
**BENNINGTON TOWNSHIP
MORROW COUNTY**

REGULAR AUDIT

YEARS ENDED DECEMBER 31, 2004 & 2003

Whited Seigneur Sams & Rabe, LLP

CERTIFIED PUBLIC ACCOUNTANTS

*** WSSR ***

213 South Paint Street • Chillicothe, Ohio 45601-3828
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**Auditor of State
Betty Montgomery**

Board of Trustees
Bennington Township
18 South Main Street
P.O. Box 337
Marengo, Ohio 43334

We have reviewed the *Independent Auditor's Report* of Bennington Township, Morrow County, prepared by Whited Seigneur Sams & Rahe, LLP, for the audit period January 1, 2003 through December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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, Morrow County is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

June 20, 2005

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**BENNINGTON TOWNSHIP
MORROW COUNTY, OHIO**

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May 5, 2005

Board of Trustees
Bennington Township, Morrow County
18 South Main Street, P.O. Box 337
Marengo, Ohio 43334

Report of Independent Auditor

We have audited the accompanying financial statements of Bennington Township, Morrow County, Ohio (the Township) as of and for the years ended December 31, 2004 and 2003. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 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. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2004 and 2003, or its changes in financial position for the year 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 as of December 31, 2004 and 2003 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 a report dated May 5, 2005 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our testing of internal controls over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. That report is an integral part of audits performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audits.

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE CPAs, LLP

**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, 2004**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Memorandum Only</u>
CASH RECEIPTS				
Local Taxes	\$ 56,338	\$ 28,494	\$ 0	\$ 84,832
Intergovernmental	71,367	98,508	0	169,875
Licenses, Permits and Fees	0	8,940	0	8,940
Interest	731	59	0	790
Other Revenue	<u>87</u>	<u>0</u>	<u>0</u>	<u>87</u>
TOTAL CASH RECEIPTS	128,523	136,001	0	264,524
CASH DISBURSEMENTS				
Current				
General Government	73,567	0	0	73,567
Public Works	0	63,566	0	63,566
Health	0	22,656	0	22,656
Capital Outlay	0	7,756	0	7,756
Debt Services				
Redemption of Principal	0	23,172	0	23,172
Interest and Fiscal Charges	<u>0</u>	<u>1,775</u>	<u>0</u>	<u>1,775</u>
TOTAL CASH DISBURSEMENTS	<u>73,567</u>	<u>118,925</u>	<u>0</u>	<u>192,492</u>
TOTAL RECEIPTS OVER/(UNDER) DISBURSEMENTS	54,956	17,076	0	72,032
OTHER FINANCING SOURCES (USES)				
Transfers-out	(10,500)	0	0	(10,500)
Transfers-in	<u>0</u>	<u>10,500</u>	<u>0</u>	<u>10,500</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(10,500)</u>	<u>10,500</u>	<u>0</u>	<u>0</u>
TOTAL RECEIPTS AND OTHER FINANCING SOURCES OVER/(UNDER) DISBURSEMENTS AND OTHER FINANCING USES	44,456	27,576	0	72,032
Fund Cash Balances, January 1, 2004	<u>62,832</u>	<u>80,084</u>	<u>5</u>	<u>142,921</u>
Fund Cash Balances, December 31, 2004	<u>\$ 107,288</u>	<u>\$ 107,660</u>	<u>\$ 5</u>	<u>\$ 214,953</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**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, 2003**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Memorandum Only</u>
CASH RECEIPTS					
Local Taxes	\$ 53,808	\$ 27,943	\$ 0	\$ 0	\$ 81,751
Intergovernmental	31,150	84,494	0	157,731	273,375
Licenses, Permits and Fees	0	12,390	0	0	12,390
Interest	871	42	0	0	913
Other Revenue	<u>3,241</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,241</u>
TOTAL CASH RECEIPTS	89,070	124,869	0	157,731	371,670
CASH DISBURSEMENTS					
Current					
General Government	74,944	0	0	0	74,944
Public Works	0	117,094	0	175,256	292,350
Health	0	18,531	0	0	18,531
Capital Outlay	0	8,834	0	0	8,834
Debt Services					
Redemption of Principal	0	20,827	0	0	20,827
Interest and Fiscal Charges	<u>0</u>	<u>2,839</u>	<u>0</u>	<u>0</u>	<u>2,839</u>
TOTAL CASH DISBURSEMENTS	<u>74,944</u>	<u>168,125</u>	<u>0</u>	<u>175,256</u>	<u>418,325</u>
TOTAL RECEIPTS OVER/(UNDER) DISBURSEMENTS	14,126	(43,256)	0	(17,525)	(46,655)
OTHER FINANCING SOURCES (USES)					
Proceeds of loan	0	0	0	17,525	17,525
Transfers-out	(40,200)	0	0	0	(40,200)
Transfers-in	<u>0</u>	<u>40,200</u>	<u>0</u>	<u>0</u>	<u>40,200</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(40,200)</u>	<u>40,200</u>	<u>0</u>	<u>17,525</u>	<u>17,525</u>
TOTAL RECEIPTS AND OTHER FINANCING SOURCES OVER/ (UNDER) DISBURSEMENTS AND OTHER FINANCING USES	(26,074)	(3,056)	0	0	(29,130)
Fund Cash Balances, January 1, 2003	<u>88,906</u>	<u>83,140</u>	<u>5</u>	<u>0</u>	<u>172,051</u>
Fund Cash Balances, December 31, 2003	<u>\$ 62,832</u>	<u>\$ 80,084</u>	<u>\$ 5</u>	<u>\$ 0</u>	<u>\$ 142,921</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**BENNINGTON TOWNSHIP
MORROW COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

