



Dave Yost • Auditor of State



**BENNINGTON TOWNSHIP  
MORROW COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Bennington Township  
Morrow County  
P.O. Box 337  
Marengo, OH 43334

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of Bennington Township, Morrow County, Ohio, (the Township) as of and for the years ended December 31, 2012 and 2011.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2012 and 2011, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Bennington Township, Morrow County, Ohio, as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

***Emphasis of Matter***

As discussed in Note 2 to the financial statements, during 2011 the Township adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2013, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

May 3, 2013

**BENNINGTON TOWNSHIP  
MORROW COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Governmental Fund Types			Totals
	General	Special Revenue	Debt Service	(Memorandum Only)
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$71,846.63	\$65,599.89	\$0.00	\$137,446.52
Licenses, Permits and Fees	0.00	5,050.00	0.00	5,050.00
Intergovernmental	25,263.51	108,246.93	0.00	133,510.44
Earnings on Investments	217.87	47.85	0.00	265.72
Miscellaneous	1,225.02	8,900.00	0.00	10,125.02
<b>Total Cash Receipts</b>	<b>98,553.03</b>	<b>187,844.67</b>	<b>0.00</b>	<b>286,397.70</b>
<b>Cash Disbursements:</b>				
Current:				
General Government	91,799.69	1,983.16	0.00	93,782.85
Public Works	0.00	162,981.08	0.00	162,981.08
Health	0.00	68,259.51	0.00	68,259.51
Capital Outlay	0.00	7,021.99	0.00	93,782.85
Debt Service:				
Principal Retirement	3,592.04	0.00	0.00	3,592.04
Interest	32.27	0.00	0.00	32.27
<b>Total Cash Disbursements</b>	<b>95,424.00</b>	<b>240,245.74</b>	<b>0.00</b>	<b>335,669.74</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>3,129.03</b>	<b>(52,401.07)</b>	<b>0.00</b>	<b>(49,272.04)</b>
<b>Net Change in Fund Cash Balances</b>	<b>3,129.03</b>	<b>(52,401.07)</b>	<b>0.00</b>	<b>(49,272.04)</b>
<b>Fund Cash Balance, January 1</b>	<b>75,553.29</b>	<b>264,446.55</b>	<b>5.01</b>	<b>340,004.85</b>
<b>Fund Cash Balance, December 31</b>				
Restricted	0.00	212,045.48	5.01	204,907.60
Unassigned	78,682.32	0.00	0.00	78,682.32
<b>Fund Cash Balance, December 31</b>	<b>\$78,682.32</b>	<b>\$212,045.48</b>	<b>\$5.01</b>	<b>\$290,732.81</b>

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

**BENNINGTON TOWNSHIP  
MORROW COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<b>Governmental Fund Types</b>				<b>Totals</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>(Memorandum Only)</b>
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$68,107.69	\$53,662.37	\$0.00	\$0.00	\$121,770.06
Licenses, Permits and Fees	0.00	4,050.00	0.00	0.00	4,050.00
Intergovernmental	47,001.52	129,798.77	0.00	150,087.00	326,887.29
Earnings on Investments	222.21	58.70	0.00	0.00	280.91
Miscellaneous	1,660.40	4,750.00	0.00	0.00	6,410.40
<b>Total Cash Receipts</b>	<b>116,991.82</b>	<b>192,319.84</b>	<b>0.00</b>	<b>150,087.00</b>	<b>459,398.66</b>
<b>Cash Disbursements:</b>					
Current:					
General Government	102,176.18	1,712.74	0.00	0.00	103,888.92
Public Works	0.00	155,833.42	0.00	150,087.00	305,920.42
Health	0.00	25,112.31	0.00	0.00	25,112.31
Capital Outlay	0.00	6,531.77	0.00	0.00	6,531.77
Debt Service:					
Principal Retirement	13,929.83	0.00	0.00	0.00	13,929.83
Interest	559.21	0.00	0.00	0.00	559.21
<b>Total Cash Disbursements</b>	<b>116,665.22</b>	<b>189,190.24</b>	<b>0.00</b>	<b>150,087.00</b>	<b>455,942.46</b>
<b>Total Receipts Over Disbursements</b>	<b>326.60</b>	<b>3,129.60</b>	<b>0.00</b>	<b>0.00</b>	<b>3,456.20</b>
<b>Net Change in Fund Cash Balances</b>	<b>326.60</b>	<b>3,129.60</b>	<b>0.00</b>	<b>0.00</b>	<b>3,456.20</b>
<b>Fund Cash Balance, January 1</b>	<b>75,226.69</b>	<b>261,316.95</b>	<b>5.01</b>	<b>0.00</b>	<b>336,548.65</b>
<b>Fund Cash Balance, December 31</b>					
Restricted	0.00	252,535.19	5.01	0.00	252,540.20
Committed	0.00	11,911.36	0.00	0.00	11,911.36
Unassigned	75,553.29	0.00	0.00	0.00	75,553.29
<b>Fund Cash Balance, December 31</b>	<b>\$75,553.29</b>	<b>\$264,446.55</b>	<b>\$5.01</b>	<b>\$0.00</b>	<b>\$340,004.85</b>

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

**BENNINGTON TOWNSHIP  
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**

**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 the Bennington Township, Morrow County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general governmental services, including road and bridge maintenance and cemetery maintenance. The Township has an agreement with Big Walnut Joint Fire District to provide ambulance and fire protection services.

