



**Auditor of State
Betty Montgomery**

**BENTON TOWNSHIP
MONROE COUNTY**

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**Auditor of State
Betty Montgomery**

Benton Township
Monroe County
42050 Trail Run Road
New Matamoras, Ohio 45767

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

September 19, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Benton Township
Monroe County
42050 Trail Run 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, 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 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Township does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statement referred to above for the year ended December 31, 2004 does 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, or their 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 Benton Township, Monroe County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the year ended December 31, 2004. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not requires to be part of the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Betty Montgomery
Auditor of State

September 19, 2005

**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, 2004**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$7,043	\$	\$7,043
Intergovernmental	8,110	87,357	95,467
Earnings on Investments	15	125	140
Other Revenue	4,113	6,248	10,361
	<u>19,281</u>	<u>93,730</u>	<u>113,011</u>
Cash Disbursements:			
Current:			
General Government	19,628	3,106	22,734
Public Safety	1,000		1,000
Public Works	516	86,914	87,430
Health	1,742		1,742
Miscellaneous		1,898	1,898
Debt Service:			
Redemption of Principal		20,000	20,000
Interest and Fiscal Charges		792	792
	<u>22,886</u>	<u>112,710</u>	<u>135,596</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(3,605)</u>	<u>(18,980)</u>	<u>(22,585)</u>
Other Financing Receipts/(Disbursements):			
Sale of Fixed Assets	1,729		1,729
Transfers-In	0	5,569	5,569
Transfers-Out		(5,569)	(5,569)
	<u>1,729</u>	<u>0</u>	<u>1,729</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(1,876)	(18,980)	(20,856)
Fund Cash Balances, January 1	<u>4,484</u>	<u>47,093</u>	<u>51,577</u>
Fund Cash Balances, December 31	<u>\$2,608</u>	<u>\$28,113</u>	<u>\$30,721</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, 2003**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$6,641	\$	\$6,641
Intergovernmental	7,180	83,022	90,202
Earnings on Investments	455	891	1,346
Other Revenue	644	400	1,044
	<u>14,920</u>	<u>84,313</u>	<u>99,233</u>
Cash Disbursements:			
Current:			
General Government	12,340		12,340
Public Safety	1,600		1,600
Public Works	900	79,002	79,902
Health	700		700
Miscellaneous		4,482	4,482
Capital Outlay		37,942	37,942
	<u>15,540</u>	<u>121,426</u>	<u>136,966</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(620)</u>	<u>(37,113)</u>	<u>(37,733)</u>
Other Financing Receipts/(Disbursements):			
Proceeds from Sale of Public Debt:			
Sale of Notes		20,000	20,000
Other Sources		1,500	1,500
	<u>0</u>	<u>21,500</u>	<u>21,500</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(620)	(15,613)	(16,233)
Fund Cash Balances, January 1 (Restated, See Note 3)	<u>5,104</u>	<u>62,706</u>	<u>67,810</u>
Fund Cash Balances, December 31	<u><u>\$4,484</u></u>	<u><u>\$47,093</u></u>	<u><u>\$51,577</u></u>

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

**BENTON TOWNSHIP
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Benton Township, Belmont County (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance and cemetery maintenance. The Township contracts with the Antioch Community Volunteer Fire Department to provide fire protection.

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

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

C. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than 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.

**BENTON TOWNSHIP
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

3. Debt Service Funds

These funds account for resources the Township accumulates to pay bond and note debt. The Township had the following significant Debt Service Fund:

Debt Service Fund – This fund received monies for the principal and interest payments on debt. However, this fund was closed out in 2004 when the final payment was made on the debt.

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 re-appropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 2004 and 2003 budgetary activity appears in Note 3.

E. Property, Plant, and Equipment

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

2. EQUITY IN POOLED CASH

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

**BENTON TOWNSHIP
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

2. EQUITY IN POOLED CASH (Continued)

	2004	2003
Demand deposits	\$30,721	\$51,577

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

3. PRIOR PERIOD RESTATEMENT

For the year ended December 31, 2002, an adjustment resulted in fund balance restatement.

Governmental Funds	Fund Balances at December 31, 2002	Restatement Amount	Fund Balances at January 1, 2003
General	\$3,917	\$1,187	\$5,104
Special Revenue	58,965	3,741	62,706

The changes in fund balances for the General and Special Revenue Funds are the result of posting errors made by prior Township Clerk.

