u>	<u>\$41,153</u>

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

**BENTON TOWNSHIP
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$14,442	\$15,373	\$931
Special Revenue	67,877	68,491	614
Debt Service	2	0	(2)
Total	<u>\$82,321</u>	<u>\$83,864</u>	<u>\$1,543</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$17,732	\$13,545	\$4,187
Special Revenue	108,932	48,567	60,365
Debt Service	25	0	25
Total	<u>\$126,689</u>	<u>\$62,112</u>	<u>\$64,577</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$18,503	\$13,588	\$4,915
Special Revenue	97,646	74,109	23,537
Debt Service	7,400	0	7,400
Total	<u>\$123,549</u>	<u>\$87,697</u>	<u>\$35,852</u>

Contrary to Ohio law, the Township had appropriations which exceeded estimated resources during 2001.

Contrary to Ohio law, the Township did not authorize tax levies to the County Budget Commission during 2002 and filed late in 2001.

Contrary to Ohio law, the Township did not certify available revenue during 2001 and filed late in 2002.

Contrary to Ohio law, during 2001 the Township did not submit their permanent appropriation measures to the County Auditor.

Contrary to Ohio law, the Township amended appropriations without approval of the legislative authority.

Contrary to Ohio law, the Township failed to properly obtain the Township Clerk's prior certification during 2002 and 2001.

**BENTON TOWNSHIP
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002 AND 2001
(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.

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

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

5. RETIREMENT SYSTEMS

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS 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.

Contribution rates are also prescribed by the Ohio Revised Code. OPERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has unpaid contributions in the cumulative amount of \$3,791.

6. PAYROLL WITHHOLDING TAXES

The Township is in arrears for state withholding taxes in the amount of \$2,580 and in arrears for federal withholding and medicare taxes in the amount of \$14,925. These amounts in arrears do not include any interest and penalties that may be applied.

7. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Inland Marine

8. SUBSEQUENT EVENTS

The Township is currently making arrangements with Internal Revenue Service, State of Ohio, Ohio Public Employees Retirement System and Ohio Bureau of Workers Compensation for unpaid payroll withholding taxes and insurance payments.



**Auditor of State
Betty Montgomery**

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

Benton Township
Monroe County
Route 1
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, 2002 and 2001, and have issued our report thereon dated May 3, 2004, wherein we opined the financial statements were not fairly presented since the Township declined to adjust its financial statements or accounting records for improper disbursement of monies in a restricted fund, reporting expenditures that never occurred and certain payroll withholdings were not made. 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 the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2002-001 to 2002-011. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 3, 2004.

Internal Control Over Financial Reporting

In planning and performing our engagement, 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 a reportable condition. 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. Reportable conditions are described in the accompanying Schedule of Findings as items 2002-012 and 2002-013.

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 over financial reporting that might be reportable conditions and, accordingly would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe the reportable conditions described above are material weaknesses. 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 May 3, 2004.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

May 3, 2004

**BENTON TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001**

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

FINDING NUMBER 2002-001

Noncompliance Citation

Ohio Rev. Code Section 5705.34 requires each taxing authority, by ordinance or resolution, to authorize the necessary tax levies and certify them to the County Auditor before the first day of October in each year, or at such later date as is approved by the tax commissioner.

The Township did not certify tax levies for 2001 until November 15, 2001 and did not certify any tax levies for 2002. This could affect the millage of any levies the Township has in effect for the coming year.

We recommend the Board of Trustees pass a resolution to authorize the necessary tax levies and file it with the County Auditor prior to October 1 of each year.

FINDING NUMBER 2002-002

Noncompliance Citation

Ohio Rev. Code Section 5705.36 states, in part, that on or about the first day of each fiscal year, the fiscal officer of the Township is to certify to the County Auditor the total amount from all sources which is available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.

The Township did not certify the FY 2002 amounts to the County Auditor until July 18, 2002. In addition, they did not certify their FY 2001 amounts to the County Auditor. Because of the late filings in FY 2002 and no filing in FY 2001, the County Budget Commission could not submit the first Amended Certificate to the Township in a timely manner.

We recommend the Township certify their total amount available for expenditure from each fund on or about the first day of each fiscal year.

FINDING NUMBER 2002-003

Noncompliance Citation

Ohio Rev. Code Section 5705.36 states, in part, that total appropriations made during a fiscal year from any fund must not exceed the amount contained in the certificate of estimated resources or the amended certificate of estimated resources which was certified prior to making the appropriation or supplemental appropriation.

