



**BENTON TOWNSHIP  
PAULDING COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2006**



**Mary Taylor, CPA**  
Auditor of State



**BENTON TOWNSHIP  
PAULDING COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Benton Township  
Paulding County  
3708 SR 500  
Payne, Ohio 45880-9319

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Benton Township, Paulding County, Ohio (the Township), as of and for the year ended December 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions 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 discussed in Note 1, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Benton Township, Paulding County, Ohio, as of December 31, 2006, and the respective changes in modified cash financial position and the respective budgetary comparison for the General, Motor Vehicle License Tax, Gasoline Tax, Fire District and EMS/Fire District funds thereof for the years then ended in conformity with the basis of accounting Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 3, 2007, 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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.



**Mary Taylor, CPA**  
Auditor of State

July 3, 2007

**BENTON TOWNSHIP  
PAULDING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
UNAUDITED**

This discussion and analysis of Benton Township's (the Township) financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2006, within the limitations of the Township's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

**Highlights**

Key highlights for 2006 are as follows:

- Net assets of governmental activities decreased \$35,629 or 11 percent, from the prior year. The funds most affected by the decrease in cash and cash equivalents were the General Fund and EMS/Fire District Fund. The Township paid for a portion of an Emergency Rescue Vehicle in 2006.
- The Township's general receipts are primarily property and other local taxes and grants and entitlements not restricted to specific programs. These receipts represent 33 and 5 percent respectively of the total cash received for governmental activities during the year. Property and other local tax receipts for 2006 changed very little compared to 2005 as development within the Township has leveled.
- Expenditures were also similar to 2005 with the exception of Capital Outlay and Public Safety expenditures increasing because the Township was awarded an Ohio Public Works Commission (OPWC) grant which required a large local match and the Township paid for a portion of a new EMS rescue vehicle.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's modified cash basis of accounting.

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**BENTON TOWNSHIP  
PAULDING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
UNAUDITED  
(Continued)**

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

**Reporting the Township as a Whole**

The statement of net assets and the statement of activities reflect how the Township did financially during 2006, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, we report governmental activities which include the Township's basic services such as fire protection. State grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

**BENTON TOWNSHIP  
PAULDING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
UNAUDITED  
(Continued)**

**Reporting the Township's Most Significant Funds**

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are all governmental funds.

The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund, Motor Vehicle License Tax Fund, Gasoline Tax Fund, Fire District Fund, and EMS/Fire District Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

**The Township as a Whole**

Table 1 provides a summary of the Township's net assets for 2006 compared to 2005 on a modified cash basis:

(Table 1)  
**Net Assets**

	<u>Governmental Activities</u>	
	2006	2005
<b>Assets</b>		
Cash and Cash Equivalents	\$302,676	\$338,305
Total Assets	\$302,676	\$338,305
<b>Net Assets</b>		
Restricted for:		
Other Purposes	219,484	238,594
Unrestricted	83,192	99,711
Total Net Assets	\$302,676	\$338,305

As mentioned previously, net assets of governmental activities decreased \$35,629 or 11 percent during 2006. The primary reason contributing to the decreases in cash balances is because the Township paid for part of a new EMS rescue vehicle in 2006 and expended a local share requirement for a OPWC grant.

**BENTON TOWNSHIP  
PAULDING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
UNAUDITED  
(Continued)**

Table 2 reflects the changes in net assets on a modified cash basis in 2006 and 2005 for Governmental Activities.

(Table 2)  
**Changes in Net Assets**

	Governmental Activities 2006	Governmental Activities 2005
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$8,110	\$10,233
Operating Grants and Contributions	114,508	108,765
Capital Grants and Contributions	20,986	
Total Program Receipts	<u>143,604</u>	<u>118,998</u>
General Receipts:		
Property and Other Local Taxes Levied For:		
Property Taxes	70,735	72,333
Grants and Entitlements Not Restricted to Specific Programs	15,753	23,457
Interest	4,590	3,499
Miscellaneous	2,278	954
Total General Receipts	<u>93,356</u>	<u>100,243</u>
Total Receipts	<u>236,960</u>	<u>219,241</u>
Disbursements:		
General Government	42,143	42,838
Public Safety	60,954	16,504
Public Works	89,867	102,424
Health	3,940	5,480
Human Services	6,581	5,224
Capital Outlay	69,104	20,722
Total Disbursements	<u>272,589</u>	<u>193,192</u>
Change in Net Assets	(35,629)	26,049
Net Assets Beginning of Year	<u>338,305</u>	<u>312,256</u>
Net Assets End of Year	<u>\$302,676</u>	<u>\$338,305</u>

**BENTON TOWNSHIP  
PAULDING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
UNAUDITED  
(Continued)**

Program receipts represent only 59 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, and an OPWC Grant.