4. BUDGETARY ACTIVITY

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

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$18,783	\$21,010	\$2,227
Special Revenue	92,712	99,299	6,587
Total	\$111,495	\$120,309	\$8,814

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$22,050	\$22,886	(\$836)
Special Revenue	132,231	118,279	13,952
Total	\$154,281	\$141,165	\$13,116

**BENTON TOWNSHIP
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

4. BUDGETARY ACTIVITY (Continued)

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$14,158	\$14,920	\$762
Special Revenue	63,000	105,813	42,813
Total	\$77,158	\$120,733	\$43,575

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$0	\$15,540	(\$15,540)
Special Revenue	0	121,426	(121,426)
Total	\$0	\$136,966	(\$136,966)

Contrary to Ohio law, the Township failed to obtain prior certification for certain expenditures. In addition, the Board failed to adopt an appropriation resolution in 2003; thus all expenditures exceeded appropriations. During 2004, the General Fund had expenditures that exceeded appropriations.

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopt rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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.

6. DEBT

The Township obtained a commercial loan on November 23, 2003, in the amount of \$20,000 at a interest rate of 4.0074 percent, with a due date of November 23, 2004. The loan was paid off on November 23, 2004.

**BENTON TOWNSHIP
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

7. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, OPERS members contributed 8.5 percent of their gross salaries. The Township contributed an amount equaling 13.55 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2004.

8. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

9. SUBSEQUENT EVENTS

In prior audits, the Township had failed to remit payroll withholding taxes, state and federal, for the years 1998 through 2003. Also, some 2002 OPERS payments were in arrears. The Township has paid all delinquent tax withholdings, including penalties and interest, for years 1998 through 2003. All withholding tax payments are current as of the date of this report. In addition all OPERS payments, employee and employer share, have been paid current as of the date of this report.

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Auditor of State Betty Montgomery

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

Benton Township
Monroe County
42050 Trail Run Road
New Matamoras, Ohio , Ohio 45767

To the Board of Trustees:

We have audited the financial statements of Benton Township, Monroe County, Ohio (the Township), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated September 19, 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 also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 issued by the Comptroller of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control 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 considered material weaknesses. A material weakness is a reportable 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 material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Township's management dated September 19, 2005, we reported an other matter involving internal control over financial reporting we did not deem a reportable condition.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2004-001 through 2004-006. In a separate letter to the Township's management dated September 19, 2005, we reported other matters related to noncompliance we deemed immaterial.

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Benton Township
Monroe County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of management and the Board of Trustees. It is not intended for 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

September 19, 2005

**BENTON TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2004-001

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. The main exceptions are: "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.

Amounts of less than \$3,000 (\$1,000 prior to 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.

2. **Blanket Certificate** - 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. Effective September 26, 2003, the \$5,000 limit on the issuance of blanket certificates and the requirement that blanket certificates not extend beyond three months have been removed from the law. Effective September 26, 2003, blanket certificates 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.

3. **Super Blanket Certificate** – The Township may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Township did not properly certify the availability of funds prior to purchase commitment for 3% of the expenditures tested in 2004 and 100% of expenditures tested in 2003. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

We also noted the Township had five line items which had 3 or more blanket certificates outstanding at one time. We also noted the Township had 14 blanket certificates which were outstanding in excess of 3 months and were issued prior to September 26, 2003.

**BENTON TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003
(Continued)**

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

FINDING NUMBER 2004-001 (Continued)

Noncompliance Citation -Ohio Rev. Code Section 5705.41(D) (1) (Continued)

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 that the 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 Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language Section 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of Section 5705.41(D) are satisfied. The fiscal officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation. We also recommend the Township comply with the guidelines adopted by the Board of Trustees for blanket certificates.

FINDING NUMBER 2004-002

Noncompliance Citation

Ohio Rev. Code Section 5705.38(A) states, in part, that on or about the first day of each fiscal year, an appropriation measure is to be passed by the taxing authority, and thereafter during the year it may pass any supplemental appropriation measures as it finds necessary. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until no later than April 1 of the current year.

The Township did not pass the 2004 permanent appropriation measure until March 25, 2004, but made expenditures prior to adoption of the 2004 permanent appropriation resolution. No evidence was presented to indicate the Board had passed a temporary appropriation measure. For 2003, the Township did not pass any appropriation measures.

We recommend the Township pass a temporary or permanent appropriation measure prior to paying any expenditure from Township funds. We also recommend that such approval be noted in the minutes of the Board.

FINDING NUMBER 2004-003

Noncompliance Citation

Ohio Rev. Code Section 5705.36 (A)(1) provides that on or about the first day of each fiscal year, the fiscal officers of subdivisions and other taxing units are 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.