For fiscal year 2001, the Township did not certify available revenue at the beginning of the year, therefore the County Budget Commission never submitted a first Amended Certificate of Appropriation to the Township during FY 2001. The Township's appropriations for all funds in FY 2001 were greater than estimated resources.

We recommend the Township ensure that appropriations do not exceed estimated resources before approving such appropriation measure.

**BENTON TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001
(Continued)**

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

FINDING NUMBER 2002-004

Noncompliance Citation

Ohio Revised Code Section 5705.40 states, in part, that a subdivision may amend or supplement their appropriation measure as long as the entity complies with the same provisions of the law as are used in making the original appropriation.

The Township Clerk made multiple appropriation amendments to the appropriation ledger throughout the audit period. However, these amendments were not approved by the Board of Trustees in the minutes, nor were they certified to the County Auditor. As a result, the township could expend monies which are not available for expenditure.

We recommend the Clerk obtain approval of the Board of Trustees and document that approval in the minute record prior to posting any supplemental appropriations. In addition, the Clerk should certify any amendments to the appropriation measure to the County Auditor.

FINDING NUMBER 2002-005

Noncompliance Citation

Ohio Rev. 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.

There are several exceptions to the standard requirement stated above: including: "then and now" certificates, blanket certificates and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the township can authorize the drawing of a warrant for the payment of the amount due. The township has thirty days from receipt of the "then and now" certificate to approve payment by ordinance or resolution.
2. Amounts of less than \$1,000 (which was increased to \$3,000 on April 7, 2003) may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

Fiscal officers may prepare so-called "blanket" certificates not exceeding \$5,000 against any specific line item account over a period not exceeding 3 months or running beyond the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

**BENTON TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001
(Continued)**

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

FINDING NUMBER 2002-005 (Continued)

Noncompliance Citation (Continued)

Ohio Rev. Code Section 5705.41(D) (1) (Continued)

Effective September 26, 2003, the \$5,000 limit on the issuance of purchase orders and the requirement that purchase orders not extend beyond three months have been removed from the law. Effective September 26, 2003, purchase orders may not exceed an amount established by resolution or ordinance of the legislative authority, and cannot extend past the end of the fiscal year. In other words, blanket certificates cannot be issued unless there has been an amount approved by the legislative authority for the blanket.

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 exceed beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Township did not properly certify the availability of funds prior to purchase commitment for 100% of expenditures in 2001 and 57% of expenditures tested in 2002. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances. In addition, the Township issued four purchase orders that were classified as blanket certificates which exceeded the three month time limit, which existed at the time. Also, two blanket purchase orders were issued from the same appropriation line item.

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

We recommend the Township certify purchases to which Ohio Revised Code Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language Ohio Revised Code 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification prior to the Township incurring a commitment, and only when the requirements of Ohio Revised Code Section 5705.41(D) are satisfied. The fiscal officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

FINDING NUMBER 2002-006

Finding for Adjustment

26 U.S.C. Section 3403 states, in part, employers are liable for payment of the taxes deducted and withheld.

**BENTON TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001
(Continued)**

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

FINDING NUMBER 2002-006 (Continued)

Finding for Adjustment (Continued)

26 U.S.C. Section 3403 (Continued)

The Township withheld federal and Medicare taxes from employees, but did not remit the employee's or employer's share of these taxes to the Internal Revenue Service for the current and preceding four years. For 1998, 1999, 2000 and 2001 checks were prepared, but were never remitted to the Internal Revenue Service. The 1998, 1999 and 2000 expenditure amounts were adjusted back on the accounting books by the Township during the prior audit. For 2002, no remittances were made, nor checks written. During 2001, the Township prepared checks for the Internal Revenue Service and carried them on the outstanding checklist but never remitted the checks. This resulted in the Township reflecting \$917 of General Fund expenditures, \$1,327 of Motor Vehicle License Tax Fund, a Special Revenue Fund type expenditures and \$995 of Gasoline Tax Fund, Special Revenue Fund type expenditures during 2001 that were not valid expenditures. The cumulative amount of federal withholdings and medicare taxes owed by the Township at December 31, 2002 is \$14,925. The General Fund is in arrears by \$3,449, the Motor Vehicle License Tax, Special Revenue Fund type is in arrears by \$5,273 and the Gasoline Tax, Special Revenue Fund type is in arrears by \$6,203 as of December 31, 2002.

A finding for adjustment is hereby issued in favor of the General Fund of Benton Township, Monroe County, in the amount of \$917, in favor of the Motor Vehicle License Tax Fund, Special Revenue Fund type in the amount of \$1,327 and in favor of the Gasoline Tax Fund, Special Revenue Fund type in the amount of \$995. The Township has not posted this adjustment to its financial statements or their accounting system.

