



Dave Yost • Auditor of State



**BENTON TOWNSHIP  
OTTAWA COUNTY**

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**BENTON TOWNSHIP  
OTTAWA COUNTY**

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# Dave Yost • Auditor of State

## 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 cash-basis financial statements of the governmental activities and each major fund of Benton Township, Ottawa County, Ohio (the Township), as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

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

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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 obtained is sufficient and appropriate to support our audit opinions.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities and each major fund of Benton Township, Ottawa County, Ohio, as of December 31, 2016 and 2015, and the respective changes in cash financial position and the respective budgetary comparison for the General, Motor Vehicle License Tax, Gasoline Tax, Road and Bridge, and Cemetery funds thereof for the years then ended in accordance with the accounting basis described in Note 2.

**Accounting Basis**

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2018, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

February 8, 2018

**Benton Township**  
*Ottawa County, Ohio*  
*Statement of Net Position - Cash Basis*  
*December 31, 2016*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$573,496</u>
<b>Net Position</b>	
Restricted for:	
Other Purposes	308,353
Unrestricted	<u>265,143</u>
<i>Total Net Position</i>	<u><u>\$573,496</u></u>

See accompanying notes to the basic financial statements

**Benton Township**  
*Ottawa County, Ohio*  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2016*

	Program Cash Receipts			Net Disbursements and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Current:				
General Government	\$159,868			(\$159,868)
Public Safety	108,620			(108,620)
Public Works	378,617		\$114,448	(264,169)
Health	56,428	\$23,609	3,350	(29,469)
Conservation-Recreation	14,573	3,615		(10,958)
Other	13,377	12,754		(623)
Capital Outlay	2,710			(2,710)
Debt Service:				
Principal Retirement	24,350			(24,350)
<i>Total Governmental Activities</i>	<u>\$758,543</u>	<u>\$39,978</u>	<u>\$117,798</u>	<u>(600,767)</u>
		General Receipts:		
				437,238
				17,478
				66,733
				3,234
				2,049
				<u>526,732</u>
				(74,035)
				<u>647,531</u>
				<u>\$573,496</u>

See accompanying notes to the basic financial statements



**Benton Township**  
*Ottawa County, Ohio*  
*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*December 31, 2016*

	General	Motor Vehicle License Tax	Gasoline Tax	Road and Bridge	Cemetery	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$265,143	\$46,002	\$47,974	\$174,336	\$40,041	\$573,496
<b>Fund Balances</b>						
Restricted		46,002	47,974	174,336	40,041	308,353
Assigned	232,701					232,701
Unassigned	32,442					32,442
<i>Total Fund Balances</i>	\$265,143	\$46,002	\$47,974	\$174,336	\$40,041	\$573,496

See accompanying notes to the basic financial statements

**Benton Township**  
*Ottawa County, Ohio*  
*Statement of Receipts, Disbursements, and Changes Fund Balances - Cash Basis*  
*Governmental Funds*  
*For the Year Ended December 31, 2016*

	General	Motor Vehicle License Tax	Gasoline Tax	Road and Bridge	Cemetery	Total Governmental Funds
<b>Receipts</b>						
Property and Other Local Taxes	\$296,102	\$17,478		\$117,560	\$23,576	\$454,716
Licenses, Permits and Fees	15,988				22,309	38,297
Intergovernmental	66,733	18,536	\$79,264	16,648	3,350	184,531
Earnings on Investments	1,692	154	203			2,049
Miscellaneous	3,615				1,300	4,915
<i>Total Receipts</i>	<u>384,130</u>	<u>36,168</u>	<u>79,467</u>	<u>134,208</u>	<u>50,535</u>	<u>684,508</u>
<b>Disbursements</b>						
Current:						
General Government	159,868					159,868
Public Safety	108,620					108,620
Public Works	12,534	39,206	82,989	243,888		378,617
Health	10,000				46,428	56,428
Conservation-Recreation	14,573					14,573
Capital Outlay					2,710	2,710
Debt Service:						
Principal Retirement				24,350		24,350
<i>Total Disbursements</i>	<u>305,595</u>	<u>39,206</u>	<u>82,989</u>	<u>268,238</u>	<u>49,138</u>	<u>745,166</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>78,535</u>	<u>(3,038)</u>	<u>(3,522)</u>	<u>(134,030)</u>	<u>1,397</u>	<u>(60,658)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers In				169,414		169,414
Transfers Out	(169,414)					(169,414)
Other Financing Uses	(13,377)					(13,377)
<i>Total Other Financing Sources (Uses)</i>	<u>(182,791)</u>			<u>169,414</u>		<u>(13,377)</u>
<i>Net Changes in Fund Balances</i>	<u>(104,256)</u>	<u>(3,038)</u>	<u>(3,522)</u>	<u>35,384</u>	<u>1,397</u>	<u>(74,035)</u>
<i>Fund Balances Beginning of Year</i>	<u>369,399</u>	<u>49,040</u>	<u>51,496</u>	<u>138,952</u>	<u>38,644</u>	<u>647,531</u>
<i>Fund Balances End of Year</i>	<u>\$265,143</u>	<u>\$46,002</u>	<u>\$47,974</u>	<u>\$174,336</u>	<u>\$40,041</u>	<u>\$573,496</u>

