

***BENTON TOWNSHIP***

***OTTAWA COUNTY***

Regular Audit

For the Years Ended December 31, 2020 and 2019







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Board of Trustees  
Benton Township  
1670 North Walker Street  
Graytown, Ohio 43432

We have reviewed the *Independent Auditor's Report* of Benton Township, Ottawa County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2019 through December 31, 2020. 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.

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. Benton Township is responsible for compliance with these laws and regulations.

Keith Faber  
Auditor of State  
Columbus, Ohio

September 21, 2021

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***Benton Township***  
***Ottawa County***  
For the Years Ended December 31, 2020 and 2019

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**INDEPENDENT AUDITOR'S REPORT**

Benton Township  
Ottawa County  
1670 North Walker Street  
Graytown, Ohio 43432-9800

To the Board of Trustees:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental fund type and related notes of Benton Township, Ottawa County, (the Township) as of and for the years ended December 31, 2020 and 2019.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of 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 such 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 have obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 2 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(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determined, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***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, 2020 and 2019, and the respective 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 cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2020 and 2019 and related notes of the Township in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Emphasis of Matters***

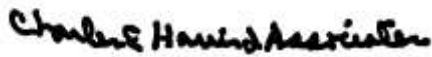
As discussed in Note 12 and Note 11 to the 2020 and 2019 financial statements, respectively, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinions regarding this matter.

As discussed in Note 11 to the 2020 financial statements, the Township made several changes to its reporting model. We did not modify our opinions regarding this matter.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2021, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the Township's 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.



***Charles E. Harris & Associates, Inc.***  
July 30, 2021

**Benton Township**  
**Ottawa County**  
*Combined Statement of Receipts, Disbursements, and Changes in*  
*Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2020*

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$ 402,457	\$ 148,221	\$ -	\$ 550,678
Charges for Services	-	6,303	-	6,303
Licenses, Permits, and Fees	24,569	17,640	-	42,209
Intergovernmental	66,972	333,099	-	400,071
Earnings on Investments	2,594	769	-	3,363
Miscellaneous	600	15,140	-	15,740
<i>Total Cash Receipts</i>	497,192	521,172	-	1,018,364
<b>Cash Disbursements:</b>				
Current:				
General Government	174,504	-	-	174,504
Public Safety	115,353	11,589	-	126,942
Public Works	7,597	299,796	-	307,393
Health	11,500	47,116	-	58,616
Conservation-Recreation	13,641	80,000	-	93,641
Capital Outlay	2,515	-	-	2,515
Debt Service:				
Principal Retirement	-	15,341	-	15,341
<i>Total Cash Disbursements</i>	325,110	453,842	-	778,952
<i>Excess of Receipts Over/(Under) Disbursements</i>	172,082	67,330	-	239,412
<b>Other Financing Receipts/(Disbursements):</b>				
Other Financing Uses	(19,602)	-	-	(19,602)
<i>Total Other Financing Receipts/(Disbursements)</i>	(19,602)	-	-	(19,602)
<i>Net Change in Fund Cash Balances</i>	152,480	67,330	-	219,810
<i>Fund Cash Balances, January 1</i>	147,589	492,996	2,000	642,585
<i>Fund Cash Balances, December 31</i>	\$ 300,069	\$ 560,326	\$ 2,000	\$ 862,395

**Benton Township**  
*Ottawa County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 1 – Reporting Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Benton Township, Ottawa County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection contracted and emergency medical services contracted. Benton Township contracts with the Allen-Clay Fire Dept, Harris Twp and Portage Twp Fire Dept to provide fire services Allen Clay, Harris Twp and Mid County Ems to provide ambulance services.

***Public Entity Risk Pools***

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), and Ohio Group Rating Plan (GRP), both public entity risk pools. Note 6 to the financial statements provides additional information for these entities.

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

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Township’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, which is organized on a fund type basis.

***Fund Accounting***

The Township uses funds 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. The funds of the Township are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported 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.

***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:

***Gas Tax Fund*** The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

***Road and Bridge Fund*** The road and bridge fund accounts for and reports property tax committed for the construction, reconstruction, resurfacing and repair of Township roads and bridges.