We recommend the Township contact the Internal Revenue Service and make arrangements to pay the five years of federal withholding and medicare taxes in arrears, with any applicable interest and penalties. The Township should ensure that federal tax withholdings are remitted to the Internal Revenue Service within thirty days or quarterly, as applicable.

FINDING NUMBER 2002-007

Noncompliance Citation

Ohio Rev. Code Section 5747.07 (E)(1) 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 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. The Township adjusted these amounts back into their accounting system during the prior audit. For calendar years 2001 and 2002, state tax amounts were deducted from the wages of the Township employees and officials, however, a check was never prepared and remitted to the Treasurer of the State of Ohio during the audit period. This resulted in state withholding taxes due of a cumulative \$2,580 as of December 31, 2002 for the current year and the preceding four years. The General Fund is in arrears by \$411, the Motor Vehicle License Tax, Special Revenue Fund type is in arrears by \$1,041 and the Gasoline Tax, Special Revenue Fund type is in arrears by \$1,128 as of December 31, 2002.

**BENTON TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001
(Continued)**

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

FINDING NUMBER 2002-007

Noncompliance Citation

Ohio Rev. Code Section 5747.07 (E)(1) (Continued)

We recommend the Township contact the State Tax Commissioner and make arrangements to pay the five years of state withholdings 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 from the end of each calendar quarter.

FINDING NUMBER 2002-008

Noncompliance Citation

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

The Township is in arrears for part of 2001 and a portion of the 2002 employee and employer share of OPERS. The cumulative amount of OPERS payments due for 2001 and 2002 is \$3,791. The General Fund is in arrears by \$1,114, the Motor Vehicle License Tax, Special Revenue Fund type is in arrears by \$1,359 and the Gasoline Tax, Special Revenue Fund type is in arrears by \$1,318 as of December 31, 2002.

We recommend the Township contact the Ohio Public Employees Retirement System and make arrangements to pay the OPERS withholdings which are in arrears, with any applicable interest and penalties.

FINDING NUMBER 2002-009

Finding for Adjustment

Ohio Rev. Code Section 5735.27(A)(5) requires the funds received from the gasoline excise tax shall be expended by each township to plan, construct, maintain, widen, and reconstruct the public roads and highways within such township. Ohio Rev. Code Section 4503.02 requires the funds received from an annual license tax shall be used for planning, constructing, maintaining, and repairing roads, highways, and streets; maintaining and repairing bridges and viaducts. In addition Article XII, Section 5a, of the Ohio Constitution states that no monies derived from fees, excises, or license taxes relating to registration, operation, or use of vehicles on public highway, or to fuels used for propelling such vehicles, shall be expended for other than costs of administering such laws, statutory refunds and adjustments provided therein, payment of highway obligations, costs for construction, reconstruction, maintenance and repair of public highways and bridges and other statutory highway purposes, expense of state enforcement of traffic laws, and expenditures authorized for hospitalization of indigent persons injured in motor vehicle accidents on the public highways.

**BENTON TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001
(Continued)**

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

FINDING NUMBER 2002-009

Finding for Adjustment

Ohio Rev. Code Section 5735.27(A)(5) (Continued)

During 2002 and 2001, the Township expended \$462 and \$1,827 respectively from the Gasoline Tax Fund, Special Revenue Fund Type, to pay for audit fees, UAN fees, telephone service, dues, office supplies, and publishing fees. For 2002, these expenditures should have been paid from the General Fund in the amount of \$462 and for 2001, these expenditures should have been paid from the General Fund in the amount of \$1,413 and paid from the Motor Vehicle License Tax Fund, Special Revenue Fund type in the amount of \$414.

A finding for adjustment is hereby issued against the General Fund of Benton Township, Monroe County, in the amount of \$1,875 and against the Motor Vehicle License Tax Fund, Special Revenue Fund type, in the amount of \$414 and in favor of the Gasoline Tax Fund, Special Revenue Fund type in the amount of \$2,289. The Township has not posted this adjustment to its financial statements or their accounting system.

In our report dated November 15, 2001 on the Township's financial statements for the years ended December 31, 1999 and 2000, we noted that during 1999 and 2000 the Township expended money from the Gasoline Tax Fund, Special Revenue Fund type that did not meet the purposes for which gasoline excise tax may be expended. The Township did not fully post this adjustment to their accounting records, therefore we will be reissuing the unpaid finding for adjustment amounts. The unpaid portion of the finding for adjustment should be in favor of the Gasoline Tax Fund, Special Revenue Fund type in the amount of \$3,411 and against the General Fund in the amount of \$2,664 and against the Motor Vehicle License Tax Fund in the amount of \$747. The Township has not posted this adjustment to its financial statements or their accounting system.