See accompanying notes to the basic financial statements

**Benton Township**  
*Ottawa County, Ohio*  
*Statement of Receipts, Disbursements, and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$387,000	\$387,000	\$296,102	(\$90,898)
Licenses, Permits and Fees	2,000	2,000	15,988	13,988
Intergovernmental	33,500	33,500	66,733	33,233
Earnings on Investments	500	500	1,692	1,192
Miscellaneous	560	560	3,615	3,055
<i>Total Receipts</i>	<u>423,560</u>	<u>423,560</u>	<u>384,130</u>	<u>(39,430)</u>
<b>Disbursements</b>				
Current:				
General Government	301,800	206,300	160,544	45,756
Public Safety	110,000	110,000	155,921	(45,921)
Public Works	27,300	19,300	12,534	6,766
Health	10,000	10,000	10,000	
Conservation-Recreation	22,500	22,500	14,573	7,927
Capital Outlay	42,000	2,000		2,000
Debt Service:				
Principal Retirement	25,000	650		650
<i>Total Disbursements</i>	<u>538,600</u>	<u>370,750</u>	<u>353,572</u>	<u>17,178</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(115,040)</u>	<u>52,810</u>	<u>30,558</u>	<u>(22,252)</u>
<b>Other Financing Uses</b>				
Transfers Out			(169,414)	(169,414)
Other Financing Uses	(25,000)	(23,436)	(13,377)	10,059
<i>Total Other Financing Uses</i>	<u>(25,000)</u>	<u>(23,436)</u>	<u>(182,791)</u>	<u>(159,355)</u>
<i>Net Changes in Fund Balance</i>	<u>(140,040)</u>	<u>29,374</u>	<u>(152,233)</u>	<u>(181,607)</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>369,399</u>	<u>369,399</u>	<u>369,399</u>	
<i>Unencumbered Fund Balance End of Year</i>	<u><u>\$229,359</u></u>	<u><u>\$398,773</u></u>	<u><u>\$217,166</u></u>	<u><u>(\$181,607)</u></u>

See accompanying notes to the basic financial statements

**Benton Township**  
*Ottawa County, Ohio*  
*Statement of Receipts, Disbursements, and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Motor Vehicle License Tax Fund*  
*For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes			\$17,478	\$17,478
Intergovernmental	\$22,500	\$22,500	18,536	(3,964)
Earnings on Investments	25	25	154	129
<i>Total Receipts</i>	22,525	22,525	36,168	13,643
<b>Disbursements</b>				
Current:				
Public Works	44,000	44,000	39,206	4,794
<i>Net Changes in Fund Balance</i>	(21,475)	(21,475)	(3,038)	18,437
<i>Unencumbered Fund Balance Beginning of Year</i>	49,040	49,040	49,040	
<i>Unencumbered Fund Balance End of Year</i>	\$27,565	\$27,565	\$46,002	\$18,437

See accompanying notes to the basic financial statements

**Benton Township**  
*Ottawa County, Ohio*  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Gasoline Tax Fund*  
*For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Intergovernmental	\$90,000	\$90,000	\$79,264	(\$10,736)
Earnings on Investments	30	30	203	173
<i>Total Receipts</i>	90,030	90,030	79,467	(10,563)
<b>Disbursements</b>				
Current:				
Public Works	90,500	90,500	82,989	7,511
<i>Net Changes in Fund Balance</i>	(470)	(470)	(3,522)	(3,052)
<i>Unencumbered Fund Balance Beginning of Year</i>	51,496	51,496	51,496	
<i>Unencumbered Fund Balance End of Year</i>	\$51,026	\$51,026	\$47,974	(\$3,052)

See accompanying notes to the basic financial statements

**Benton Township**  
*Ottawa County, Ohio*  
*Statement of Receipts, Disbursements, and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Road and Bridge Fund*  
*For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$121,100	\$121,100	\$117,560	(\$3,540)
Charges for Services	6,000	6,000		(6,000)
Intergovernmental	9,000	9,000	16,648	7,648
<i>Total Receipts</i>	<u>136,100</u>	<u>136,100</u>	<u>134,208</u>	<u>(1,892)</u>
<b>Disbursements</b>				
Current:				
Public Works	157,000	302,064	243,888	58,176
Debt Service:				
Principal Retirement		24,350	24,350	
<i>Total Disbursements</i>	<u>157,000</u>	<u>326,414</u>	<u>268,238</u>	<u>58,176</u>
<i>Excess of Disbursements Over Receipts</i>	<u>(20,900)</u>	<u>(190,314)</u>	<u>(134,030)</u>	<u>56,284</u>
<b>Other Financing Sources</b>				
Transfers In			169,414	169,414
<i>Net Changes in Fund Balance</i>	<u>(20,900)</u>	<u>(190,314)</u>	<u>35,384</u>	<u>225,698</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>138,952</u>	<u>138,952</u>	<u>138,952</u>	
<i>Unencumbered Fund Balance End of Year</i>	<u>\$118,052</u>	<u>(\$51,362)</u>	<u>\$174,336</u>	<u>\$225,698</u>

See accompanying notes to the basic financial statements

**Benton Township**  
*Ottawa County, Ohio*  
*Statement of Receipts, Disbursements, and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Cemetery Fund*  
*For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$25,800	\$25,800	\$23,576	(\$2,224)
Licenses, Permits and Fees	21,000	21,000	22,309	1,309
Intergovernmental	1,000	1,000	3,350	2,350
Miscellaneous	600	600	1,300	700
<i>Total Receipts</i>	<u>48,400</u>	<u>48,400</u>	<u>50,535</u>	<u>2,135</u>
<b>Disbursements</b>				
Current:				
Health	59,750	59,750	46,428	13,322
Capital Outlay	8,000	8,000	2,710	5,290
<i>Total Disbursements</i>	<u>67,750</u>	<u>67,750</u>	<u>49,138</u>	<u>18,612</u>
<i>Net Changes in Fund Balance</i>	(19,350)	(19,350)	1,397	20,747
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>38,644</u>	<u>38,644</u>	<u>38,644</u>	
<i>Unencumbered Fund Balance End of Year</i>	<u>\$19,294</u>	<u>\$19,294</u>	<u>\$40,041</u>	<u>\$20,747</u>

See accompanying notes to the basic financial statements

**Benton Township**  
*Ottawa County, Ohio*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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**Note 1 – Reporting Entity**

Benton Township, Ottawa County, Ohio (the Township), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government that was included to ensure that the financial statements are not misleading.

