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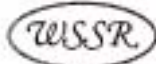
**BENNINGTON TOWNSHIP  
MORROW COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2002 & 2001**

*Whited Seigneur Sams & Rabe, LLP*

CERTIFIED PUBLIC ACCOUNTANTS



213 South Paint Street • Chillicothe, Ohio 45601-3828  
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**Auditor of State  
Betty Montgomery**

Board of Trustees  
Bennington Township  
Marengo, Ohio

We have reviewed the Independent Auditor's Report of Bennington Township, Morrow County, prepared by Whited Seigneur Sams & Rahe, LLP, for the audit period January 1, 2001 through December 31, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

June 18, 2003

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**BENNINGTON TOWNSHIP  
MORROW COUNTY, OHIO**

**TABLE OF CONTENTS**

	<b>Page</b>
Report of Independent Auditor .....	1
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2002 .....	2
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2001 .....	3
Notes to the Financial Statements .....	4
Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	9
Schedule of Findings .....	10

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# Whited Seigneur Sams & Rahe, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Jerry B. Whited, CPA  
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May 15, 2003

Board of Trustees  
Bennington Township, Morrow County  
18 South Main Street, P.O. Box 337  
Marengo, Ohio 43334

## Report of Independent Auditor

We have audited the accompanying financial statements of Bennington Township, Morrow County, Ohio (the Township) as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 audits provide 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 Bennington Township, Morrow County, Ohio, as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 15, 2003 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 Township Trustees and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE CPAs, LLP

**BENNINGTON TOWNSHIP  
MORROW COUNTY, OHIO  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

<b>CASH RECEIPTS</b>	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Memorandum Only</u>
Local Taxes	\$ 46,735	\$ 25,010	\$ 0	\$ 71,745
Intergovernmental	24,683	79,811	0	104,494
Licenses, Permits and Fees	0	11,220	0	11,220
Interest	1,754	194	0	1,948
Other Revenue	<u>5,530</u>	<u>5,514</u>	<u>0</u>	<u>11,044</u>
<b>TOTAL CASH RECEIPTS</b>	78,702	121,749	0	200,451
<b>CASH DISBURSEMENTS</b>				
Current				
General Government	55,265	0	0	55,265
Public Works	0	82,192	0	82,192
Health	0	26,278	0	26,278
Capital Outlay	0	11,464	0	11,464
Debt Services				
Redemption of Principal	0	19,831	0	19,831
Interest and Fiscal Charges	<u>0</u>	<u>3,835</u>	<u>0</u>	<u>3,835</u>
<b>TOTAL CASH DISBURSEMENTS</b>	<u>55,265</u>	<u>143,600</u>	<u>0</u>	<u>198,865</u>
<b>TOTAL RECEIPTS OVER/(UNDER) DISBURSEMENTS</b>	23,437	(21,851)	0	1,586
Fund Cash Balances, January 1, 2002	<u>65,469</u>	<u>104,991</u>	<u>5</u>	<u>170,465</u>
Fund Cash Balances, December 31, 2002	<u>\$ 88,906</u>	<u>\$ 83,140</u>	<u>\$ 5</u>	<u>\$ 172,051</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS



**BENNINGTON TOWNSHIP  
MORROW COUNTY, OHIO  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

<b>CASH RECEIPTS</b>	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total Memorandum Only</u>
Local Taxes	\$ 52,023	\$ 31,202	\$ 0	\$ 83,225
Intergovernmental	24,875	78,281	0	103,156
Licenses, Permits and Fees	0	12,020	0	12,020
Interest	1,557	379	0	1,936
Other Revenue	<u>1,194</u>	<u>22</u>	<u>0</u>	<u>1,216</u>
<b>TOTAL CASH RECEIPTS</b>	79,649	121,904	0	201,553
<b>CASH DISBURSEMENTS</b>				
Current				
General Government	52,922	0	0	52,922
Public Works	0	81,127	0	81,127
Health	0	16,146	0	16,146
Capital Outlay	0	2,466	0	2,466
Debt Services				
Redemption of Principal	0	9,885	0	9,885
Interest and Fiscal Charges	<u>0</u>	<u>2,870</u>	<u>0</u>	<u>2,870</u>
<b>TOTAL CASH DISBURSEMENTS</b>	<u>52,922</u>	<u>112,494</u>	<u>0</u>	<u>165,416</u>
<b>TOTAL RECEIPTS OVER/(UNDER) DISBURSEMENTS</b>	26,727	9,410	0	36,137
Fund Cash Balances, January 1, 2001	<u>38,742</u>	<u>95,581</u>	<u>5</u>	<u>134,328</u>
Fund Cash Balances, December 31, 2001	<u>\$ 65,469</u>	<u>\$ 104,991</u>	<u>\$ 5</u>	<u>\$ 170,465</u>

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

**BENNINGTON TOWNSHIP  
MORROW COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- **Description of the Entity**

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

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

- **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.