General receipts represent 41 percent of the Township's total receipts, and of this amount, over 80 percent are local taxes. State grants and entitlements make up the balance of the Township's general receipts (13 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Government activities. These include the costs of the Board of Trustees and Fiscal Officer as well as internal services such as payroll and purchasing.

Public Safety is the costs of fire protection services; Public Works is the cost of maintaining the roads. Health is the cemetery services and Capital Outlay is the costs of capital expenditures such as road improvements.

**Governmental Activities**

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for Capital Outlay and Public Works which account for 25 and 33 percent, of all governmental disbursements, respectively. General Government and Public Safety also represent significant costs of about 15 and 22 percent respectively. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)  
**Governmental Activities**

	Total Cost of Services 2006	Net Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2005
General Government	\$42,143	\$42,143	\$42,838	\$42,838
Public Safety	60,954	57,471	16,504	9,723
Public Works	89,867	(21,158)	102,424	(2,828)
Health	3,940	(4,170)	5,480	(1,485)
Human Services	6,581	6,581	5,224	5,224
Capital Outlay	69,104	48,118	20,722	20,722
<b>Total Expenses</b>	<b>\$272,589</b>	<b>\$128,985</b>	<b>\$193,192</b>	<b>\$74,194</b>

The dependence upon property and other tax receipts is apparent as over 49 percent of governmental activities are supported through these general receipts.

**BENTON TOWNSHIP  
PAULDING COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
UNAUDITED  
(Continued)**

**The Township's Funds**

Total governmental funds had receipts of \$236,960 and disbursements of \$272,589. The greatest change within governmental funds occurred within the EMS/Fire District Fund. The fund balance of the EMS/Fire District Fund decreased by \$26,055 due to the purchase of an EMS rescue vehicle.

**General Fund Budgeting Highlights**

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

There was no change in the final budgeted receipts to original budget receipts. The difference between the final budgeted receipts and actual receipts was not considered significant.

Final disbursements and other financing uses were budgeted at \$136,400 while actual disbursements and other financing uses were \$63,217. The difference is primarily due to a conservative "worst case scenario" approach. The Township over-appropriates in case significant, unexpected expenditures arise during the fiscal year. There was no change in the final budgeted disbursements from the original amounts.

**Capital Assets and Debt Administration**

**Capital Assets**

The Township does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements.

**Debt**

At December 31, 2006, the Township had no outstanding debt.

**Current Issues**

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking funding. We rely heavily on local taxes and have very little industry to support the tax base. We put levies on for the property tax revenue for current expense in the General Fund to help maintain for Township purposes.

**Contacting the Township's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Julie Dinger, Benton Township Fiscal Officer, 3708 SR 500, Payne, Ohio 45880-9319.

**BENTON TOWNSHIP  
PAULDING COUNTY**

*Statement of Net Assets - Modified Cash Basis  
December 31, 2006*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$302,676</u>
<i>Total Assets</i>	<u><u>\$302,676</u></u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes	219,484
Unrestricted	<u>83,192</u>
<i>Total Net Assets</i>	<u><u>\$302,676</u></u>

See accompanying notes to the basic financial statements

**BENTON TOWNSHIP  
PAULDING COUNTY**

*Statement of Activities - Modified Cash Basis  
For the Year Ended December 31, 2006*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
General Government	\$42,143			(\$42,143)
Public Safety	60,954		\$3,483	(57,471)
Public Works	89,867		111,025	21,158
Health	3,940	\$8,110		4,170
Human Services	6,581			(6,581)
Capital Outlay	69,104		\$20,986	(48,118)
<i>Total Governmental Activities</i>	<u>\$272,589</u>	<u>\$8,110</u>	<u>\$114,508</u>	<u>\$20,986</u>
 <b>General Receipts</b>				
Property Taxes				70,735
Grants and Entitlements				15,753
Earnings on Investments				4,590
Miscellaneous				2,278
<i>Total General Receipts</i>				93,356
Change in Net Assets				(35,629)
<i>Net Assets Beginning of Year</i>				338,305
<i>Net Assets End of Year</i>				\$302,676