***Primary Government***

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The primary government of the Township provides the following services to its citizens: general government services, maintenance of Township roads and bridges, cemetery maintenance, and park services. The Township contracts with the Village of Rocky Ridge, Allen-Clay Joint Fire District, Harris Township, and Mid-County Joint Ambulance District to provide fire and emergency medical services to the Township.

***Public Entity Risk Pool***

The Township participates in a public entity risk pool. Note 8 to the financial statements provides additional information for this entity.

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**

As discussed further in the Basis of Accounting section of this Note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

***Basis of Presentation***

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

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

The statement of net position presents the cash and investment balances of the governmental type activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental type activities. Disbursements are reported by function.



**Benton Township**  
*Ottawa County, Ohio*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or requirements of a particular program and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

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

***Fund Accounting***

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are classified as governmental.

***Governmental Funds*** Governmental funds are those through which most governmental functions of the Township are financed. The following are the Township's major governmental funds:

***General*** 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.

***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.

***Motor Vehicle License Tax Fund*** The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees 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 receipts restricted for the construction, reconstruction, resurfacing and repair of Township roads and bridges.

***Cemetery Fund*** The cemetery fund accounts for and reports property tax receipts restricted for the upkeep, payroll and repair of Township Cemetery at Limestone and Elliston Cemetery.

***Basis of Accounting***

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

**Benton Township**  
*Ottawa County, Ohio*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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

***Budgetary Process***

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

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

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

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

***Cash and Investments***

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

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents.

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

During 2016, the Township invested in STAR Ohio.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment

**Benton Township**  
*Ottawa County, Ohio*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2016*

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Pools and Pool Participants.” The Township also implemented GASB Statement No. 79 for 2016. The implementation of this GASB pronouncement had no effect on beginning net position/fund balance. The Township measures its investment in STAR Ohio 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.

For 2016, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the general fund during 2016 was \$1,692 which includes \$357 assigned from other Township funds.

***Restricted Assets***

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

***Inventory and Prepaid Items***

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

***Capital Assets***

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

***Accumulated Leave***

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

***Employer Contributions to Cost-Sharing Pension Plans***

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

***Long-Term Obligations***

The Township’s cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments

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are reported when paid.

***Net Position***

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for public works and cemetery.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position are available.

***Fund Balance***

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

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

***Restricted*** Fund balance is reported as 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*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Township Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not 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. State Statute authorizes the Township Clerk to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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**Unassigned** Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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.

**Internal Activity**

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**Note 3 – Compliance**

Contrary to Ohio law, the Township did not encumber all commitments required by Ohio law. Management has included an audit adjustment in the accompanying general fund Statement of Receipts, Disbursements, and Changes in Fund Balance -Budget and Actual - Budget Basis for material items that should have been encumbered.

**Note 4 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and any major special revenue funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is due to outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as assigned fund balance (cash basis).

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis are as follows:

	<u>General</u>
Cash Basis	\$265,143
Encumbrances	<u>(47,977)</u>
Budget Basis	<u><u>\$217,166</u></u>

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**Note 5 – Deposits and Investments**

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

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

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

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

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

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and

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8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the clerk/treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

***Investments***

As of December 31, 2016, the Township had the following investments

	Measurement Value	Maturity
STAR Ohio	\$9,456	6 months or less

***Credit Risk*** The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

***Concentration of Credit Risk*** The Township places no limit on the amount it may invest in any one issuer. The following investments represent five percent or more of total investments as of December 31, 2016:

Investment Issuer	Percentage of Investments
STAR Ohio	100.00 %

**Note 6 – Taxes**

***Property Taxes***

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2016 for real and public utility property taxes represents collections of 2015 taxes.

2016 real property taxes are levied after October 1, 2016, on the assessed value as of January 1, 2016, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2016 real property taxes are collected in and intended to finance 2017.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

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Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2016 public utility property taxes which became a lien December 31, 2015 are levied after October 1, 2016, and are collected in 2017 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2015, was \$9.70 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2016 property tax receipts were based are as follows:

Real Property	\$57,532,030
Public Utility Personal Property	2,545,400
Total	<u>\$60,077,430</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

**Note 7 – Interfund Transfers**

During 2016, the general fund transferred \$169,414 to the road and bridge fund.

The above mentioned transfers from/to were used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; and to use unrestricted receipts collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Note 8 – Risk Management**

***Public Entity Risk Pool***

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2016, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.



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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2016.

	<b>2016</b>
Assets	\$38,473,283
Liabilities	8,244,140
Net Position	\$30,229,143

At December 31, 2016 the liabilities above include approximately \$7.4 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,010 member governments in the future, as of December 31, 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Township's share of these unpaid claims collectible in future years is approximately \$7,000.

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

<b><u>2016 Contributions to OTARMA</u></b>
\$15,656

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

**Note 9 – Defined Benefit Pension Plan**

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

Plan Description - Township employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan

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with defined contribution features. While members (e.g. Township employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Public Safety</b>	<b>Public Safety</b>	<b>Public Safety</b>
<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b> Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>
<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local	
<b>2016 Statutory Maximum Contribution Rates</b>		
Employer	14.0	%
Employee	10.0	%
<b>2016 Actual Contribution Rates</b>		
Employer:		
Pension	12.0	%
Post-employment Health Care Benefits	2.0	
<b>Total Employer</b>	<b>14.0</b>	<b>%</b>
Employee	10.0	%

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Township's contractually required contribution was \$23,774 for 2016.

**Note 10 - Postemployment Benefits**

***Ohio Public Employees Retirement System***

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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*Ottawa County, Ohio*  
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In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

At the beginning of 2016, OPERS maintained three health care trusts. The two cost-sharing, multiple employer trusts, the 401(h) Health Care Trust (401(h) Trust) and the 115 Health Care Trust (115 Trust), worked together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. Each year, the OPERS Board of Trustees determines the portion of the employer contributions rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for both the Traditional Pension and Combined plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) Trust that provides funding for a Retiree Medical Account (RMA) for Member-Directed Plan members. The employer contribution as a percentage of covered payroll deposited to the RMAs for 2016 was 4.0 percent.