**BENTON TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003
(Continued)**

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

FINDING NUMBER 2004-003 (Continued)

Noncompliance Citation - Ohio Rev. Code Section 5705.36 (A)(1) (Continued)

The Township did not certify the fiscal year 2003 amounts to the County Auditor. In addition, they did not certify the fiscal year 2004 amounts to the County Auditor until March 17, 2004. Failure to properly certify the availability of funds can result in delays in receiving the first amended certificate of estimated resources from the County Budget Commission. Permanent appropriation measure can not be approved until the Township receives the first amended certificate of estimated resources.

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 2004-004

Noncompliance Citation

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, in part, for planning, constructing, maintaining, repairing roads, highways, and streets, and 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 highways, or to fuels used for propelling such vehicles, shall be expended for other than costs of administering such laws, statutory refund 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.

During 2004, the Township expended \$992 from the Gasoline Tax Fund, Special Revenue Fund Type, to pay for the Clerk's bond, reimburse Clerk for training costs, office supplies, and a file cabinet. These expenditures should have been paid from the General Fund.

The Township has made an adjustment to the financial statements and their accounting records for these improper charges to the Gasoline Tax Fund.

**BENTON TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003
(Continued)**

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

FINDING NUMBER 2004-005

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing authority from expending money unless it has been appropriated.

The Township failed to adopt any appropriation measure for 2003: therefore every expenditure would have exceeded appropriations at the legal level of control. During 2004, the General Fund had expenditures which exceeded appropriations in the amount of \$836 at the legal level of control of General Government-Administration-Other, which was caused by an audit adjustment for improper expenditures made in the Gasoline Tax Fund which should have been paid from the General Fund.

We recommend the Clerk deny any payments until the legislative authority has passed a temporary or permanent appropriation measure.

FINDING NUMBER 2004-006

Noncompliance Citation

Ohio Rev. Code Section 505.24(C) provides, in part, that the general rule as to the payment of a Board of Trustee's compensation is that it must be made from the Township General Fund or from other Township funds as the Board of Trustees determines by resolution. The resolution must allocate the same proportion as the Board of Trustees' services bear to the activities supported by such funds, as determined by the Board of Trustees.

During 2003, the Board of Trustee salaries were charged entirely to the Gasoline Tax Fund, Special Revenue Fund Type. A retroactive resolution was adopted by the Board of Trustees on May 6, 2004, stating, in part, that Board of Trustees' salaries shall be paid 1% from the General Fund. In accordance with this retroactive resolution, the Board of Trustees' salaries in the amount of \$192 in 2003 should have been paid from the General Fund. Due to the insignificance of the amount, the Township has declined to make this adjustment to their financial statements or accounting records.

We recommend that during the organizational meeting each year, the Township approve, in Resolution form, the percentage of Board of Trustee salaries that are to be paid from funds other than the General Fund.

**BENTON TOWNSHIP
MONROE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004 AND 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2002-001	Ohio Rev. Code Section 5705.34 Certification of tax levies	No	Partially Corrected; Repeated in Management Letter.
2002-002	Ohio Rev. Code Section 5705.36 Certification of amounts available for expenditures	No	Repeated as Finding Number 2004-003
2002-003	Ohio Rev. Code Section 5705.36 Appropriations in excess of estimated resources	Yes	Corrected by new Clerk.
2002-004	Ohio Rev. Code Section 5705.40 Amending or supplementing appropriations	Yes	
2002-005	Ohio Rev. Code Section 5705.41(D) Certification of funds available for expenditure	No	Repeated as Finding Number 2004-001
2002-006	26 U.S.C. Section 3403 Remittance of federal taxes withheld	Yes	Corrected by new Clerk in 2004
2002-007	Ohio Rev. Code Section 5747.07 (E)(1) Remittance of state taxes withheld	Yes	Corrected by new Clerk in 2004
2002-008	Ohio Rev. Code Section 145.47 Remittance of OPERS contributions	Yes	Corrected by new Clerk in 2004
2002-009	Ohio Rev. Code Section 5735.27(A)(5) Proper use of Gasoline Tax monies	No	Repeated as Finding Number 2004-004
2002-010	Ohio Rev. Code Section 505.24 Trustees salaries	No	Repeated as Finding Number 2004-006.
2002-011	Ohio Rev. Code Section 5705.39 Appropriations not to exceed estimated resource	No	Partially Corrected; Repeated in the Management Letter.
2002-012	Supporting documentation for disbursements	No	Repeated as management letter.
2002-013	Financial Reports for Board of Trustees	Yes	Corrected with new Clerk in 2004.



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BENTON TOWNSHIP

MONORE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 10, 2005**