

**BENNINGTON TOWNSHIP  
MORROW COUNTY, OHIO**

**Audited Financial Statements**

**For the Years Ended December 31, 2006 and 2005**





# Mary Taylor, CPA

Auditor of State

Board of Trustees  
Bennington Township  
P.O. Box 337  
Marengo, Ohio 43334

We have reviewed the *Independent Auditor's Report* of Bennington Township, Morrow County, prepared by Van Kregel and Company, CPA's, for the audit period January 1, 2005 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Bennington Township is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

February 25, 2008

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Bennington Township  
Morrow County, Ohio

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of Bennington Township, Morrow County, Ohio (the Township) as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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. We believe our audits provide a reasonable basis for our opinion.

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

Instead of the combined funds the accompanying financial statements present, GAAP requires presenting entity wide statements and also presenting the Township's larger (i.e., major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of the State of Ohio permits, but does not require, Townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of the State of Ohio permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matters discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2006 and 2005, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Bennington Township, Morrow County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

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Morrow County  
Independent Auditor's Report  
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The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 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 audits.

A handwritten signature in cursive script that reads "Van Krevel & Company".

Van Krevel & Company  
Dublin, Ohio

December 6, 2007

Bennington Township  
Morrow County, Ohio  
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances  
All Governmental Fund Types  
For the Year Ended December 31, 2006

	<b>Governmental Fund Types</b>			<b>Totals</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>(Memorandum Only)</b>
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$ 71,137	\$ 51,323	\$ -	\$ 122,460
Licenses, Permits, and Fees	-	5,400	-	5,400
Intergovernmental	27,514	98,913	-	126,427
Earnings on Investments	1,140	106	-	1,246
Miscellaneous	7,931	4,800	-	12,731
<b>Total Cash Receipts</b>	<b>107,722</b>	<b>160,542</b>	<b>-</b>	<b>268,264</b>
<b>Cash Disbursements:</b>				
Current:				
General Government	89,757	-	-	89,757
Public Works	-	203,056	-	203,056
Health	-	20,455	-	20,455
Capital Outlay	-	563	-	563
Debt Service:				
Redemption of Principal	-	13,065	-	13,065
Interest and Other Fiscal Charges	-	350	-	350
<b>Total Cash Disbursements</b>	<b>89,757</b>	<b>237,489</b>	<b>-</b>	<b>327,246</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>17,965</b>	<b>(76,947)</b>	<b>-</b>	<b>(58,982)</b>
<b>Other Financing Receipts/(Disbursements):</b>				
Sale of Fixed Assets	200	-	-	200
Transfers-In	-	67,000	-	67,000
Transfers-Out	(67,000)	-	-	(67,000)
<b>Total Other Financing Receipts/ (Disbursements)</b>	<b>(66,800)</b>	<b>67,000</b>	<b>-</b>	<b>200</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements</b>	<b>(48,835)</b>	<b>(9,947)</b>	<b>-</b>	<b>(58,782)</b>
<b>Fund Cash Balance, January 1</b>	<b>147,807</b>	<b>124,948</b>	<b>5</b>	<b>272,760</b>
<b>Fund Cash Balance, December 31</b>	<b>\$ 98,972</b>	<b>\$ 115,001</b>	<b>\$ 5</b>	<b>\$ 213,978</b>



Bennington Township  
Morrow County, Ohio  
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances  
All Governmental Fund Types  
For the Year Ended December 31, 2005