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In March 2016, OPERS received two favorable rulings from the IRS allowing OPERS to consolidate all health care assets into the 115 Trust. Transition to the new health care trust structure occurred during 2016. OPERS Combining Statements of Changes in Fiduciary Net Position for the year ended December 31, 2016, will reflect a partial year of activity in the 401(h) Trust and VEBA Trust prior to the termination of these trusts as of end of business day June 30, 2016, and the assets and liabilities, or net position, of these trusts being consolidated into the 115 Trust on July 1, 2016.

Substantially all of the Township’s contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2016, 2015, and 2014 was \$485, \$504, and \$371, respectively. The full amount has been contributed for all three years.

**Note 11 – Debt**

A summary of the loan transactions for the year ended December 31, 2016, follows:

	Outstanding 12/31/15	Issued	Retired	Outstanding 12/31/16
<b>Governmental Activities</b>				
Ohio Public Works Commission Loan CE53H	\$8,721		\$4,030	\$4,691
Ohio Public Works Commission Loan CE43O	93,924		13,573	80,351
Ohio Public Works Commission Loan CE46Q	55,839		6,747	49,092
<i>Total Governmental Activities</i>	<u>\$158,484</u>		<u>\$24,350</u>	<u>\$134,134</u>

The Ohio Public Works Commission (OPWC) CE53H loan relates to Lickert-Harder Road and Strange Road resurfacing projects. The Township will repay the loan in semiannual installments of \$2,015 through the year 2018.

The OPWC CE43O loan relates to Velliquette Road and Other road resurfacing projects. The Township will repay the loan in semiannual installments of \$6,787 through the year 2022.

The OPWC CE46Q loan relates to a joint road resurfacing project. The Township will repay the loan in semiannual installments of \$3,374 through the year 2024.

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Principal requirements to retire OPWC Loans outstanding at December 31, 2016, were as follows:

Year	OPWC Principal
2017	\$24,350
2018	22,337
2019	20,321
2020	20,321
2021	20,321
2022-2024	26,484
Total	\$134,134

**Note 12 – Fund Balances**

Fund balance is classified restricted, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds are presented below:

Fund Balances	General	Motor Vehicle License Tax	Gasoline Tax	Road and Bridge	Cemetery	Total
<b>Restricted for</b>						
Public Works		\$46,002	\$47,974	\$174,336		\$93,976
Cemetery					\$40,041	40,041
Total Restricted		46,002	47,974	174,336	40,041	308,353
<b>Assigned to</b>						
Subsequent year appropriations	\$232,701					232,701
<b>Unassigned</b>	32,442					32,442
<i>Total Fund Balances</i>	\$265,143	\$46,002	\$47,974	\$174,336	\$80,082	\$573,496

**Note 13 – Contractual Commitments**

Outstanding encumbrances in the General Fund of \$47,977 at December 31, 2016 consisted largely of 2016 obligations related to fire and emergency medical services that were not paid until 2017.

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*Statement of Net Position - Cash Basis*  
*December 31, 2015*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$647,531</u>
<b>Net Position</b>	
Restricted for:	
Other Purposes	278,132
Unrestricted	<u>369,399</u>
<i>Total Net Position</i>	<u><u>\$647,531</u></u>

See accompanying notes to the basic financial statements

**Benton Township**  
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*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2015*

	Program Cash Receipts			Net Disbursements and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Current:				
General Government	\$175,517			(\$175,517)
Public Safety	105,667			(105,667)
Public Works	220,845		\$122,429	(98,416)
Health	45,547	\$19,370	3,447	(22,730)
Conservation-Recreation	13,683	565		(13,118)
Other	10,000	8,729		(1,271)
Capital Outlay	33,830			(33,830)
Debt Service:				
Principal Retirement	24,350			(24,350)
<i>Total Governmental Activities</i>	<u>\$629,439</u>	<u>\$28,664</u>	<u>\$125,876</u>	<u>(474,899)</u>
		General Receipts:		
				406,951
				17,328
				71,066
				3,596
				1,114
				600
				<u>500,655</u>
				25,756
				<u>621,775</u>
				<u>\$647,531</u>

See accompanying notes to the basic financial statements



**Benton Township**  
*Ottawa County, Ohio*  
*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*December 31, 2015*

	General	Motor Vehicle License Tax	Gasoline Tax	Road and Bridge	Cemetery	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$369,399	\$49,040	\$51,496	\$138,952	\$38,644	\$647,531
<b>Fund Balances</b>						
Restricted		49,040	51,496	138,952	38,644	278,132
Unassigned	369,399					369,399
<i>Total Fund Balances</i>	<u>\$369,399</u>	<u>\$49,040</u>	<u>\$51,496</u>	<u>\$138,952</u>	<u>\$38,644</u>	<u>\$647,531</u>

See accompanying notes to the basic financial statements

**Benton Township**  
*Ottawa County, Ohio*  
*Statement of Receipts, Disbursements, and Changes Fund Balances - Cash Basis*  
*Governmental Funds*  
*For the Year Ended December 31, 2015*