FINDING NUMBER 2002-010

Finding for Adjustment

Ohio Rev. Code Section 505.24 states the Board of Trustees shall be paid from the General Fund or from such other Township funds in such proportions as the Board of Trustees may specify by Resolution. The salary resolution must allocate the salary distribution from various funds in the same proportion as the Board of Trustees' service bears to the activities supported by such funds, as determined by the Board of Trustees.

During 2002 and 2001, the Township paid all Board of Trustee salaries and fringe benefits from the Gasoline Tax Fund, Special Revenue Fund type and the Motor Vehicle License Tax Fund, Special Revenue Fund type. A resolution had not been adopted by the Board of Trustees specifying how Board of Trustee salaries would be allocated. As a result, all of the salaries should have been paid from the General Fund. During the May 6, 2004 Board of Trustee meeting, the Board of Trustees passed a retro-active Resolution stating that for calendar year 2002 and 2001, 2% of the Board of Trustee's salary should have been paid from the General Fund and the remaining 98% should have been paid from the Gasoline Tax Fund. For 2002, this amounted to \$656 and for 2001 this amounted to \$612.

**BENTON TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001
(Continued)**

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

FINDING NUMBER 2002-010 (Continued)

Finding for Adjustment

Ohio Rev. Code Section 505.24 (Continued)

A finding for adjustment is hereby issued against the General Fund of Benton Township, Monroe County, in the amount of \$1,268, in favor of the Gasoline Tax Fund, a Special Revenue Fund type, in the amount of \$1,268. The Township has not posted this adjustment to its financial statements.

FINDING NUMBER 2002-011

Noncompliance Citation

Ohio Rev. Code Section 5705.39, states the total appropriation from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

The Township's appropriations exceeded estimated resources for all funds during 2001. For 2002 and 2001, the Township did not submit their permanent appropriation measure to the County Auditor.

We recommend the Township ensure appropriations do not exceed estimated resources before approving any appropriation measure. In addition, the Township should submit any legislatively approved appropriation measure to the County Auditor.

FINDING NUMBER 2002-012

Reportable Condition

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

Twenty-eight percent of the vouchers 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 it as ready for payment. We have considered the effects of this matter in forming our opinion on the financial statements.

**BENTON TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002 AND 2001
(Continued)**

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

FINDING NUMBER 2002-013

Reportable Condition

The Township Clerk was required to perform all accounting functions, which did not provide for an adequate segregation of duties. The Board of Trustees did not ask for, or receive, any financial reports from the Clerk. 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. In addition, the checking account was not properly reconciled to the accounting system during the two-year period.

We recommend the Township have the Township Clerk prepare monthly for their review, the monthly bank reconciliation, fund status report, budget versus 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 up-to-date.

**BENTON TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR END**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2000-41056-001	Ohio Rev. Code Section 5735.27, Finding for Adjustment for expenditures inappropriately paid from the Gasoline Tax Fund	No	Not Corrected. Repeated as Finding Number 2002-009.
2000-41056-002	Ohio Rev. Code Section 5705.41(D), Failure to certify funds available for expenditure	No	Not Corrected. Repeated as Finding Number 2002-005.
2000-41056-003	Ohio Rev. Code Section 5705.41(B), Expenditures in Excess of Appropriations	Yes	Partially Corrected.
2000-41056-004	Ohio Rev. Code Section 145.47, Remittance of PERS contributions	No	Not corrected. Repeated as Finding Number 2002-008.
2000-41056-005	Ohio Rev. Code Section 5747.07, Remittance of State Taxes Withheld.	No	Not Corrected. Repeated as Finding Number 2002-007
2000-41056-006	26 U.S.C. Section 3402, Remittance of Federal Taxes Withheld	No	Not Corrected. Repeated as Finding Number 2002-006
2000-41056-007	Reportable Condition – Estimated Revenue and Appropriations Posting	No	Partially Corrected. Repeated in Management Letter.
2000-41056-008	Reportable Condition – Supporting Documentation	No	Not Corrected. Repeated as Finding Number 2002-012
2000-41056-009	Material Weakness – Financial Report Review by Board	No	Not Corrected. Repeated as Finding Number 2002-013



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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
AUGUST 5, 2004**