

***BENNINGTON TOWNSHIP
LICKING COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2005 & 2006

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Mary Taylor, CPA

Auditor of State

Board of Trustees
Bennington Township
6642 Bennington Chapel Road
Centerburg, Ohio 43011-9312

We have reviewed the *Report of Independent Accountants* of Bennington Township, Licking County, prepared by Charles E. Harris & Associates, Inc., 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 *Report of Independent Accountants* 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 *Report of Independent Accountants* 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

September 27, 2007

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**BENNINGTON TOWNSHIP
LICKING COUNTY, OHIO
Audit Report
For the Years Ended December 31, 2005 & 2006**

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

Bennington Township
Licking County
6642 Bennington Chapel Road
Centerburg, Ohio 43011

To the Board of Trustees:

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2006. Instead of the combined funds the accompanying financial statements present for 2005 and 2006, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2006. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since the Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2005 and 2006, 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, 2005 and 2006, 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, Licking County, as of December 31, 2005 and 2006, and its combined cash receipts and disbursements and changes in fund cash balances for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2006 and 2005. 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 August 17, 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, grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Charles E. Harris & Associates, Inc.

August 17, 2007

BENNINGTON TOWNSHIP
LICKING COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
All Governmental and Fiduciary Fund Types
For the Year Ended December 31, 2005

	Governmental Fund Types				Fiduciary Fund Type	Total Memorandum Only
	General	Special Revenue	Debt Service	Capital Project	Nonexpendable Trust	
Receipts:						
Property and Local Taxes	\$ 60,419	\$ 178,700	\$ 12,710	-	-	\$ 251,829
Licenses, Permits, and Fees	1,894	4,025	-	-	-	5,919
Intergovernmental	39,472	193,125	1,549	\$ 191,324	-	425,470
Earnings on Investments	2,486	463	-	-	-	2,949
Miscellaneous	94	2,552	-	-	-	2,646
Total Receipts	104,365	378,865	14,259	191,324	-	688,813
Disbursements:						
General Government	86,726	-	-	-	-	86,726
Public Safety	-	41,126	-	-	-	41,126
Public Works	128	216,079	211	-	-	216,418
Health	6,689	300	-	-	-	6,989
Capital Outlay	-	78,675	-	191,324	-	269,999
Debt Service:						
Redemption of Principal	-	6,312	6,499	-	-	12,811
Interest and Other Fiscal Charges	-	532	345	-	-	877
Total Disbursements	93,543	343,024	7,055	191,324	-	634,946
Total Receipts Over/(Under) Disbursements	10,822	35,841	7,204	-	-	53,867
Other Financing Sources/(Uses)						
Sale of Note	-	32,000	-	-	-	32,000
Total Other Financing Sources/(Uses)	-	32,000	-	-	-	32,000
Excess of Receipts & Other Financing Sources Over/(Under) Disbursements and Other Financing Uses	10,822	67,841	7,204	-	-	85,867
Fund Cash Balance, January 1, 2005	38,689	185,626	7,621	-	2,474	234,410
Fund Cash Balance, December 31, 2005	\$ 49,511	\$ 253,467	\$ 14,825	\$ -	\$ 2,474	\$ 320,277

See Accompanying Notes to the Financial Statements.

BENNINGTON TOWNSHIP
LICKING 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

	Governmental Fund Types				Total Memorandum Only
	General	Special Revenue	Debt Service	Permanent	
Receipts:					
Property and Local Taxes	\$ 66,385	\$ 183,005	\$ 16,585	-	\$ 265,975
Licenses, Permits, and Fees	1,517	1,075	-	-	2,592
Intergovernmental	59,103	122,408	2,081	-	183,592
Earnings on Investments	3,474	813	-	\$ 53	4,340
Miscellaneous	185	7,705	-	-	7,890
Total Receipts	130,664	315,006	18,666	53	464,389
Disbursements:					
General Government	97,627	-	-	-	97,627
Public Safety	-	41,305	-	-	41,305
Public Works	500	211,612	272	-	212,384
Health	7,982	5,518	-	-	13,500
Capital Outlay	3,768	47,724	-	-	51,492
Debt Service:					
Redemption of Principal	-	-	15,696	-	15,696
Interest and Other Fiscal Charges	-	-	3,359	-	3,359
Total Disbursements	109,877	306,159	19,327	-	435,363
Total Receipts Over/(Under)					
Disbursements	20,787	8,847	(661)	53	29,026
Other Financing Sources/(Uses)					
Sale of Note	-	28,000	-	-	28,000
Total Other Financing Sources/(Uses)	-	28,000	-	-	28,000
Excess of Receipts & Other Financing					
Sources Over/(Under) Disbursements and					
Other Financing Uses	20,787	36,847	(661)	53	57,026
Fund Cash Balance, January 1, 2006	49,511	253,467	14,825	2,474	320,277
Fund Cash Balance, December 31, 2006	\$ 70,298	\$ 290,314	\$ 14,164	\$ 2,527	\$ 377,303

See Accompanying Notes to the Financial Statements.