	General	Motor Vehicle License Tax	Gasoline Tax	Road and Bridge	Cemetery Cemetery	Total Governmental Funds
<b>Receipts</b>						
Property and Other Local Taxes	\$285,371	\$17,328		\$97,843	\$23,737	\$424,279
Charges for Services				4,650		4,650
Licenses, Permits and Fees	6,973				18,620	25,593
Fines and Forfeitures			\$702			702
Intergovernmental	71,002	20,829	87,505	14,095	3,511	196,942
Earnings on Investments	1,018	58	38			1,114
Miscellaneous	565				1,350	1,915
<i>Total Receipts</i>	<u>364,929</u>	<u>38,215</u>	<u>88,245</u>	<u>116,588</u>	<u>47,218</u>	<u>655,195</u>
<b>Disbursements</b>						
Current:						
General Government	175,517					175,517
Public Safety	105,667					105,667
Public Works	11,714	12,923	37,225	158,983		220,845
Health					45,547	45,547
Conservation-Recreation	13,683					13,683
Capital Outlay	26,830				7,000	33,830
Debt Service:						
Principal Retirement				24,350		24,350
<i>Total Disbursements</i>	<u>333,411</u>	<u>12,923</u>	<u>37,225</u>	<u>183,333</u>	<u>52,547</u>	<u>619,439</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>31,518</u>	<u>25,292</u>	<u>51,020</u>	<u>(66,745)</u>	<u>(5,329)</u>	<u>35,756</u>
<b>Other Financing Sources (Uses)</b>						
Transfers In				83,861		83,861
Transfers Out	(83,861)					(83,861)
Other Financing Uses	(10,000)					(10,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(93,861)</u>			<u>83,861</u>		<u>(10,000)</u>
<i>Net Changes in Fund Balances</i>	(62,343)	25,292	51,020	17,116	(5,329)	25,756
<i>Fund Balances Beginning of Year</i>	<u>431,742</u>	<u>23,748</u>	<u>476</u>	<u>121,836</u>	<u>43,973</u>	<u>621,775</u>
<i>Fund Balances End of Year</i>	<u>\$369,399</u>	<u>\$49,040</u>	<u>\$51,496</u>	<u>\$138,952</u>	<u>\$38,644</u>	<u>\$647,531</u>

See accompanying notes to the basic financial statements

**Benton Township**  
*Ottawa County, Ohio*  
*Statement of Receipts, Disbursements, and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$303,200	\$303,200	\$285,371	(\$17,829)
Licenses, Permits and Fees	2,000	2,000	6,973	4,973
Intergovernmental	31,000	31,000	71,002	40,002
Earnings on Investments	400	400	1,018	618
Miscellaneous	500	500	565	65
<i>Total Receipts</i>	<u>337,100</u>	<u>337,100</u>	<u>364,929</u>	<u>27,829</u>
<b>Disbursements</b>				
Current:				
General Government	256,400	214,707	175,517	39,190
Public Safety	110,000	107,500	105,667	1,833
Public Works	31,300	14,457	11,714	2,743
Health	8,800	8,800	8,800	8,800
Conservation-Recreation	18,500	19,500	13,683	5,817
Capital Outlay	27,000	27,000	26,830	170
Debt Service:				
Principal Retirement	21,000	8,825		8,825
<i>Total Disbursements</i>	<u>473,000</u>	<u>400,789</u>	<u>333,411</u>	<u>67,378</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(135,900)</u>	<u>(63,689)</u>	<u>31,518</u>	<u>95,207</u>
<b>Other Financing Uses</b>				
Transfers Out			(83,861)	(83,861)
Other Financing Uses	(25,000)	(13,350)	(10,000)	3,350
<i>Total Other Financing Uses</i>	<u>(25,000)</u>	<u>(13,350)</u>	<u>(93,861)</u>	<u>(80,511)</u>
<i>Net Changes in Fund Balance</i>	<u>(160,900)</u>	<u>(77,039)</u>	<u>(62,343)</u>	<u>14,696</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>431,742</u>	<u>431,742</u>	<u>431,742</u>	
<i>Unencumbered Fund Balance End of Year</i>	<u>\$270,842</u>	<u>\$354,703</u>	<u>\$369,399</u>	<u>\$14,696</u>

See accompanying notes to the basic financial statements

**Benton Township**  
*Ottawa County, Ohio*  
*Statement of Receipts, Disbursements, and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Motor Vehicle License Tax Fund*  
*For the Year Ended December 31, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes			\$17,328	\$17,328
Intergovernmental	\$22,500	\$22,500	20,829	(1,671)
Earnings on Investments	20	20	58	38
<i>Total Receipts</i>	<u>22,520</u>	<u>22,520</u>	<u>38,215</u>	<u>15,695</u>
<b>Disbursements</b>				
Current:				
Public Works	22,500	22,500	12,923	9,577
<i>Net Changes in Fund Balance</i>	20	20	25,292	25,272
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>23,748</u>	<u>23,748</u>	<u>23,748</u>	
<i>Unencumbered Fund Balance End of Year</i>	<u><u>\$23,768</u></u>	<u><u>\$23,768</u></u>	<u><u>\$49,040</u></u>	<u><u>\$25,272</u></u>

See accompanying notes to the basic financial statements

**Benton Township**  
*Ottawa County, Ohio*  
*Statement of Receipts, Disbursements, and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Gasoline Tax Fund*  
*For the Year Ended December 31, 2015*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Fines and Forfeitures			\$702	\$702
Intergovernmental	\$90,000	\$90,000	87,505	(2,495)
Earnings on Investments	30	30	38	8
<i>Total Receipts</i>	<u>90,030</u>	<u>90,030</u>	<u>88,245</u>	<u>(1,785)</u>
<b>Disbursements</b>				
Current:				
Public Works	<u>90,500</u>	<u>90,500</u>	<u>37,225</u>	<u>53,275</u>
<i>Net Changes in Fund Balance</i>	(470)	(470)	51,020	51,490
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>476</u>	<u>476</u>	<u>476</u>	
<i>Unencumbered Fund Balance End of Year</i>	<u><u>\$6</u></u>	<u><u>\$6</u></u>	<u><u>\$51,496</u></u>	<u><u>\$51,490</u></u>