● **Description of the Entity**

Bennington Township, Morrow County, Ohio (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township provides general governmental services including road and bridge maintenance and cemetery maintenance.

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

● **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.

● **Cash and Investments**

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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

● **Fund Accounting**

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

- **General Fund** - The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.
- **Special Revenue Funds** - These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

Cemetery Fund - This fund receives fees from Township residents for the purchase of cemetery lots and the opening and closing of gravesites.

**BENNINGTON TOWNSHIP
MORROW COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

• **Fund Accounting (Continued)**

- **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 being paid from certain special revenue funds consistent with the purpose for which the funds were established. This is in accordance with Ohio Rev. Code Section 5705.10.
- **Capital Project Fund** - This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Project Fund:

Issue II Fund - The Township received grants from the State of Ohio to resurface roads in 2003.

• **Budgetary Process**

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

- **Appropriations** - Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund 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.
- **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.
- **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 2004 and 2003 budgetary activity appears in Note 3.

• **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 at December 31 was as follows:

	2004	2003
Demand Deposits	\$ 214,335	\$ 142,310
Total Deposits	214,335	142,310
STAR Ohio	618	611
Total Investments	618	611
Total Deposits and Investments	\$ 214,953	\$ 142,921

**BENNINGTON TOWNSHIP
MORROW COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

- **Deposits**

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

- **Investments**

Investments in STAR Ohio is not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and 2003 were as follows:

2004 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 46,777	\$ 128,523	\$ 81,746
Special Revenue	119,497	146,501	27,004
Total	<u>\$ 166,274</u>	<u>\$ 275,024</u>	<u>\$ 108,750</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 114,200	\$ 84,067	\$ 30,133
Special Revenue	210,270	118,925	91,345
Total	<u>\$ 324,470</u>	<u>\$ 202,992</u>	<u>\$ 121,478</u>

2003 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 42,025	\$ 89,070	\$ 47,045
Special Revenue	120,218	165,069	44,851
Capital Projects	0	175,256	175,256
Total	<u>\$ 162,243</u>	<u>\$ 429,395</u>	<u>\$ 267,152</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 123,750	\$ 115,144	\$ 8,606
Special Revenue	212,800	168,125	44,675
Capital Projects	0	175,256	(175,256)
Total	<u>\$ 336,550</u>	<u>\$ 458,525</u>	<u>\$ (121,975)</u>

**BENNINGTON TOWNSHIP
MORROW COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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 payments, 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, 2004 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission	\$ 16,273	0.00%
Lease Agreement	20,796	3.256%
Total	<u>\$ 37,069</u>	

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

A lease agreement with an option to purchase was entered into for a tractor in May 2002 at which time an advance payment of \$10,912 was made.

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

<u>Year Ending December 31</u>	<u>Ohio Public Works Commission Loan</u>	<u>Tractor Lease Agreement</u>	<u>Total</u>
2005	\$ 2,504	\$ 10,912	\$ 13,416
2006	2,504	10,912	13,416
2007	2,504	0	2,504
2008	2,504	0	2,504
2009	2,504	0	2,504
Thereafter	3,753	0	3,753
Total	<u>\$ 16,273</u>	<u>\$ 21,824</u>	<u>\$ 38,097</u>

**BENNINGTON TOWNSHIP
MORROW COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS**

6. RETIREMENT SYSTEMS

The Township's 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 post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are prescribed by the Ohio Revised Code. For 2004 and 2003, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2004.

7. RISK MANAGEMENT

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio local governments. 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**

OTARMA retains casualty risks up to \$250,000 per claim, including loss 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 \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

- **Property Coverage**

OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss. There is no aggregate for 2003 and future accident years. Beginning in 2003, OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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 township.

**BENNINGTON TOWNSHIP
MORROW COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS**

7. RISK MANAGEMENT - (Continued)

• **Financial Position**

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles and reported the following assets, liabilities and retained earnings at December 31, 2003 and 2002 (the latest information available):

<u>Casualty Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$ 27,792,223	\$23,757,036
Liabilities	<u>(11,791,300)</u>	<u>(9,197,512)</u>
Retained Earnings	<u>\$ 16,000,923</u>	<u>\$ 14,559,524</u>
 <u>Property Coverage</u>		
Assets	\$ 6,791,060	\$ 6,596,996
Liabilities	<u>(750,956)</u>	<u>(1,204,326)</u>
Retained Earnings	<u>\$ 6,040,104</u>	<u>\$ 5,392,670</u>

8. RELATED PARTY TRANSACTIONS

A Township employee is the owner of a company from which the Township purchased hauling services and stone for Township roads during 2004 and 2003. The Township paid \$20,534 to this company in 2004 and \$43,904 in 2003. This employee is also the father of the Township Clerk. Also, the Township leases office space from the Township Clerk for her office and set up of the Township's computer.