See accompanying notes to the basic financial statements

**BENTON TOWNSHIP  
PAULDING COUNTY**

*Statement of Modified Cash Basis Assets and Fund Balances  
Governmental Funds  
December 31, 2006*

	General	Motor Vehicle Licence Tax	Gasoline Tax	Fire District	EMS/Fire District	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Equity in Pooled Cash and Cash Equivalents	\$83,192	\$31,190	\$85,183	\$48,613	\$23,095	\$31,403	\$302,676
<i>Total Assets</i>	<u>\$83,192</u>	<u>\$31,190</u>	<u>\$85,183</u>	<u>\$48,613</u>	<u>\$23,095</u>	<u>\$31,403</u>	<u>\$302,676</u>
<b>Fund Balances</b>							
Unreserved:							
Undesignated, Reported in:							
General Fund	\$83,192						83,192
Special Revenue Funds		\$31,190	\$85,183	\$48,613	\$23,095	\$31,403	219,484
<i>Total Fund Balances</i>	<u>\$83,192</u>	<u>\$31,190</u>	<u>\$85,183</u>	<u>\$48,613</u>	<u>\$23,095</u>	<u>\$31,403</u>	<u>\$302,676</u>

See accompanying notes to the basic financial statements

**BENTON TOWNSHIP  
PAULDING COUNTY**

*Statement of Modified Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2006*

	General	Motor Vehicle License Tax	Gasoline Tax	Fire District	EMS/Fire District	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>							
Property and Other Local Taxes	\$25,703			\$14,192	\$19,250	\$11,590	\$70,735
Licenses, Permits and Fees	440					7,150	7,590
Intergovernmental	15,713	\$19,039	\$81,542	1,460	2,047	22,214	142,015
Earnings on Investments	3,325	51	1,214				4,590
Miscellaneous	1,517	350	9,342			821	12,030
<i>Total Receipts</i>	<u>46,698</u>	<u>19,440</u>	<u>92,098</u>	<u>15,652</u>	<u>21,297</u>	<u>41,775</u>	<u>236,960</u>
<b>Disbursements</b>							
Current:							
General Government	42,143						42,143
Public Safety	10,100			3,502	47,352		60,954
Public Works		18,649	53,580			17,638	89,867
Health						3,940	3,940
Human Services	6,581						6,581
Capital Outlay	4,393		38,313			26,398	69,104
<i>Total Disbursements</i>	<u>63,217</u>	<u>18,649</u>	<u>91,893</u>	<u>3,502</u>	<u>47,352</u>	<u>47,976</u>	<u>272,589</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(16,519)</u>	<u>791</u>	<u>205</u>	<u>12,150</u>	<u>(26,055)</u>	<u>(6,201)</u>	<u>(35,629)</u>
<i>Fund Balances Beginning of Year</i>	<u>99,711</u>	<u>30,399</u>	<u>84,978</u>	<u>36,463</u>	<u>49,150</u>	<u>37,604</u>	<u>338,305</u>
<i>Fund Balances End of Year</i>	<u>\$83,192</u>	<u>\$31,190</u>	<u>\$85,183</u>	<u>\$48,613</u>	<u>\$23,095</u>	<u>\$31,403</u>	<u>\$302,676</u>

See accompanying notes to the basic financial statements

**BENTON TOWNSHIP  
PAULDING COUNTY**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
General Fund  
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Property and Other Local Taxes	\$26,190	\$26,190	\$25,703	(\$487)
Licenses, Permits and Fees			440	440
Intergovernmental	15,701	15,701	15,713	12
Earnings on Investments	2,552	2,552	3,325	773
Miscellaneous			1,517	1,517
<i>Total Receipts</i>	<u>44,443</u>	<u>44,443</u>	<u>46,698</u>	<u>2,255</u>
<b>Disbursements</b>				
Current:				
General Government	87,900	87,900	42,143	45,757
Public Safety	21,500	21,500	10,100	11,400
Human Services	12,000	12,000	6,581	5,419
Capital Outlay	5,000	5,000	4,393	607
<i>Total Disbursements</i>	<u>126,400</u>	<u>126,400</u>	<u>63,217</u>	<u>63,183</u>
<i>Excess of Disbursements Over Receipts</i>	<u>(81,957)</u>	<u>(81,957)</u>	<u>(16,519)</u>	<u>65,438</u>
<b>Other Financing Uses</b>				
Transfers Out	<u>(10,000)</u>	<u>(10,000)</u>		10,000
<i>Net Change in Fund Balance</i>	<u>(91,957)</u>	<u>(91,957)</u>	<u>(16,519)</u>	<u>75,438</u>
<i>Fund Balance Beginning of Year</i>	<u>99,711</u>	<u>99,711</u>	<u>99,711</u>	
<i>Fund Balance End of Year</i>	<u>\$7,754</u>	<u>\$7,754</u>	<u>\$83,192</u>	<u>\$75,438</u>