**Benton Township**  
*Ottawa County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

**Capital Project Funds** These funds account 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 projects fund:

**Public Works Commission Project Fund** The Township received a grant from the state and federal government for capital improvements. The proceeds are restricted for capital improvement.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

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

**Appropriations** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year-end.

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

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

A summary of 2020 budgetary activity appears in Note 3

***Deposits and Investments***

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**Benton Township**  
*Ottawa County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***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:

***Nonspendable*** The Township classifies assets as nonspendable when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds.

***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.

***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.

***Assigned*** Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

***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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

**Benton Township**  
*Ottawa County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 506,300	\$ 497,192	\$ (9,108)
Special Revenue	434,748	521,172	86,424
Capital Projects	-	-	-

2020 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 565,900	\$ 344,712	\$ 221,188
Special Revenue	669,418	453,842	215,576
Capital Projects	-	-	-

**Note 4 – Deposits and Investments**

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Township’s deposit and investment accounts are as follows:

	2020
Demand deposits	\$ 499,244
Total deposits	499,244
STAR Ohio	363,151
Total investments	363,151
Total deposits and investments	\$ 862,395

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the Township does not have any unremitted employee payroll withholdings.

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Township; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Benton Township**  
*Ottawa County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 4 – Deposits and Investments (continued)**

***Investments***

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

**Note 5 – Property Taxes**

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

**Note 6 - Risk Management**

***Workers' Compensation***

The Township participates in the Ohio Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

***Risk Pool Membership***

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

**Benton Township**  
*Ottawa County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 6 - Risk Management (continued)**

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	2020
Cash and investments	\$36,348,066
Actuarial liabilities	\$10,894,146

**Note 7 - Defined Benefit Pension Plan**

*Ohio Public Employees Retirement System*

All Township 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. 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, 2020.

**Note 8 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2020.

**Note 9 – Debt**

Debt outstanding at December 31, 2020 was as follows:

	Principal	Interest Rate
OPWC Loan CE43O - Velliquette Road and Other Resurfacing	\$ 27,456	0%
OPWC Loan CE46Q - Benton TR 77, Allen TR 7 & 214, Carroll TR 90 & 91	58,281	0%
Total	\$ 85,737	

The Ohio Public Works Commission (OPWC) CE43O loan relates to Velliquette Road and other resurfacing projects. The OPWC CE46Q loan relates to a joint road resurfacing project.



**Benton Township**  
*Ottawa County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2020*

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**Note 9 – Debt (continued)**

**Amortization**

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

<u>Year Ending</u> <u>December 31:</u>	<u>OPWC</u> <u>Loans</u>
2021	\$ 29,230
2022	29,230
2023	<u>27,277</u>
Total	<u>\$ 85,737</u>

**Note 10 – Contingent Liabilities**

The Township may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Township’s financial condition.

**Note 11 – Change in Accounting Principle**

For 2020, the Township has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, and removing the fund balance classifications from the combined statement of receipts, disbursements, and changes in fund balances (regulatory cash basis) – all governmental fund types. There was no effect on the beginning fund balance.

**Note 12 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. In addition, the impact on the Township’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**Note 13 – Fund Balances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the Township had no encumbrances.

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects funds are restricted, committed or assigned. These restricted, committed and assigned amounts in the special revenue and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances would be considered assigned.

**Benton Township**  
**Ottawa County**  
*Combined Statement of Receipts, Disbursements, and Changes in*  
*Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2019*