	<b>Governmental Fund Types</b>			<b>Totals</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>(Memorandum Only)</b>
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$ 59,018	\$ 48,647	\$ -	\$ 107,665
Licenses, Permits, and Fees	-	6,235	-	6,235
Intergovernmental	57,969	89,906	-	147,875
Earnings on Investments	1,166	193	-	1,359
Miscellaneous	-	4,000	-	4,000
<b>Total Cash Receipts</b>	<b>118,153</b>	<b>148,981</b>	<b>-</b>	<b>267,134</b>
<b>Cash Disbursements:</b>				
Current:				
General Government	77,634	-	-	77,634
Public Works	-	94,430	-	94,430
Health	-	22,424	-	22,424
Capital Outlay	-	1,724	-	1,724
Debt Service:				
Redemption of Principal	-	12,738	-	12,738
Interest and Other Fiscal Charges	-	677	-	677
<b>Total Cash Disbursements</b>	<b>77,634</b>	<b>131,993</b>	<b>-</b>	<b>209,627</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>40,519</b>	<b>16,988</b>	<b>-</b>	<b>57,507</b>
<b>Other Financing Receipts/(Disbursements):</b>				
Sale of Fixed Assets	-	300	-	300
<b>Total Other Financing Receipts/ (Disbursements)</b>	<b>-</b>	<b>300</b>	<b>-</b>	<b>300</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements</b>	<b>40,519</b>	<b>17,288</b>	<b>-</b>	<b>57,807</b>
<b>Fund Cash Balance, January 1</b>	<b>107,288</b>	<b>107,660</b>	<b>5</b>	<b>214,953</b>
<b>Fund Cash Balance, December 31</b>	<b>\$ 147,807</b>	<b>\$ 124,948</b>	<b>\$ 5</b>	<b>\$ 272,760</b>

Bennington Township  
Morrow County, Ohio

Notes to the Financial Statements  
December 31, 2006 and 2005

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A Description of the Entity**

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

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

**B Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of the State of Ohio, which is similar to the cash receipts and cash disbursements basis of accounting. Receipts are recognized when received rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of the State of Ohio.

**C Cash and Investments**

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

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

**D Fund Accounting**

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

1 General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2 Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than those from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

Bennington Township  
Morrow County, Ohio

Notes to the Financial Statements  
December 31, 2006 and 2005

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**D Fund Accounting** (continued)

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

3 Debt Service Fund

This fund is used to accumulate resources for the payment of bonds and note indebtedness. Although a debt service fund exists, current debt (see Note 5) is being paid from certain special revenue funds consistent with the purpose for which the funds were established. This is in accordance with Ohio Revised Code Section 5705.10.

**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 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. Unencumbered appropriations lapse at year end.

2 Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered 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 carried over and need not be re-appropriated.

A summary of the 2006 and 2005 budgetary activity appears in Note 3.

**F Property, Plant and Equipment**

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

**G Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave, if applicable, is not reflected as a liability under the Township's basis of accounting.

Bennington Township  
Morrow County, Ohio

Notes to Financial Statements  
December 31, 2006 and 2005

**NOTE 2 EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<u>2006</u>	<u>2005</u>
Demand Deposits	\$213,311	\$272,121
Investment in STAR Ohio	<u>667</u>	<u>639</u>
Total Deposits and Investments	<u>\$213,978</u>	<u>\$272,760</u>

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

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

**NOTE 3 BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2006, follows:

2006 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$132,278	\$107,922	\$ (24,356)
Special Revenue	<u>149,786</u>	<u>227,542</u>	<u>77,756</u>
Totals	<u>\$282,064</u>	<u>\$335,464</u>	<u>\$ 53,400</u>

2006 Budgeted vs. Actual Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 99,749	\$156,757	\$ (57,008)
Special Revenue	<u>228,696</u>	<u>237,489</u>	<u>(8,793)</u>
Totals	<u>\$328,445</u>	<u>\$394,246</u>	<u>\$ (65,801)</u>

Bennington Township  
Morrow County, Ohio

Notes to Financial Statements  
December 31, 2006 and 2005

**NOTE 3 BUDGETARY ACTIVITY** (continued)

Budgetary activity for the year ended December 31, 2005, follows:

2005 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 45,425	\$118,153	\$ 72,728
Special Revenue	<u>136,577</u>	<u>149,281</u>	<u>12,704</u>
Totals	<u>\$182,002</u>	<u>\$267,434</u>	<u>\$ 85,432</u>

2005 Budgeted vs. Actual Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 97,250	\$ 77,634	\$ 19,616
Special Revenue	<u>222,000</u>	<u>131,993</u>	<u>90,007</u>
Totals	<u>\$319,250</u>	<u>\$209,627</u>	<u>\$109,623</u>

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the: General, Gasoline Tax, Road & Bridge, and Permissive Motor Vehicle License Funds by \$57,008, \$18,463, \$30,911, and \$29,969, respectively for the year ended December 31, 2006.