See accompanying notes to the basic financial statements

**BENTON TOWNSHIP  
PAULDING COUNTY**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
Motor Vehicle License Tax Fund  
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$18,588	\$18,588	\$19,039	\$451
Earnings on Investments	108	108	51	(57)
Miscellaneous			350	350
<i>Total Receipts</i>	18,696	18,696	19,440	744
<b>Disbursements</b>				
Current:				
Public Works	49,000	49,000	18,649	30,351
<i>Excess of Receipts Over (Under) Disbursements</i>	(30,304)	(30,304)	791	31,095
<i>Fund Balance Beginning of Year</i>	30,399	30,399	30,399	
<i>Fund Balance End of Year</i>	\$95	\$95	\$31,190	\$31,095

See accompanying notes to the basic financial statements

**BENTON TOWNSHIP  
PAULDING COUNTY**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
Gasoline Tax Fund  
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$77,233	\$77,233	\$81,542	\$4,309
Earnings on Investments	839	839	1,214	375
Miscellaneous			9,342	9,342
<i>Total Receipts</i>	<u>78,072</u>	<u>78,072</u>	<u>92,098</u>	<u>14,026</u>
<b>Disbursements</b>				
Current:				
Public Works	153,500	153,500	53,580	99,920
Capital Outlay	9,500	9,500	38,313	(28,813)
<i>Total Disbursements</i>	<u>163,000</u>	<u>163,000</u>	<u>91,893</u>	<u>71,107</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(84,928)</u>	<u>(84,928)</u>	<u>205</u>	<u>85,133</u>
<i>Fund Balance Beginning of Year</i>	<u>84,978</u>	<u>84,978</u>	<u>84,978</u>	
<i>Fund Balance End of Year</i>	<u><u>\$50</u></u>	<u><u>\$50</u></u>	<u><u>\$85,183</u></u>	<u><u>\$85,133</u></u>

See accompanying notes to the basic financial statements

**BENTON TOWNSHIP  
PAULDING COUNTY**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
Fire District Fund  
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$14,554	\$14,554	\$14,192	(\$362)
Intergovernmental	1,473	1,473	1,460	(13)
<i>Total Receipts</i>	<u>16,027</u>	<u>16,027</u>	<u>15,652</u>	<u>(375)</u>
<b>Disbursements</b>				
Current:				
Public Safety	52,000	52,000	3,502	48,498
Capital Outlay	1,000	1,000		1,000
<i>Total Disbursements</i>	<u>53,000</u>	<u>53,000</u>	<u>3,502</u>	<u>49,498</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(36,973)</u>	<u>(36,973)</u>	<u>12,150</u>	<u>49,123</u>
<i>Fund Balance Beginning of Year</i>	<u>34,463</u>	<u>34,463</u>	<u>34,463</u>	
Prior Year Encumbrances Appropriated	2,000	2,000	2,000	
<i>Fund Balance End of Year</i>	<u>(\$510)</u>	<u>(\$510)</u>	<u>\$48,613</u>	<u>\$49,123</u>

See accompanying notes to the basic financial statements

**BENTON TOWNSHIP  
PAULDING COUNTY**

*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual -Budget Basis  
EMS/Fire District Fund  
For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$19,721	\$19,721	\$19,250	(\$471)
Intergovernmental	2,059	2,059	2,047	(12)
<i>Total Receipts</i>	21,780	21,780	21,297	(483)
<b>Disbursements</b>				
Current:				
Public Safety	68,655	68,655	47,352	21,303
<i>Excess of Disbursements Over Receipts</i>	(46,875)	(46,875)	(26,055)	20,820
<i>Fund Balance Beginning of Year</i>	36,150	36,150	36,150	
Prior Year Encumbrances Appropriated	13,000	13,000	13,000	
<i>Fund Balance End of Year</i>	\$2,275	\$2,275	\$23,095	\$20,820

See accompanying notes to the basic financial statements

**BENTON TOWNSHIP  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**NOTE 1 – REPORTING ENTITY**

Benton Township, Paulding County, Ohio (the Township), is a body politic and corporate 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 also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government, component units, and other organizations that were included to ensure that the financial statements are misleading.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, fire protection and cemetery maintenance. The Township contracts with the Village of Payne for fire protection and emergency medical services.