	<b>Governmental Fund Types</b>			<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$ 390,154	\$ 144,033	\$ -	\$ 534,187
Charges for Services	-	6,995	-	6,995
Licenses, Permits, and Fees	14,124	32,475	-	46,599
Fines and Forfeitures	-	866	-	866
Intergovernmental	75,562	158,816	412,518	646,896
Earnings on Investments	8,467	2,955	-	11,422
Miscellaneous	3,435	10,110	2,000	15,545
<i>Total Cash Receipts</i>	491,742	356,250	414,518	1,262,510
<b>Cash Disbursements:</b>				
Current:				
General Government	211,039	-	-	211,039
Public Safety	143,462	-	-	143,462
Public Works	10,703	250,886	412,518	674,107
Health	8,000	49,748	-	57,748
Conservation-Recreation	18,979	-	-	18,979
Capital Outlay	30,934	11,566	-	42,500
Debt Service:				
Principal Retirement	-	29,956	-	29,956
<i>Total Cash Disbursements</i>	423,117	342,156	412,518	1,177,791
Excess of Receipts Over/(Under) Disbursements	68,625	14,094	2,000	84,719
<b>Other Financing Receipts/(Disbursements):</b>				
Sale of Capital Assets	1,200	-	-	1,200
Other Financing Uses	(22,278)	-	-	(22,278)
<i>Total Other Financing Receipts/(Disbursements)</i>	(21,078)	-	-	(21,078)
<i>Net Change in Fund Cash Balances</i>	47,547	14,094	2,000	63,641
<i>Fund Cash Balances, January 1</i>	100,042	478,902	-	578,944
<b>Fund Cash Balances, December 31</b>				
Restricted	-	492,996	2,000	494,996
Assigned	59,600	-	-	59,600
Unassigned	87,989	-	-	87,989
<b>Fund Cash Balances, December 31</b>	<u>\$ 147,589</u>	<u>\$ 492,996</u>	<u>\$ 2,000</u>	<u>\$ 642,585</u>

**Benton Township**  
*Ottawa County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 – Reporting Entity**

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***Public Entity Risk Pools***

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), and Ohio Group Rating Plan (GRP), both public entity risk pools. Note 6 to the financial statements provides additional information for these entities.

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

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Township’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, which is organized on a fund type basis.

***Fund Accounting***

The Township uses funds 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. The funds of the Township are presented below:

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***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:

***Gas Tax Fund*** The gas tax fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

***Road and Bridge Fund*** The road and bridge fund accounts for and reports property tax committed for the construction, reconstruction, resurfacing and repair of Township roads and bridges.

**Benton Township**  
*Ottawa County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

**Capital Project Funds** These funds account 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 projects fund:

**Public Works Commission Project Fund** The Township received a grant from the state and federal government for capital improvements. The proceeds are restricted for capital improvement.

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

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

**Appropriations** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year-end.

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

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

A summary of 2019 budgetary activity appears in Note 3

***Deposits and Investments***

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**Benton Township**  
*Ottawa County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 2 - Summary of Significant Accounting Policies (continued)**

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***Accumulated Leave***

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

***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:

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

***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.

***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.

***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. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the general fund.

***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.

**Benton Township**  
*Ottawa County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**Note 2 - Summary of Significant Accounting Policies (continued)**

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.

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 506,000	\$ 492,942	\$ (13,058)
Special Revenue	318,330	356,250	37,920
Capital Projects	419,000	414,518	(4,482)

2019 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$ 526,000	\$ 445,395	\$ 81,605
Special Revenue	578,000	342,156	235,844
Capital Projects	419,000	412,518	6,482

**Note 4 – Deposits and Investments**

The Township maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. A summary of the Township’s deposit and investment accounts are as follows:

	2019
Demand deposits	\$ 155,062
STAR Plus	424,928
Total deposits	155,062
STAR Ohio	62,595
Total investments	62,595
Total deposits and investments	\$ 642,585

**Benton Township**  
*Ottawa County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 4 – Deposits and Investments (continued)**

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Township; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

***Investments***

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

**Note 5 – Property Taxes**

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

**Note 6 - Risk Management**

***Workers' Compensation***

The Township participates in the Ohio Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

***Risk Pool Membership***

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

**Benton Township**  
*Ottawa County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

**Note 6 - Risk Management (continued)**

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	2019
Cash and investments	\$35,207,320
Actuarial liabilities	\$10,519,942

**Note 7 - Defined Benefit Pension Plan**

***Ohio Public Employees Retirement System***

All Township 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. 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, 2019.

**Note 8 – Postemployment Benefits**

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2019.

**Note 9 – Debt**

Debt outstanding at December 31, 2019 was as follows:

	Principal	Interest Rate
OPWC Loan CE43O - Velliquette Road and Other Resurfacing	\$ 34,243	0%
OPWC Loan CE46Q - Benton TR 77, Allen TR 7 & 214, Carroll TR 90 & 91	66,835	0%
OPWC Loan CE06V - TR 66, TR 97, TR 46 and Other Roads	726	0%
Total	\$ 101,078	

The prior year debt balance in the audit report was understated by \$42,937.