**NOTE 4 PROPERTY TAXES**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semi-annual payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

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

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

Bennington Township  
Morrow County, Ohio

Notes to Financial Statements  
December 31, 2006 and 2005

**NOTE 5 DEBT**

Debt outstanding at December 31, 2006, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission	\$10,014	0.00%

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

Amortization of the above debt is scheduled as follows:

<u>Year Ending December 31,</u>	<u>Ohio Public Works Commission Loan</u>
2007	\$ 2,504
2008	2,504
2009	2,503
2010	<u>2,503</u>
	<u>\$10,014</u>

**NOTE 6 RETIREMENT SYSTEM**

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost sharing, multiple employer plan. This plan provides retirement benefits, including post-retirement health care and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2006 and 2005, PERS members contributed 9 and 8.5%, respectively, of their gross salaries and the Township contributed an amount equal to 13.7 and 13.55%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2006.

**NOTE 7 RISK MANAGEMENT**

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

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 townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Bennington Township  
Morrow County, Ohio

Notes to Financial Statements  
December 31, 2006 and 2005

**NOTE 7 RISK MANAGEMENT** (continued)

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. Townships can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporations, 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 \$500,000,000 per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600,000,000 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 \$600,000,000 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 claim 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.

Bennington Township  
Morrow County, Ohio

Notes to Financial Statements  
December 31, 2006 and 2005

**NOTE 7 RISK MANAGEMENT** (continued)

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles and reported the following assets, liabilities and retained earnings at December 31, 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 \$9,322. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

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 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

2005	\$4,522
2006	\$4,661

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.



Bennington Township  
Morrow County, Ohio

Notes to Financial Statements  
December 31, 2006 and 2005

**NOTE 8 RELATED PARTY TRANSACTIONS**

A Township employee is the owner of a company from which the Township purchased hauling services and stone for Township roads during 2006 and 2005. The Township paid \$63,200 to this company in 2006 and \$35,730 in 2005. This employee is also the father of the Township's Fiscal Officer.

The Township leases office space and a computer from the Township's Fiscal Officer. Payments made to the Fiscal Officer in 2006 and 2005 totaled \$2,400 and \$2,400, respectively.

**INDEPENDENT ACCOUNTANT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

To the Board of Trustees:

We have audited the financial statements of Bennington Township, Morrow County, Ohio (the Township) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated December 6, 2007, wherein we noted that the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of the 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 considered significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be 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, 2006-003, and 2006-005.

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.

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Bennington Township  
Morrow County, Ohio  
Independent Accountant's Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in accordance with *Government Auditing Standards*

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. However, of the significant deficiencies described above, we believe finding numbers 2006-001, 2006-003, and 2006-005 are also material weaknesses.

We also noted a certain internal control matters that we reported to the Township's management in a separate letter dated December 6, 2007.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items: Findings 2006-002, 2006-003, 2006-004, and 2006-005.

We intend this report solely for the information and use of the management and the Board of Trustees. It is not intended for anyone other than these specified parties.



Van Krevel & Company  
Dublin, Ohio

December 6, 2007

Bennington Township  
Morrow County, Ohio

Schedule of Findings  
December 31, 2006 and 2005

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

**Finding Number 2006-001**

**Significant Deficiency/Material Weakness**

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that all transactions are properly authorized in accordance with management's policies, ensuring that accounting records are properly designed, and verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The Townships lacked management oversight in the posting of receipts and expenditures of the Township. This lack of oversight is illustrated by the following:

- In 2006, Property Tax receipts of \$320 were posted to Intergovernmental rather than Property & Other Local Taxes.
- In 2006, Intergovernmental, Property Tax, and the sale of fixed asset receipts in the total amount of \$2,307 were posted to Miscellaneous rather than the proper account lines.
- In 2006, the sales of cemetery lots in the amount of \$4,800 were recorded to Licenses, Permits, and Fees rather than Miscellaneous receipts.
- In 2006 and 2005, debt payments in the amount of \$13,415, for each year, were posted to Public Works rather than Debt Service: Principal and Interest.
- In 2005, Intergovernmental receipts in the amount of \$5,029 were posted to Property & Other Local Taxes rather than Intergovernmental receipts.
- In 2005, Property Tax receipts of \$368 and \$101 were posted to Intergovernmental and Miscellaneous, respectively, rather than Property & Other Local Taxes.
- In 2005, the sale of a cemetery fence in the amount of \$4,000 was recorded as Miscellaneous rather than Sale of Fixed Asset.