**B. Component Units**

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township.

Based on this criteria, the Township has no component units.

**C. Public Entity Risk Pool**

The Township participates in one public entity risk pool, the Ohio Township Association Risk Management Authority (OTARMA). Note 7 to the financial statements provide additional information for this entity.

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

**BENTON TOWNSHIP  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

As discussed further in Note 2.C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

**A. Basis of Presentation**

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets, a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the Township's general receipts.

**Fund Financial Statements**

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

**B. Fund Accounting**

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are categorized as governmental.

**BENTON TOWNSHIP  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are as follows:

**1. General Fund**

The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

**2. Motor Vehicle License Tax Fund**

The Motor Vehicle License Tax Fund receives motor vehicle license monies to pay for constructing, maintaining, and repairing Township roads.

**3. Gasoline Tax Fund**

The Gasoline Tax Fund receives state fuel excise taxes to pay for constructing, maintaining, and repairing Township roads.

**4. Fire District Fund**

The Fire District Fund receives property tax monies for its fire projection contract with the Village of Payne.

**5. EMS/Fire District Fund**

The EMS/Fire District Fund receives property tax monies for its emergency medical services contract with the Village of Payne.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

C. Basis of Accounting

The Township's financial statements are prepared using the modified cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

**BENTON TOWNSHIP  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**D. Budgetary Process**

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, function, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

**E. Cash and Investments**

Township records identify the purchase of specific investments by specific funds. To improve cash management, cash received by the Township is pooled. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

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 sales are recorded as receipts or negative receipts, respectively.

Interest earnings are allocated to the Township funds according to State Statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2006 was \$3,325 which included \$156 assigned from other Township funds.

**F. Inventory and Prepaid Items**

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**G. Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

**BENTON TOWNSHIP  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

I. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for road and bridge construction, maintenance and repair and fire protection. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

J. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

**NOTE 3 – COMPLIANCE**

Contrary to Ohio Revised Code Section 5705, the Township received an Ohio Public Works Commission Grant, however did not include the grant's activity in its financial records.

**NOTE 4 – BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund, motor, vehicle license tax fund, gasoline tax fund, fire fund, and EMS/fire district fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. There are no differences between the budgetary basis and the modified cash basis in as much as the Township cancels outstanding year end encumbrances.

**NOTE 5 – DEPOSITS AND INVESTMENTS**

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

**BENTON TOWNSHIP  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**NOTE 5 – DEPOSITS AND INVESTMENTS – (CONTINUED)**

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

**BENTON TOWNSHIP  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**NOTE 5 – DEPOSITS AND INVESTMENTS – (CONTINUED)**

Deposits

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured. Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Township; or collateralized by the financial institution's public entity deposit pool.

**NOTE 6 – PROPERTY TAXES**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2005 became a lien on December 31, 2005, were levied after October 1, 2005, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2006 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

**BENTON TOWNSHIP  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**NOTE 6 – PROPERTY TAXES – (CONTINUED)**

The full tax rate for all Township operations for the year ended December 31, 2006, was \$56 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property	
Residential	7,980,670
Agricultural	3,935,040
Commercial/Industrial/Mineral	251,950
Tangible Personal Property	
Business	118,410
Public Utility	3,928,970
Total Assessed Value	<u>16,215,040</u>

**NOTE 7 – RISK MANAGEMENT**

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**Casualty Coverage**

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

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

**Property Coverage**

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

**BENTON TOWNSHIP  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**NOTE 7 – RISK MANAGEMENT – (CONTINUED)**

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

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

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006 and 2005:

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$32,031,312	\$30,485,638
Liabilities	<u>(11,443,952)</u>	<u>(12,344,576)</u>
Retained earnings	<u>\$20,587,360</u>	<u>\$18,141,062</u>
<u>Property Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$10,010,963	\$9,177,796
Liabilities	<u>(676,709)</u>	<u>(1,406,031)</u>
Retained earnings	<u>\$9,334,254</u>	<u>\$7,771,765</u>

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$10.8 million and \$11.6 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$10.8 million and \$11.6 million of unpaid claims to be billed to approximately 958 member governments in the future, as of December 31, 2006 and 2005, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$9,000. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

**BENTON TOWNSHIP  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**NOTE 7 – RISK MANAGEMENT – (CONTINUED)**

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

**Contributions to OTARMA**

2004	\$5,848
2005	\$5,844
2006	\$4,740

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they give written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**NOTE 8 – DEFINED BENEFIT PENSION PLAN**

Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

**BENTON TOWNSHIP  
PAULDING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006  
(Continued)**

**NOTE 8 – DEFINED BENEFIT PENSION PLAN – (CONTINUED)**

For the year ended December 31, 2006, the members of all three plans were required to contribute 9.0 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2006 was 13.7 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004, were \$7,147, \$6,656, and \$6,422 respectively. The full amount has been contributed for 2006, 2005, and 2004.