The Ohio Public Works Commission (OPWC) CE43O loan relates to Velliquette Road and other resurfacing projects. The OPWC CE46Q loan relates to a joint road resurfacing project.



**Benton Township**  
*Ottawa County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 9 – Debt (continued)**

The OPWC CE06V loan relates to a joint road resurfacing project. The Township will repay the loan in 2020.

**Amortization**

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

<u>Year Ending December 31:</u>	<u>OPWC Loans</u>
2020	\$ 29,956
2021	29,230
2022	29,230
2023	<u>12,662</u>
Total	<u>\$ 101,078</u>

**Note 10 – Contingent Liabilities**

The Township may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, management believes that the resolution of any matter will not materially adversely affect the Township's financial condition.

**Note 11 – Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Township. In addition, the impact on the Township's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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

Benton Township  
Ottawa County  
1670 North Walker Street  
Graytown, Ohio 43432-9800

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2020 and 2019 of Benton Township, Ottawa County (the Township) and the related notes to the financial statements and have issued our report thereon dated July 30, 2021, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township and several changes to its reporting model.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. However, unidentified material weaknesses may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that we must report under *Government Auditing Standards*.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated July 30, 2021.

***Entity's Response to Finding***

The Township's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the Township's response and accordingly, we express no opinion on it.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



***Charles E. Harris and Associates, Inc.***  
July 30, 2021

BENTON TOWNSHIP  
OTTAWA COUNTY

SCHEDULE OF FINDINGS  
December 31, 2020 and 2019

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

**Finding Number: 2020-001 – Material Weakness**

**Recording of Transactions and Audit Adjustments**

During 2020 and 2019, the Township erroneously recorded numerous transactions. The more significant adjustments are as follows:

- In 2019, federal grants were recorded as miscellaneous receipts instead of intergovernmental receipts in the capital projects fund.
- In 2019, reimbursement for loan payments from other entities were recorded as fines and forfeitures instead of miscellaneous revenue.
- In 2020, workers compensation and insurance refunds were recorded as licenses, permits and fees instead of miscellaneous revenue.
- In 2019, the Township did not properly classify General Fund subsequent year appropriations exceeding estimated receipts as assigned fund balance in accordance with Governmental Accounting Standards Board (GASB) Statement No. 54.
- In 2020 and 2019, Homestead and Rollbacks were recorded as property tax revenue rather than intergovernmental revenue in both the general and special revenue funds.
- In 2019, a fire contract payment was posted to other financing uses rather than public safety.
- The Township debt footnotes were modified to present accurate principal balances.
- Other changes were necessary to correct various items in the footnotes.

The accompanying financial statements and the Township's records have been adjusted to properly reflect these transactions. Various other immaterial posting errors were also noted and brought to the attention of management.

Failure to report transactions correctly results in the financial statements not being accurately presented. We recommend that the Fiscal Officer follow GASB Statement No. 54 fund balance classifications and refer to the Ohio Township Handbook, the UAN manual, Audit Bulletin 2011-004 and other Auditor of State guidance to properly classify its transactions. In addition, we recommend the Fiscal Officer review all financial reports compiled by UAN to ensure their accuracy.

**Management's Response:**

See Corrective Action Plan.

BENTON TOWNSHIP  
OTTAWA COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Years Ended December 31, 2020 and 2019  
Prepared by Management

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2018-001	Material Weakness - Reporting	Not Corrected	See corrective action plan
2018-002	Non-compliance and Material Weakness – Posting Special Funding to Incorrect Fund	Corrected	

BENTON TOWNSHIP  
OTTAWA COUNTY

CORRECTIVE ACTION PLAN  
For the Years Ended December 31, 2020 and 2019  
Prepared by Management

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2020-001	We will continue to work on recording receipts and payments to the proper classifications.	Immediately	Gayle Millinger, Fiscal Officer

# OHIO AUDITOR OF STATE KEITH FABER



**BENTON TOWNSHIP**

**OTTAWA COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 10/5/2021**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)