BENNINGTON TOWNSHIP
LICKING COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

Bennington Township, Licking County (the Township) is a body corporate and politic established for the purpose of exercising 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 road and bridge maintenance and cemetery maintenance. The Township contracts with the Hartford Volunteer Fire Department for fire protection and ambulance services.

The Township's management believes these financial statements included in this report represent all of the funds of the Township over which the Township has the ability to exercise direct operating control.

B. BASIS OF ACCOUNTING

The Township prepares its financial statements following the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash 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.)

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

C. CASH

Investments are included in the fund cash balances. 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 maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, that

BENNINGTON TOWNSHIP
LICKING COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. FUND ACCOUNTING - (Continued)

separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

Governmental Fund Types:

General Fund: The general operating fund of the Township. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

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

Gasoline Tax Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Township streets.

Road and Bridge Fund - This fund receives general property tax money for constructing, maintaining, and repairing Township roads and bridges.

Fire Fund - This fund receives general property tax money for Township fire station operation.

Debt Service Fund: This fund is used to accumulate resources for the payment of indebtedness. The Township had the following significant Debt Service Fund:

Truck Debt Service – This fund is used to repay the loan for Township fire truck.

Capital Project Funds: These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township has the following significant Capital Projects Fund:

Ohio Public Works Commission Fund (OPWC) – This fund receives grants and loans for various projects within the Township.

**BENNINGTON TOWNSHIP
LICKING COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. FUND ACCOUNTING - (Continued)

Fiduciary Fund Type: These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following significant Fiduciary Fund in 2005. In 2006, this fund is reclassified as Governmental Fund Type-Permanent fund:

Nonexpendable Trust Fund/Permanent Fund:

Smith Bequest Trust Fund – This fund is used to account for resources restricted by legally binding trust agreements for Township’s cemetery operation. Only the interest may used for disbursement.

E. BUDGETARY PROCESS

A budget of estimated cash receipts and disbursements is prepared by the Clerk, approved by the Township Board of Trustees, and submitted to the county auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

1. Estimated Resources

The county auditor calculates the estimated revenues available to the Township. He prepares a certificate of estimated resources based upon this calculation and upon the other financial information supplied in the budget sent by the Township. The certificate is approved by the county budget commission and sent to the Township Clerk by September 1.

Prior to December 31, the Township must revise its budget so that the total budgeted expenditures for a fund will not exceed the amount of estimated resources stated in the certificate of estimated resources. The revised budget serves as the basis for the annual appropriation measure.

On or about January 1, the Clerk sends the county auditor a certificate which includes the actual unencumbered balances from the preceding year. The county auditor prepares an amended certificate, submits it to the county budget commission for approval. This amended certificate may be further amended during the year if projected revenue increases or the Clerk identifies decreases in revenue.

**BENNINGTON TOWNSHIP
LICKING COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. BUDGETARY PROCESS - (Continued)

Budget receipts, as shown in Note 4, do not include the unencumbered fund balances as of January 1, 2005 and 2006. However, those fund balances are available for appropriation.

2. Appropriations

A temporary appropriation measure to control cash expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by March 31 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

3. Encumbrances

The Township is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The sum of expenditures and encumbrances may not exceed appropriated totals at any level of budgetary control. The legal level of control is the object level.

Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year without being re-appropriated.

F. PROPERTY, PLANT AND EQUIPMENT

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on 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 is not reflected as a liability under the Township's basis of accounting.

**BENNINGTON TOWNSHIP
LICKING COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2006**

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

The Township maintains a cash and investment 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>2005</u>	<u>2006</u>
Demand Deposits	\$318,277	\$375,303
Certificates of Deposit	2,000	2,000
Total	<u>\$320,277</u>	<u>\$377,303</u>

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Township, or (3) collateralized by the financial institution's public entity deposit pool.