The Township participates in Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. Note 8 to the financial statements provides additional information for these entities.

Public Entity Risk Pool:

The Ohio Township Association Risk Management Authority (OTARMA) is a risk sharing pool available to Ohio Townships. OTARMA provides property and casualty coverage for its members

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

**B. Accounting Basis**

These financial statements follow the accounting basis 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. Deposits**

The Township maintains interest bearing checking and savings accounts.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**BENNINGTON TOWNSHIP  
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

Cemetery Fund - This fund receives tax monies for maintaining the cemetery and fees from Township residents for the purchase of cemetery lots and the opening and closing of grave sites.

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

**3. Capital Project Fund**

This fund accounts for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project funds:

Issue I Fund - The Township received a grant from the Ohio Public Works Commission (OPWC) for the Paving of TR208 Phase I.

**4. Debt Service Fund**

This fund accounts for resources the Township accumulates to pay its debt. This fund had no activity during 2011 or 2012.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2012 and 2011 budgetary activity appears in Note 4.

**BENNINGTON TOWNSHIP  
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**F. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. 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.

**BENNINGTON TOWNSHIP  
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**2. Change in Accounting Principle**

In 2011, the Township implemented Governmental Accounting Standard Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 did not have an effect on fund balances previously reported.

**3. Equity in Pooled Deposits**

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

	<u>2012</u>	<u>2011</u>
Total Demand deposits	\$290,733	\$340,005

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

**4. Budgetary Activity**

Budgetary activity for the years ending December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$98,538	\$98,553	\$15
Special Revenue	187,393	187,845	452
Total	\$285,931	\$286,398	\$467

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$147,045	\$95,424	\$51,621
Special Revenue	416,529	240,246	176,283
Total	\$563,574	\$335,670	\$227,904

**BENNINGTON TOWNSHIP  
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**4. Budgetary Activity (Continued)**

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$151,481	\$116,992	(\$34,489)
Special Revenue	202,492	192,320	(10,172)
Capital Projects	0	150,087	150,087
Total	\$353,973	\$459,399	\$105,426

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$201,560	\$116,665	\$84,895
Special Revenue	299,280	189,190	110,090
Capital Projects	0	150,087	(150,087)
Total	\$500,840	\$455,942	\$44,898

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Issue I Capital Projects Fund by \$150,087 at December 31, 2011.

**5. Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax 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**

A First Knox National Bank Loan was issued to help finance the purchase of real estate and was repaid in 60 monthly installments of \$1,207 with interest at the rate of 4.91% through March 2012. The loan was collateralized by the Township's taxing authority. The debt repayments are recorded in the financial statements of the Township as debt service principal and interest disbursements. The debt was paid off in 2012.

**BENNINGTON TOWNSHIP  
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(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 2012 and 2011, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2012.

**8. 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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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 and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2010, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

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

**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, 2011 and 2010 (the latest information available):

	<b>2011</b>	<b>2010</b>
<b>Assets</b>	35,086,165	35,855,252
<b>Liabilities</b>	<u>(9,718,792)</u>	<u>(10,664,724)</u>
<b>Net Assets</b>	<u>25,367,373</u>	<u>25,190,528</u>

**BENNINGTON TOWNSHIP  
MORROW COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**8. Risk Management (Continued)**

At December 31, 2011 and 2010, respectively, the liabilities above include approximately \$9.1 and \$9.9 million of estimated incurred claims payable. The assets above also include approximately \$8.6 and \$9.5 million of unpaid claims to be billed to approximately 938 member governments in the future, as of December 31, 2011 and 2010, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2011, the Township's share of these unpaid claims collectible in future years is approximately \$2,200.

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	
2011	2010
\$3,274	\$2,691

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's 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.

**9. Related Party Transactions**

The Township purchased hauling services and stone for Township roads during 2012 and 2011 from Jim Young Trucking, a company owned by the father of the Township's Fiscal Officer. Purchases totaled \$24,203 for 2012 and \$56,046 for 2011.

The Township purchased hauling services and stone for Township roads during 2012 and 2011 from Brad Young, the brother of the Township's Fiscal Officer. Payments totaled \$27 for 2012 and \$209 for 2011.

The Township also leases office space and a computer from the Township's Fiscal Officer. Payments made to the Fiscal Officer in 2012 and 2011 equaled \$3,000 each year.

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# Dave Yost • Auditor of State

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

Bennington Township  
Morrow County  
P.O. Box 337  
Marengo, Ohio 43334

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Bennington Township, Morrow County, Ohio, (the Township) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated May 3, 2013, wherein we noted the Township followed accounting financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit, described in Note 1, and during 2011 the Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. We consider finding 2012-002 described in the accompanying schedule of findings to be a material weakness.

