



**BENTON TOWNSHIP  
PIKE COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**BENTON TOWNSHIP  
PIKE COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2000 .....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1999 .....	4
Notes to the Financial Statements .....	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	11
Schedule of Findings .....	13
Corrective Action Plan .....	14

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STATE OF OHIO  
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## REPORT OF INDEPENDENT ACCOUNTANTS

Benton Township  
Pike County  
4176 Green Ridge Road  
Peebles, Ohio 45660

To the Board of Trustees:

We have audited the accompanying financial statements of Benton Township, Pike County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Benton Township, Pike County, as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

March 29, 2001

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**BENTON TOWNSHIP  
PIKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Local Taxes	\$8,024	\$15,824	\$23,848
Intergovernmental	55,104	62,533	117,637
Charges for Services		7,924	7,924
Earnings on Investments	1,377		1,377
Other Revenue		1,085	1,085
	<u>64,505</u>	<u>87,366</u>	<u>151,871</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
General Government	64,447	542	64,989
Public Safety		12,564	12,564
Public Works		58,734	58,734
Health	254	3,211	3,465
Debt Service:			
Redemption of Principal		4,000	4,000
Capital Outlay	198		198
	<u>64,899</u>	<u>79,051</u>	<u>143,950</u>
<b>Total Cash Disbursements</b>			
Excess of Cash Receipts Over/ (Under) Cash Disbursements	<u>(394)</u>	<u>8,315</u>	<u>7,921</u>
Fund Cash Balances, January 1	<u>64,124</u>	<u>47,556</u>	<u>111,680</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$63,730</u></b>	<b><u>\$55,871</u></b>	<b><u>\$119,601</u></b>

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

**BENTON TOWNSHIP  
PIKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		<b>Totals</b>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
<b>Cash Receipts:</b>			
Local Taxes	\$7,468	\$16,382	\$23,850
Intergovernmental	45,842	63,144	108,986
Charges for Services		1,600	1,600
Earnings on Investments	1,576		1,576
Other Revenue		7,740	7,740
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	54,886	88,866	143,752
<b>Cash Disbursements:</b>			
Current:			
General Government	83,897	380	84,277
Public Safety		14,845	14,845
Public Works		63,093	63,093
Health	238	4,037	4,275
Debt Service:			
Redemption of Principal		4,000	4,000
Capital Outlay		76	76
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	84,135	86,431	170,566
Excess of Cash Receipts Over/ (Under) Cash Disbursements	<hr/> (29,249)	<hr/> 2,435	<hr/> (26,814)
Fund Cash Balances, January 1	<hr/> 93,373	<hr/> 45,121	<hr/> 138,494
<b>Fund Cash Balances, December 31</b>	<hr/> <b>\$64,124</b>	<hr/> <b>\$47,556</b>	<hr/> <b>\$111,680</b>

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



**BENTON TOWNSHIP  
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

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

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

**B. Basis of Accounting**

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

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

**C. Cash**

The Township had one primary checking account during our audit period.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

Gasoline Tax Fund - This fund received gasoline tax money to construct, maintain and repair Township roads.

Fire Levy Fund - This fund received tax money from the fire levy to provide fire protection and emergency medical services.

**BENTON TOWNSHIP  
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Township did not always encumber prior to making commitments as required by Ohio law.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**2. EQUITY IN POOLED CASH**

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

	<u>2000</u>	<u>1999</u>
<b>Demand deposits</b>	<u>\$119,601</u>	<u>\$111,680</u>

**Deposits:** Deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Township.

**BENTON TOWNSHIP  
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$129,644	\$64,505	(\$65,139)
Special Revenue	135,544	87,366	(48,178)
Total	\$265,188	\$151,871	(\$113,317)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Actual Disbursements	Variance
General	\$161,637	\$64,899	\$96,738
Special Revenue	183,100	79,051	104,049
Total	\$344,737	\$143,950	\$200,787

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$119,586	\$54,886	(\$64,700)
Special Revenue	76,346	88,866	12,520
Total	\$195,932	\$143,752	(\$52,180)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Actual Disbursements	Variance
General	\$187,173	\$84,135	\$103,038
Special Revenue	122,961	86,431	36,530
Total	\$310,134	\$170,566	\$139,568

**BENTON TOWNSHIP  
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**4. PROPERTY TAX**

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

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

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

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

**5. DEBT**

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
Pike County Community Development Loan	\$4,000	0%

The Pike County Community Development Loan was issued to provide for an addition to the Fire House. The loan is collateralized solely by the Township's taxing authority. The loan is payable in 2001.

**6. CAPITAL LEASE**

A capital lease outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
2000 International Dump Truck	\$13,319	5.90%

The Township entered into a capital lease agreement with Case Credit Corporation for a 2000 International dump truck.

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

Year ending December 31:	General Obligation Note
2001	\$14,093

**BENTON TOWNSHIP  
PIKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999  
(Continued)**

**7. RETIREMENT SYSTEMS**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. For the period July 1, 2000 through December 31, 2000, PERS temporarily reduced the employer's contribution rate to 8.13% of the participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

**8. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omission

The Township also provides health and life insurance to officials and full-time employees through a private carrier.

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## REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Benton Township  
Pike County  
4176 Green Ridge Road  
Peebles, Ohio 45660

To the Board of Trustees:

We have audited the accompanying financial statements of Benton Township, Pike County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 29, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2000-40766-001. We also noted certain immaterial instances of noncompliance that we have reported to the management of the Township in a separate letter dated March 29, 2001.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 29, 2001.

Benton Township  
Pike County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

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

**Jim Petro**  
Auditor of State

March 29, 2001



BENTON TOWNSHIP  
PIKE COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2000 AND 1999

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

FINDING NUMBER 2000-40766-001

**Ohio Rev. Code Section 5705.41(D)** states that no order or contract involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exception to this basic requirement is provided statute:

1. Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution of ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.
2. Amounts of less than \$1,000, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures of the taxing authority.

"Then and now" certificates were not utilized and for 44% of the purchases we tested, funds were not certified as available on purchase orders to meet commitments until after the commitment was made.

If purchase orders are utilized, we recommend all purchase orders be certified by the Township Clerk prior to the commitment being made.

**BENTON TOWNSHIP  
PIKE COUNTY**

**CORRECTIVE ACTION PLAN  
DECEMBER 31, 2000 AND 1999**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2000-40766-001	Township Clerk indicated that she would certify purchase orders prior to when the commitments are made.	April, 2000	Betty Ward



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**BENTON TOWNSHIP**

**PIKE 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  
MAY 29, 2001**