Whited Seigneur Sams & Rahe, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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May 5, 2005

Board of Trustees
Bennington Township, Morrow County
18 South Main Street, P.O. Box 337
Marengo, Ohio 43334

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards

We have audited the accompanying financial statements of Bennington Township, Morrow County, Ohio (the Township) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated May 5, 2005 wherein we noted 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audits, 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted 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 5, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and 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 are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2004-001, 2004-002 and 2004-003. Also, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 5, 2005.

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

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE CPAs, LLP

**BENNINGTON TOWNSHIP
MORROW COUNTY, OHIO
SCHEDULE OF AUDIT FINDINGS**

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

Finding Number 2004-001

Ohio Rev. Code, Section 5705.41(D) states no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The amount so certified shall be recorded against the applicable appropriation account.

This section also provides an exception to the above requirement:

Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the clerk 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.

If the amount involved is less than three thousand dollars (effective April 7, 2003), the fiscal officer may authorize it to be paid without the affirmation of the Board of Trustees upon completion of the "then and now" certificate, provided that the expenditure is otherwise valid.

Ninety percent of the disbursements tested were not certified by the fiscal officer until the time of payment. The fiscal officer did not issue "then and now" certificates for these payments.

This is a repeat of a prior audit finding.

Finding Number 2004-002

Ohio Rev. Code, Section 5575.01 provides that competitive bidding is required for contracts for the maintenance or repair of roads, where the amount involved exceeds \$15,000 (increased to \$45,000 in June 2004). In each case, the board must advertise once, not later than two weeks prior to the 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.

In 2003, the Township utilized James R. Young Trucking for supplying and hauling limestone. Payments to James R. Young Trucking totaled \$43,904 in 2003. Competitive bidding procedures were not followed. We recommend that the Trustees properly bid applicable contracts in order that the Township takes advantage of the lowest and best bid.

FINDING NUMBER 2004-003

Ohio Rev. Code Section 5705.41(B) states that expenditures should not exceed appropriations. In 2003, expenditures exceeded appropriations in the Capital Projects Issue II funds. This was due mostly to the Township not following the accounting guidelines for Issue II projects as outlined in Auditor of State Bulletin 2002-004. Issue II monies received and spent on behalf of the Township were not posted to the general ledger in 2003. These transactions were not posted and, consequently, were not estimated and appropriated by resolution causing the expenditures to exceed appropriations.

**BENNINGTON TOWNSHIP
MORROW COUNTY, OHIO
STATUS OF PRIOR AUDIT FINDINGS**

Finding Number 2002-40659-001

Ohio Rev. Code, Section 5705.41(D) states no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The amount so certified shall be recorded against the applicable appropriation account.

This section also provides an exception to the above requirement:

Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the clerk 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.

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.

Ninety percent of the disbursements tested were not certified by the fiscal officer until the time of payment. The fiscal officer did not issue "Then and Now Certificates" for these payments.

Status: Uncorrected.

Finding Number 2002-40659-002

Ohio Rev. Code, Section 5575.01 provides that competitive bidding is required for contracts for the maintenance or repair of roads, where the amount involved exceeds \$15,000. In each case, the board must advertise once, not later than two weeks prior to the 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.

In 2002 and 2001, the Township utilized James R. Young Trucking for supplying and hauling limestone. Payments to James R. Young Trucking totaled \$27,117 in 2002 and \$22,787 in 2001 for this activity. Competitive bidding procedures were not followed. We recommend that the Trustees properly bid applicable contracts in order that the Township takes advantage of the lowest and best bid.

Status: The bidding limits increased to \$45,000 in June 2004 under Ohio Rev. Code Section 5575.01 and the vendor mentioned above or any other vendors did not exceed limits in 2004 without competitive bidding procedures being followed.

**BENNINGTON TOWNSHIP
MORROW COUNTY, OHIO
STATUS OF PRIOR AUDIT FINDINGS**

Finding Number 2002-40659-003

2000 OP. Att'y Gen. No. 2000-019 addressed the nature of a "lease with option to purchase" by interpreting this arrangement equal to a form of purchase by the installment payments. Based on the fact that public bodies are not permitted to purchase property by installment payments without clear statutory authority, townships do not possess the power to enter into a lease with option to purchase. (Refer to Auditor of State Bulletin 2000-010 dated July 24, 2000) Contrary to above, the Township entered into a finance lease agreement with a purchase option for a tractor mainly used for roadwork.

Status: This was not applicable in 2004 and 2003. No new leases with an option to purchase were entered into during 2004 and 2003.



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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
JULY 5, 2005**