See accompanying notes to the basic financial statements

**Benton Township**  
*Ottawa County, Ohio*  
*Statement of Receipts, Disbursements, and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Road and Bridge Fund*  
*For the Year Ended December 31, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$96,080	\$96,080	\$97,843	\$1,763
Charges for Services	5,000	5,000	4,650	(350)
Intergovernmental	7,000	7,000	14,095	7,095
<i>Total Receipts</i>	<u>108,080</u>	<u>108,080</u>	<u>116,588</u>	<u>8,508</u>
<b>Disbursements</b>				
Current:				
Public Works	147,000	206,511	158,983	47,528
Debt Service:				
Principal Retirement		24,350	24,350	
<i>Total Disbursements</i>	<u>147,000</u>	<u>230,861</u>	<u>183,333</u>	<u>47,528</u>
<i>Excess of Disbursements Over Receipts</i>	<u>(38,920)</u>	<u>(122,781)</u>	<u>(66,745)</u>	<u>56,036</u>
<b>Other Financing Sources</b>				
Transfers In			83,861	83,861
<i>Net Changes in Fund Balance</i>	(38,920)	(122,781)	17,116	139,897
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>121,836</u>	<u>121,836</u>	<u>121,836</u>	
<i>Unencumbered Fund Balance End of Year</i>	<u><u>\$82,916</u></u>	<u><u>(\$945)</u></u>	<u><u>\$138,952</u></u>	<u><u>\$139,897</u></u>

See accompanying notes to the basic financial statements

**Benton Township**  
*Ottawa County, Ohio*  
*Statement of Receipts, Disbursements, and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Cemetery Fund*  
*For the Year Ended December 31, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$24,770	\$24,770	\$23,737	(\$1,033)
Licenses, Permits and Fees	21,000	21,000	18,620	(2,380)
Intergovernmental	1,000	1,000	3,511	2,511
Miscellaneous	500	500	1,350	850
<i>Total Receipts</i>	47,270	47,270	47,218	(52)
<b>Disbursements</b>				
Current:				
Health	59,450	59,450	45,547	13,903
Capital Outlay	7,000	7,000	7,000	
<i>Total Disbursements</i>	66,450	66,450	52,547	13,903
<i>Net Changes in Fund Balance</i>	(19,180)	(19,180)	(5,329)	13,851
<i>Unencumbered Fund Balance Beginning of Year</i>	43,973	43,973	43,973	
<i>Unencumbered Fund Balance End of Year</i>	\$24,793	\$24,793	\$38,644	\$13,851

See accompanying notes to the basic financial statements

**Benton Township**  
*Ottawa County, Ohio*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2015*

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**Note 1 – Reporting Entity**

Benton Township, Ottawa County, Ohio (the Township), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government that was included to ensure that the financial statements are not misleading.

***Primary Government***

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The primary government of the Township provides the following services to its citizens: general government services, maintenance of Township roads and bridges, cemetery maintenance, and park services. The Township contracts with the Village of Rocky Ridge, Allen-Clay Joint Fire District, Harris Township, and Mid-County Joint Ambulance District to provide fire and emergency medical services to the Township.

***Public Entity Risk Pool***

The Township participates in a public entity risk pool. Note 8 to the financial statements provides additional information for this entity.

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**

As discussed further in the Basis of Accounting section of this Note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

***Basis of Presentation***

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

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

The statement of net position presents the cash and investment balances of the governmental type activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental type activities. Disbursements are reported by function.



**Benton Township**  
*Ottawa County, Ohio*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2015*

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A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or requirements of a particular program and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

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

***Fund Accounting***

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are classified as governmental.

***Governmental Funds*** Governmental funds are those through which most governmental functions of the Township are financed. The following are the Township's major governmental funds:

***General*** 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.

***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.

***Motor Vehicle License Tax Fund*** The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees 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 receipts restricted for the construction, reconstruction, resurfacing and repair of Township roads and bridges.

***Cemetery Fund*** The cemetery fund accounts for and reports property tax receipts restricted for the upkeep, payroll and repair of Township Cemetery at Limestone and Elliston Cemetery.

***Basis of Accounting***

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

**Benton Township**  
*Ottawa County, Ohio*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2015*

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

***Budgetary Process***

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

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

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

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

***Cash and Investments***

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

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents.

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

During 2015, the Township invested in STAR Ohio.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. The Township measures its investment in STAR Ohio at the net asset value (NAV) per share

**Benton Township**  
*Ottawa County, Ohio*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2015*

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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.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the general fund during 2015 was \$1,018 which includes \$96 assigned from other Township funds.

***Restricted Assets***

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

***Inventory and Prepaid Items***

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

***Capital Assets***

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

***Accumulated Leave***

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

***Employer Contributions to Cost-Sharing Pension Plans***

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement healthcare benefits.

***Long-Term Obligations***

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

***Net Position***

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for public works and cemetery.

**Benton Township**  
*Ottawa County, Ohio*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2015*

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The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position are available.

***Fund Balance***

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

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

***Restricted*** Fund balance is reported as 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*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Township Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not 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. State Statute authorizes the Township Clerk to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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.

**Benton Township**  
*Ottawa County, Ohio*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2015*

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***Internal Activity***

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**Note 3 – Compliance**

Contrary to Ohio law, the Fiscal Officer did not allocate rollbacks to the proper funds.

**Note 4 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and any major special revenue funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. There were no differences between the budgetary basis and the cash basis in 2015.

**Note 5 – Deposits and Investments**

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

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

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

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

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

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

**Benton Township**  
*Ottawa County, Ohio*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2015*

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2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the clerk/treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

***Investments***

As of December 31, 2015, the Township had the following investments

	Measurement Value	Maturity
STAR Ohio	\$9,406	6 months or less

**Benton Township**  
*Ottawa County, Ohio*  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2015*

**Credit Risk** The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

**Concentration of Credit Risk** The Township places no limit on the amount it may invest in any one issuer. The following investments represent five percent or more of total investments as of December 31, 2016:

Investment Issuer	Percentage of Investments
STAR Ohio	100.00 %

**Note 6 – Taxes**

**Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2015 for real and public utility property taxes represents collections of 2014 taxes.