Adjustments were made to the accompanying financial statements for the above items.

The lack of proper management oversight could result in a material misstatement of the financial statements. We recommend the Township refer to the Ohio Township Handbook for proper classification of receipts and expenditures and use due care in posting receipts and expenditures to the Township's books.

**Official's Response** – We did not receive a response from Officials regarding this finding.

**Finding Number 2006-002**

**Noncompliance Citation**

**Ohio Revised Code Section 5705.36** allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

Bennington Township  
Morrow County, Ohio

Schedule of Findings  
December 31, 2006 and 2005

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

**Finding Number 2006-002** (continued)

An increased amended certificate must be obtained from the County Budget Commission if the Township intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriations.

During 2006 and 2005, the Township increased and decreased revenues and increased appropriations, but did not obtain amended certificates from the County Budget Commission. Failure to obtain amended certificates could result in appropriations and expenditures made in excess of the actual resources available.

We recommend the Township perform a comparison of the estimated resources and the actual receipts periodically in order to determine whether an amended certificate of estimated resources needs to be obtained.

**Management's Response** – We did not receive a response from officials to this finding.

**Finding No. 2006-003**

**Noncompliance Citation/Material Weakness**

**Ohio Revised Code Section 5705.41(D)** requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.
2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

Bennington Township  
Morrow County, Ohio

Schedule of Findings  
December 31, 2006 and 2005

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

**Finding No. 2006-003** (continued)

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

The Township did not properly certify the availability of funds prior to purchase commitment for 85% of the expenditures tested during 2006 and 2005. In addition, there was no evidence that the Township followed the aforementioned exceptions. Without these certifications, the management of the Township lost budgetary control over expenditures.

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

**Management's Response** – We did not receive a response from officials to this finding.

**Finding 2006-004**

**Noncompliance Citation**

**Ohio Revised Code Section 5575.01** provides that competitive bidding is required for contracts for the maintenance or repair of roads, where the amount involved exceeds \$45,000. In each case, the board must advertise once, not later than two weeks prior to the letting of the contract, in a newspaper published in the county and of general circulation in the township. Award must be to the lowest possible bidder.

During 2006, the Township paid James R. Young Trucking \$63,200 for the supplying and hauling of limestone. Competitive bidding procedures were not followed.

We recommend that the Township follow proper bidding procedures when entering into all contracts that exceed \$45,000 and take advantage of the lowest and best bid. If exceptions apply, we recommend that the Township document the reasons in the minutes.

**Management's Response** – We did not receive a response from officials to this finding.

Bennington Township  
Morrow County, Ohio

Schedule of Findings  
December 31, 2006 and 2005

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

**Finding No. 2006-005**

**Noncompliance Citation/Material Weakness**

**Ohio Revised Code Section 5705.41(B)** states that no subdivision or taxing unit shall make any expenditure unless the same has been properly appropriated. Expenditures exceeded appropriations for the following funds and by the following amounts:

<u>Fund</u>	<u>Year</u>	<u>Amount</u>
General Fund	2006	\$57,008
Gasoline Tax	2006	18,463
Road & Bridge	2006	30,911
Permissive Motor Vehicle License	2006	29,969
Road & Bridge Fund	2005	1,350

We recommend the Township Fiscal Officer modify appropriations with the Board of Trustees and County Budget Commission before incurring obligations that would cause expenditures to exceed appropriations. The Township Fiscal Officer should deny any payments until the legislative authority has passed changes to the appropriation measure.

**Management's Response** – We did not receive a response from officials to this finding.

Bennington Township  
Morrow County, Ohio

Schedule of Prior Audit Findings  
December 31, 2006 and 2005

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2004-001	ORC Section 5705.41 (D) – Certification of Fiscal Officer prior to expenditure of money.	No	Not corrected, repeated as finding number 2006-003.
2004-002	ORC Section 5575.01 – Competitive bidding is required for contracts	No	Not corrected, repeated as finding number 2006-004.
2004-003	ORC Section 5705.41 (B) – Expenditures exceeding appropriations	No	Not corrected, repeated as finding number 2006-005.





**Mary Taylor, CPA**  
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  
MARCH 6, 2008**