**NOTE 9 - POSTEMPLOYMENT BENEFITS**

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.70 percent of covered payroll; 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after ten years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants as of December 31, 2006, in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in December 31, 2005, actuarial valuation was \$358,804. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$1,787. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage by creating a separate investment pool for health care assets to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which allow additional funds to be allocated to the health care plan.



# Mary Taylor, CPA

Auditor of State

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

Benton Township  
Paulding County  
3708 SR 500  
Payne, Ohio 45880-9319

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Benton Township, Paulding County (the Township) as of and for the year ended December 31, 2006, which collectively comprise the Township's basic financial statements and have issued our report thereon dated July 3, 2007, wherein, we noted that the Township prepared its statements on the modified cash basis. 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. 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 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*.

### 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 effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2006-001 and 2006-002.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe none of the significant deficiencies described above are material weaknesses.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2006-001.

We also noted certain noncompliance not requiring inclusion in this report that we reported to the Township's management in a separate letter dated July 3, 2007.

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



**Mary Taylor, CPA**  
Auditor of State

July 3, 2007

**BENTON TOWNSHIP  
PAULDING COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006**

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

**FINDING NUMBER 2006-001**

**Noncompliance Citation**

Chapter 5705 of the Revised Code sets forth a scheme that provides for a uniform budget and appropriation process in order to assure that a government entity expends no more that it expects to receive in revenue. In order to accomplish this end, all appropriations must be accounted to and from each appropriation fund. While federal and state loans and grants are deemed appropriated and in the process of collection so as to be available for expenditure, they must still be recorded. R.C.5705.42. Thus, a mechanism is still required to account for receipt and expenditure. That mechanism is an amendment of, or a supplement to, the entity's estimated resources, or its appropriation measure, which shall comply with all provisions of law governing the taxing authority in making an original appropriation. R.C.5705.40. An original appropriation measure must be passed by the taxing authority, and in any amendment of, or supplement to, that measure also requires legislative action. R.C. 5705.38.

Auditor of State Bulletin 2000-008 further requires that when an entity enters into an "on-behalf-of" program with another government whereby the entity is the beneficiary under the agreement, the cash value benefit of the program should be recorded as memorandum receipts and disbursements in the year the "on-behalf-of" payments are made.

Ohio Public Works Commission grant monies, in the amount of \$20,986 were expended directly to contractors on behalf of the Township. These monies were not recorded in the Village's financial statements. They should have been placed into a capital projects fund designated for the specific project funded by the grant.

The accompanying financial statements have been adjusted to reflect the "on-behalf-of" activity.

We recommend that the Township follow the guidelines of Auditor of State Bulletin 2000-008, which describes the proper accounting treatment for "on-behalf-of" programs and that the Township post all grant money received to the Township books.

**Official's Response:**

Management did not respond to this finding.

**FINDING NUMBER 2006-002**

**Significant Deficiency - Financial Reporting**

As a result of the audit procedures performed, the following errors were noted in the financial statements that required material audit adjustments.

1. Cemetery receipts of \$7,590 were posted as Charges for Services – Human Services instead of Charges for Services - Health.
2. A road repair reimbursement of \$9,232 was posted as Miscellaneous General Receipts instead of Operating Contributions – Public Works.
3. Money held in a CD and savings account totaling \$118,647 was posted as Investments instead of Cash.

**FINDING NUMBER 2006-002**  
**(Continued)**

Sound financial reporting is the responsibility of the fiscal officer and governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

To ensure the Township's financial statements and notes to the statements are complete and accurate, the Township should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer and Board of Trustees, to identify and correct errors and omissions. The Fiscal Officer should also review the Township Handbook's chart of accounts to ensure that all accounts are being properly posted to the financial statements.

**Officials' Response**

Management did not respond to this finding.



**Mary Taylor, CPA**  
Auditor of State

**BENTON TOWNSHIP**

**PAULDING 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 2, 2007**