2015 real property taxes are levied after October 1, 2015, on the assessed value as of January 1, 2015, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2015 real property taxes are collected in and intended to finance 2016.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2015 public utility property taxes which became a lien December 31, 2014, are levied after October 1, 2015, and are collected in 2016 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2014, was \$9.70 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2015 property tax receipts were based are as follows:

Real Property	\$46,827,140
Public Utility Personal Property	2,485,420
Total	\$49,312,560

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

**Benton Township**  
*Ottawa County, Ohio*  
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**Note 7 – Interfund Transfers**

During 2015, the general fund transferred \$83,861 to the road and bridge fund.

The above mentioned transfers from/to were used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; and to use unrestricted receipts collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Note 8 – Risk Management**

***Public Entity Risk Pool***

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members’ deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2015, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

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

Financial Position

OTARMA’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2015.

	<b><u>2015</u></b>
Assets	\$37,313,311
Liabilities	8,418,518
Net Position	\$28,894,793



**Benton Township**  
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At December 31, 2015 the liabilities above include approximately \$7.8 million of estimated incurred claims payable. The assets above also include approximately \$7.7 million of unpaid claims to be billed to approximately 989 members in the future, as of December 31, 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Township's share of these unpaid claims collectible in future years is approximately \$8,000.

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

<b>2015 Contributions to OTARMA</b>
\$15,750

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

**Note 9 – Defined Benefit Pension Plan**

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

Plan Description - Township employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Township employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

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<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Public Safety</b>	<b>Public Safety</b>	<b>Public Safety</b>
<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b> Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>
<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

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	State and Local	
<b>2015 Statutory Maximum Contribution Rates</b>		
Employer	14.0	%
Employee	10.0	%
<b>2015 Actual Contribution Rates</b>		
Employer:		
Pension	12.0	%
Post-employment Health Care Benefits	2.0	
<b>Total Employer</b>	<b>14.0</b>	<b>%</b>
<b>Employee</b>	<b>10.0</b>	<b>%</b>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Township's contractually required contribution was \$24,706 for 2015.

**Note 10 - Postemployment Benefits**

***Ohio Public Employees Retirement System***

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member Directed Plan is a defined contribution plan. The Combined Plan is a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, aged-and-service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefits is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. OPERS' eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the OPERS CAFR for details.

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The Ohio Revised Code permits, but does not require, OPERS to provide OPEB benefits to its eligible benefit recipients. Authority to establish and amend health care coverage is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2015, the Township contributed at a rate of 14.00% of earnable salary for state and local employees. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active member contributions do not fund the OPEB Plan.

OPERS’ Post-employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care. For 2015, the portion of employer contributions allocated to health care for members in the Traditional Pension and Combined plans was 2%. Effective January 1, 2015, the portion of employer contributions allocated to healthcare remains at 2% for both plans, as recommended by the OPERS’ Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Substantially all of the Township’s contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2015, 2014, and 2013 was \$504, \$371, and \$350, respectively. The full amount has been contributed for all three years.

**Note 11 – Debt**

A summary of the loan transactions for the year ended December 31, 2015, follows:

	Outstanding 12/31/14	Issued	Retired	Outstanding 12/31/15
<b>Governmental Activities</b>				
Ohio Public Works Commission Loan CE53H	\$14,103		\$5,382	\$8,721
Ohio Public Works Commission Loan CE43O	101,798		7,874	93,924
Ohio Public Works Commission Loan CE46Q	66,933		11,094	55,839
<i>Total Governmental Activities</i>	\$182,834		\$24,350	\$158,484

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The Ohio Public Works Commission (OPWC) CE53H loan relates to Lickert-Harder Road and Strange Road resurfacing projects. The Township will repay the loan in semiannual installments of \$2,015 through the year 2018.

The OPWC CE43O loan relates to Velliquette Road and Other road resurfacing projects. The Township will repay the loan in semiannual installments of \$6,787 through the year 2022.

The OPWC CE46Q loan relates to a joint road resurfacing project. The Township will repay the loan in semiannual installments of \$3,374 through the year 2024.

Principal requirements to retire OPWC Loans outstanding at December 31, 2015, were as follows:

<u>Year</u>	<u>OPWC Principal</u>
2016	\$24,350
2017	24,350
2018	22,337
2019	20,321
2020	20,321
2021-2024	46,805
Total	<u>\$158,484</u>

**Note 12 – Fund Balances**

Fund balance is classified restricted, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds are presented below:

<u>Fund Balances</u>	<u>General</u>	<u>Motor Vehicle License Tax</u>	<u>Gasoline Tax</u>	<u>Road and Bridge</u>	<u>Cemetery</u>	<u>Total</u>
<b>Restricted for</b>						
Public Works		\$49,040	\$51,496	\$138,952		\$100,536
Cemetery					\$38,644	38,644
Total Restricted		49,040	51,496	138,952	38,644	278,132
<b>Unassigned</b>	\$369,399					369,399
<i>Total Fund Balances</i>	<u>\$369,399</u>	<u>\$49,040</u>	<u>\$51,496</u>	<u>\$138,952</u>	<u>\$77,288</u>	<u>\$647,531</u>

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# Dave Yost • Auditor of State

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

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 and the Comptroller General of the United States' *Government Auditing Standards*, the cash basis financial statements of the governmental activities and each major fund of Benton Township, Ottawa County, Ohio (the Township) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated February 8, 2018, wherein we noted the Township uses a special purpose framework other than generally accepted accounting principles.

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

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. We consider findings 2016-001 and 2016-002 described in the accompanying schedule of findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2016-003 described in the accompanying schedule of findings to be a significant deficiency.

***Compliance and Other Matters***

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2016-002 and 2016-003.