3. PROPERTY TAXES

Real property taxes are levied on assessed values, which equal 35% of appraised value. The county auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 2005.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The State Board of Tax Equalization adjusts the tax rates for inflation. Real property owners' tax bills are further reduced by homestead and rollback deductions when applicable. The amount of these homestead and rollback reductions is reimbursed to the Township by the State of Ohio. The amounts reimbursed by the State of Ohio are reflected in the accompanying financial statements as intergovernmental receipts.

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

The property owners, who must file a list of such property to the County by each April 30, assess tangible personal property tax.

The County Treasurer collects property tax on behalf of all taxing authorities within the county. The County Auditor periodically remits to the taxing authorities their portions of the taxes collected.

BENNINGTON TOWNSHIP
LICKING COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2006

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2005 and 2006 follows:

<u>2005 Budgeted vs Actual Receipts</u>			
<u>Fund:</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
	<u>Receipts</u>	<u>Receipts</u>	
General Fund	\$ 103,733	\$ 104,365	\$ 632
Special Revenue Funds	544,522	410,865	(133,657)
Debt Service Fund	13,880	14,259	379
Capital Projects	0	191,324	191,324
Nonexpendable Trust	0	0	0

<u>2005 Budgeted vs Actual Budgetary Basis Expenditures</u>			
<u>Fund:</u>	<u>Appropriation</u>	<u>Budgetary</u>	<u>Variance</u>
	<u>Authority</u>	<u>Expenditures</u>	
General Fund	\$ 142,277	\$93,543	\$ 48,734
Special Revenue Funds	730,148	343,024	387,124
Debt Service Fund	21,501	7,055	14,446
Capital Projects	0	191,324	(191,324)
Nonexpendable Trust	473	0	473

<u>2006 Budgeted vs Actual Receipts</u>			
<u>Fund:</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
	<u>Receipts</u>	<u>Receipts</u>	
General Fund	\$ 130,492	\$ 130,664	\$ 172
Special Revenue Funds	374,803	343,006	(59,868)
Debt Service Fund	23,484	18,666	(4,818)
Permanent Fund	0	53	53

<u>2006 Budgeted vs Actual Budgetary Basis Expenditures</u>			
<u>Fund:</u>	<u>Appropriation</u>	<u>Budgetary</u>	<u>Variance</u>
	<u>Authority</u>	<u>Expenditures</u>	
General Fund	\$ 147,101	\$ 109,877	\$ 37,244
Special Revenue Funds	536,486	306,159	256,579
Debt Service Fund	33,527	19,327	14,200
Permanent Fund	0	0	0

In 2005, the Township did not properly appropriate disbursements for an OPWC project that paid the vendors directly. As a result, the disbursements exceeded appropriations in the Capital Project – OPWC fund.

**BENNINGTON TOWNSHIP
LICKING COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2006**

5. RETIREMENT SYSTEM

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS), a state operated, cost sharing, multiple employer plans. The plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are prescribed by the Ohio Revised Code. OPERS members contributed 8.5% and 9% of their gross pay for 2005 and 2006, respectively while the Township contributed an amount equal to 13.55% and 13.7% of covered payroll for 2005 and 2006, respectively. The Township paid all required contributions through 2006.

6. RISK MANAGEMENT

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.

Casualty Coverage - 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. Townships can elect additional coverage, from \$2,000,000 to \$12,000,000 for claims that occurred prior to January 1, 2006 and \$3,000,000 to \$13,000,000 for claims that occurring after January 1, 2006 with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to an annual aggregate limit of \$10,000,000.

Property Coverage - Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence. APEEP's Guarantee Fund was responsible for losses and loss adjustment expenses exceeding operating contributions.

**BENNINGTON TOWNSHIP
LICKING COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2006**

6. RISK MANAGEMENT - (Continued)

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop-loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 & 2005 was \$1,901,127 and \$1,712,113, respectively.

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

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

Members may withdraw on each anniversary of the date they joined OTARMA. They must provide 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 contribution, minus the subsequent year's premium. Also upon withdrawal, payments for all property and casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

Financial Position - OTARMA's financial statements (audited by other accountants) conform to 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	(11,443,952)	(12,344,576)
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	(676,709)	(1,406,031)
Retained earnings	<u>\$ 9,334,254</u>	<u>\$ 7,771,765</u>

**BENNINGTON TOWNSHIP
LICKING COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2005 and 2006**

6. RISK MANAGEMENT - (Continued)

The casualty coverage assets and retained earnings above include approximately \$12.1 million and \$11.6 million of unpaid claims to be billed to approximately 958 member townships in the future, as of December 31, 2006 and 2005, respectively. OTARMA will collect these amounts in future annual premium billings when OTARMA's related liabilities are due for payment.