A significant deficiency is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2012-001 described in the accompanying schedule of findings to be a significant deficiency.

***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, opining 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 or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2012-001.

***Entity's Response to Findings***

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State

May 3, 2013

**BENNINGTON TOWNSHIP  
MORROW COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2012 AND 2011**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2012-001**

**Deposits of Public Money  
Material Noncompliance / Significant Deficiency**

Ohio Rev. Code §9.38 states that public money must be deposited with the treasurer of the public office or to a designated depository on the business day following the day of receipt if the total amount of such moneys received exceeds one thousand dollars.

For example, a government employee, other than the fiscal officer collecting funds and issuing a receipt, must deposit the funds with the government’s fiscal officer on the business day following the day of receipt if the total amount of moneys received exceeds one thousand dollars. As an alternative to depositing the funds with the government’s fiscal officer, the employee instead may deposit funds with the government’s designated depository on the business day following the day of receipt.

Pursuant to Ohio Rev. Code §9.38 if the amount of daily receipts does not exceed \$1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting their officials who receive this money to hold it past the next business day, but the deposit must be made no later than 3 business days after receiving it. If the public-office is governed by a legislative authority (counties, municipalities, townships, and school districts), only the legislative authority may adopt the policy. The policy must include provisions and procedures to safeguard the money during the intervening period. If the amount exceeds \$1,000 or a lesser amount cannot be safeguarded, the public official must then deposit the money on the first business day following the date of receipt.

In addition, the Township did not record the receipts in their accounting records when received.

The following collection, receipt and deposit dates were noted for 2012:

<b>Receipt Number</b>	<b>Receipt Amount</b>	<b>Date Received</b>	<b>Date Posted</b>	<b>Date Deposited</b>
105-2012	\$400	10/4/2012	12/31/2012	1/3/2013
105-2012	\$200	12/24/2012	12/31/2012	1/3/2013
106-2012	\$806.38	6/21/2012	12/31/2012	1/3/2013
107-2012	\$802.36	12/10/2012	12/31/2012	1/3/2013
108-2012	\$4,837.83	12/26/2012	12/31/2012	1/3/2013
109-2012	\$150	11/5/2012	12/31/2012	12/3/2012
110-2012	\$300	11/8/2012	12/31/2012	1/3/2013

Not depositing receipts timely could cause the Township to over-expend what is available in the bank for expenditures and not recording the receipts to the accounting records when received could cause the Township to report the activity in the wrong fiscal period resulting in financial statement misstatements.

We recommend the Township implement procedures to ensure all public monies are deposited timely as required. Furthermore, the Fiscal Officer should record receipts in the Township’s accounting ledgers in a timely manner to aid in the monthly reconciliation process.

**Officials’ Response:**

The Fiscal Officer will be mailing deposits to the financial institution, to make sure deposits are made more often.

**BENNINGTON TOWNSHIP  
MORROW COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2012-002**

**Financial Statement Presentation  
Material Weakness**

Sound financial reporting is the responsibility of the Fiscal Officer and the Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following audit adjustment was made to the December 31, 2012 financial statements:

- Reclassification of \$8,773 of Homestead and Rollback monies from Property and Other Local Taxes to Intergovernmental receipts in the General fund.

The following reclassifications were inconsequential to the overall financial statements of the Township and were not posted to the December 31, 2012 financial statements:

- Reclassifications of \$8,706 of Homestead and Rollback monies from Property and Other Local Taxes to Intergovernmental receipts in the Special Revenue fund.
- Reclassification of \$7,143 from Restricted fund balance to Committed fund balance in the Special Revenue fund.

The following audit adjustments were made to the December 31, 2011 financial statements:

- Adjustment to post \$150,087 in revenues and corresponding expenditures to the Capital Projects fund for money paid on behalf by Ohio Public Works Commission (OPWC) for an Issue I project.
- Reclassification of \$264,447 from Assigned fund balance to Restricted fund balance (\$252,535) and Committed fund balance (\$11,912) in the Special Revenue fund.

The adjustments and reclassifications identified above should be reviewed by the Fiscal Officer and Board of Trustees to ensure that similar errors are not reported on financial statements in subsequent years. In addition, the Township should develop procedures for the periodic review of the activity posted to the accounting records, as well as, for the review of the financial statements information to ensure it accurately reflects the Township's activity.

**Officials' Response:**

After further explanation from the Auditor, I have a better understanding of these procedures. Corrections will be made in the future.

**BENNINGTON TOWNSHIP  
MORROW COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2010-001	Deposits of Public Money	No	Not Corrected – Reissued as Finding 2012-001
2010-002	Financial Statement Presentation	No	Not Corrected – Reissued as Finding 2012-002

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# Dave Yost • Auditor of State

**BENNINGTON TOWNSHIP**

**MORROW COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 13, 2013**