***Township's Response to Findings***

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

***Purpose of this Report***

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



**Dave Yost**  
Auditor of State

Columbus, Ohio

February 8, 2018



**BENTON TOWNSHIP  
OTTAWA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2016 AND 2015**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2016-001**

**Material Weakness – Financial Reporting**

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

We identified the following errors requiring adjustment to the basic financial statements and/or notes to the basic financial statements for the year ended December 31, 2016:

- General Fund intergovernmental receipts in the amount of \$41,354 were incorrectly classified as property and other local taxes receipts;
- General Fund unassigned fund balance in the amount of \$232,701 was reclassified to assigned in accordance with the provisions of Government Accounting Standards Board Statement No. 54; and
- Motor Vehicle License Tax Fund property and other local taxes receipts in the amount of \$17,478 were incorrectly classified as intergovernmental receipts;

We identified the following errors requiring adjustment to the basic financial statements and/or notes to the basic financial statements for the year ended December 31, 2015:

- General Fund intergovernmental receipts in the amount of \$40,929 were incorrectly classified as property and other local taxes receipts;
- Motor Vehicle License Tax Fund property and other local taxes receipts in the amount of \$17,328 were incorrectly classified as intergovernmental receipts; and
- Gasoline Tax Fund fines and forfeitures were increased and public works disbursements were decreased each in the amount of \$4,093 to properly account for a refund of an overpayment that occurred in the same year.

These errors were not identified and corrected prior to the Township preparing its basic financial statements due to deficiencies in the Township's internal controls over financial statement monitoring. The accompanying basic financial statements, and where applicable, the Township's accounting records have been adjusted to reflect these changes. Additional insignificant errors were also noted for the years ended December 31, 2016 and 2015.

To help ensure the Township's financial statements and notes to the statements are complete and accurate, the Township should adopt policies and procedures, including a final review of the basic financial statements and notes to the basic financial statements by the Fiscal Officer, to identify and correct errors and omissions. The Fiscal Officer can refer to the Ohio Township Handbook at the following web site address for guidance on the recording of transactions:

<http://www.ohioauditor.gov/publications/FINALTownshipHandbook%203-22-17.pdf>

Also, the Fiscal Officer can refer to Auditor of State Bulletin 2011-004 at the following website address for information on Governmental Accounting Standards Board Statement No. 54:

<http://www.ohioauditor.gov/publications/bulletins/2011/2011-004.pdf>.

**FINDING NUMBER 2016-001  
(CONTINUED)**

**Officials' Response:**

Further training will be reviewed in the Ohio Township Book. The Fiscal Officer also attended training in November of 2017 and January 2017 through the State of Ohio and Ohio Township Association for financial reporting and HINKLE notes.

**FINDING NUMBER 2016-002**

**Noncompliance / Material Weakness**

**Ohio Rev. Code § 5705.41(D)** provides that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required for the order or contract has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such 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 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) of the Ohio Rev. Code.

1. "Then and Now" certificate – If the Fiscal Officer can certify both at the time the contract or order was made ("then"), and at the time the fiscal officer is completing the certification ("now"), sufficient funds were available or in the process of collection, to the credit of an appropriate fund, free from any previous encumbrances, the Board of Trustees can authorize the drawing of a warrant for the payment of the amount due. The Board of Trustees 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 exception does not eliminate any otherwise applicable requirement for approval of expenditures by the Board.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a 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.
3. Super Blanket Certificate – The Board of Trustees 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 may, but need not, be limited to a specific vendor. 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.

**FINDING NUMBER 2016-002  
 (CONTINUED)**

Fifty-seven percent of transactions tested were not properly certified by the Fiscal Officer at the time the commitments were incurred, and there was no evidence the Township followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances. In addition, the Township had \$47,301 in outstanding purchase commitments as of December 31, 2016 that were not properly certified at year-end. The accompanying general fund Statement of Receipts, Disbursements, and Changes in Fund Balance -Budget and Actual - Budget Basis has been adjusted to reflect these amounts as actual budgetary basis expenditures (public safety). This non-compliance and error were not identified and corrected prior to the Township preparing its basic financial statements due to deficiencies in the Township’s internal controls over financial statement monitoring and certification compliance.

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 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 the Fiscal Officer certify the funds are or will be available prior to obligation by the Township. When prior certification is not possible, “then and now” certification should be used.

**Officials’ Response:**

Then and now purchase orders will be used going forward, when not authorized prior.

**FINDING NUMBER 2016-003**

**Noncompliance / Significant Deficiency**

**Ohio Rev. Code § 5705.10(D)** provides, in part, that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

The Fiscal Officer posted rollbacks and excess IRP receipts to the incorrect funds during the years ended December 31, 2016 and 2015. The following table illustrates the errors in posting by fund:

<u>Major Fund</u>	<u>2016 Amount Adjusted</u>	<u>2015 Amount Adjusted</u>
General Fund	(\$493)	(\$8,766)
Motor Vehicle License Fund	493	
Road and Bridge Fund		7,018
Cemetery Fund		1,748

The accompanying basic financial statements and Township accounting records have been adjusted to reflect these changes.

**FINDING NUMBER 2016-003  
(CONTINUED)**

These errors were not identified and corrected prior to the audit due to deficiencies in the Township's internal controls over financial statement monitoring. Sound financial reporting is the responsibility of the Fiscal Officer and the Board of Trustees and is essential to ensure the information provided to the readers of the financial statements and accompanying notes is complete and accurate.

To help ensure the Township's basic financial statements and notes to the basic financial statements are complete and accurate, the Township should adopt policies and procedures, including a final review of the basic financial statements and notes to the basic financial statements by the Fiscal Officer and Board of Trustees, to identify and correct errors and omissions. Also, the Fiscal Officer can refer to the Ohio Township Handbook, available from the following web address, for guidance on the posting of transactions:

<http://www.ohioauditor.gov/publications/FINALTownshipHandbook%203-22-17.pdf>

**Officials' Response:**

Further training will be reviewed in the Ohio Township Book. The Fiscal Officer also attended training in November of 2017 and January 2017 through the State of Ohio and Ohio Township Association for financial reporting and HINKLE notes.



# Dave Yost • Auditor of State

**BENTON TOWNSHIP**

**OTTAWA 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 8, 2018**