7. DEBT

In November 2005, the Township entered a 5-year maintenance garage note with interest rate 5.6% under an escrow account with the Park National Bank in the amount of \$60,000. The Bank directly distributed the money to the constructors upon the request from the Township. The bank distributed the total amount of the loan in 2005 and 2006.

Debt outstanding at December 31, 2006 is as follows:

<u>Description:</u>	<u>Principal</u>	<u>Interest Rate</u>
Storage Building Loan	<u>\$ 49,289</u>	<u>5.60%</u>

Principal and interest requirements for debt outstanding at December 31, 2006 are as follows:

<u>Year Ended</u>	<u>Storage Building Loan</u>
2007	\$ 13,924
2008	13,924
2009	13,924
2010	<u>13,924</u>
Total	<u>\$ 55,596</u>

8. CONTINGENT LIABILITES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

Charles E. Harris & Associates, Inc.
Certified Public Accountants

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS REQUIRED BY GOVERNMENT AUDITING STANDARDS**

**Bennington Township
Licking County
6642 Bennington Chapel Road
Centerburg, Ohio 43011**

To the Board of Trustees:

We have audited the financial statements of Bennington Township, Licking County, Ohio (the Township), as of and for the years ended December 31, 2005 and 2006, and have issued our report thereon dated August 17, 2007, wherein we noted the Township followed accounting practices prescribed or permitted by the Auditor of State of Ohio. We conducted our audit 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.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of the 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control over financial reporting.

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

A control deficiency 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 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 accounting practices the Auditor of State prescribes such that there is more than a remote likelihood that a misstatement of the Township's financial statements that is more than inconsequential will not be prevented or detected by the Township's internal control. We consider the deficiencies described in the accompanying schedule of findings, items 2006-Ben-01 and 02, to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township's internal control.

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 considered to be material weaknesses. However, we believe the significant deficiencies described above to be material weaknesses.

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, grant agreements and other matters, 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2006-Ben-02.

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

We noted certain matters that we have reported to management of the Township in a separate letter dated August 17, 2007.

This report is intended solely for the information and use of the management and the Township Board of Trustees and is not intended to be and should not be used by anyone other than these specified parties.

***Charles E. Harris and Associates, Inc.*
August 17, 2007**

**BENNINGTON TOWNSHIP
LICKING COUNTY
Schedule of Findings
December 31, 2005 and 2006**

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

Finding Number 2006-BEN-01

Material Weakness

Including all transactions and activities undertaken within the Township

During our audit, we noted that the Township did not record the receipts nor disbursements for funding for a storage building project in special revenue fund due to the funding was kept in an escrow account with local bank and being directly distributed to the vendor upon request from the Township. Similarly, the Township did not appropriate nor certify the estimated resources for the project in either year.

We recommend that the Township include all receipts and disbursements in the accounting records and properly appropriate and certify these monies to the county auditor.

Management agrees and will include all funding and activities undertaken and properly appropriate and record expenditures occurred.

Finding Number 2006-BEN-02

Non-Compliance Citation and Material Weakness

Expenditures Limited by Appropriations

Ohio Revised Code Section 5705.41(B) states no subdivision or taxing unit is to expend money unless it has been appropriated.

During our audit, we noted that the Township obtained an OPWC grant which was paid directly from OPWC to the vendors. Although the receipts and disbursements were properly recorded in the accounting records, the Township did not appropriate for the disbursements. As a result, the expenditures exceeded appropriations in the following fund in 2005.

Funds	Total Appropriations	Total Expenditures	Variances
Capital Project Fund:			
<u>2005</u>			
OPWC Project	\$	-	\$ 191,324
			(191,324)

We recommend that the Township properly appropriate for monies paid directly to vendors.

Management agrees and will appropriate accordingly.

SCHEDULE OF PRIOR AUDIT FINDINGS

The prior audit report, for the years ending December 31, 2004 and 2003, reported no material citations or recommendations.



Mary Taylor, CPA
Auditor of State

BENNINGTON TOWNSHIP

LICKING 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
OCTOBER 9, 2007**