- **Cash and Investments**

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

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

- **Fund Accounting**

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

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

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

**BENNINGTON TOWNSHIP  
MORROW COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

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

- **Fund Accounting (Continued)**

- **Special Revenue Funds (Continued)**

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

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

- **Budgetary Process**

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

- **Appropriations** - Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund 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.

- **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.

- **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.

A summary of 2002 and 2001 budgetary activity appears in Note 3.

- **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 AND INVESTMENTS**

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

	2002	2001
Demand Deposits	\$ 171,446	\$ 169,872
Total Deposits	171,446	169,872
STAR Ohio	605	593
Total Investments	605	593
Total Deposits and Investments	\$ 172,051	\$ 170,465

**BENNINGTON TOWNSHIP  
MORROW COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

**Deposits**

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

**Investments**

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2002 and 2001 were as follows:

2002 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 40,802	\$ 78,702	\$ 37,900
Special Revenue	116,717	121,749	5,032
Total	<u>\$ 157,519</u>	<u>\$ 200,451</u>	<u>\$ 42,932</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 64,225	\$ 55,265	\$ 8,960
Special Revenue	171,300	143,600	27,700
Total	<u>\$ 235,525</u>	<u>\$ 198,865</u>	<u>\$ 36,660</u>

2001 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 39,634	\$ 79,649	\$ 40,015
Special Revenue	113,317	121,904	8,587
Total	<u>\$ 152,951</u>	<u>\$ 201,553</u>	<u>\$ 48,602</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 54,250	\$ 52,922	\$ 1,328
Special Revenue	177,900	112,494	65,406
Total	<u>\$ 232,150</u>	<u>\$ 165,416</u>	<u>\$ 66,734</u>

**BENNINGTON TOWNSHIP  
MORROW COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**4. PROPERTY TAX**

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

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property 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, 2002 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Note	\$ 23,192	6.51%
Lease Agreement	40,308	3.256%
Total	\$ 63,500	

The general obligation note was issued to finance the purchase of a new truck and snow plowing equipment to be used for Township road maintenance. The note is secured by the Township's taxing authority and by the truck and snow plowing equipment.

A lease agreement with an option to purchase was entered into for a tractor in May 2002 at which time an advance payment of \$10,912 was made.

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

<u>Year Ending December 31</u>	<u>Truck/Snow Plow Note</u>	<u>Tractor Lease Agreement</u>	<u>Total</u>
2003	\$ 12,755	\$ 10,912	\$ 23,667
2004	12,755	10,912	23,667
2005	0	10,912	10,912
2006	0	10,912	10,912
Total	\$ 25,510	\$ 43,648	\$ 69,158

**BENNINGTON TOWNSHIP  
MORROW COUNTY, OHIO  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**6. RETIREMENT SYSTEMS**

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

Contribution rates are prescribed by the Ohio Revised Code. For 2002 and 2001, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2002.

**7. RISK MANAGEMENT**

The Township is a member of the Ohio Township Association Risk Management Authority Self-Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General Liability and Casualty
- Public Official's Liability
- Vehicles

The Township also provides for the payments of health insurance premiums for all officials.

**8. RELATED PARTY TRANSACTIONS**

A Township employee is the owner of a company from which the Township purchased hauling services and stone for Township roads during 2002 and 2001. The Township paid \$27,117 to this company in 2002 and \$22,787 in 2001.

# Whited Seigneur Sams & Rahe, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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May 15, 2003

Board of Trustees  
Bennington Township, Morrow County  
18 South Main Street, P.O. Box 337  
Marengo, Ohio 43334

## **Report on Compliance and on Internal Control Required by *Government Auditing Standards***

We have audited the accompanying financial statements of Bennington Township, Morrow County, Ohio (the Township) as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 15, 2003. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **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 instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2002-40659-001, 2002-40659-002 and 2002-40659-003. Also, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 15, 2003.

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

In planning and performing our audits, 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 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 May 15, 2003.

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

Respectfully submitted,

WHITED SEIGNEUR SAMS & RAHE CPAs, LLP

**BENNINGTON TOWNSHIP  
MORROW COUNTY, OHIO  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001**

**Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS**

**Finding Number 2002-40659-001**

Ohio Rev. Code, Section 5705.41(D) states no subdivision shall make any contact or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The amount so certified shall be recorded against the applicable appropriation account.

This section also provides an exception to the above requirement:

Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the clerk may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.

If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Board of Trustees.

Ninety percent of the disbursements tested were not certified by the fiscal officer until the time of payment. The fiscal officer did not issue "Then and Now Certificates" for these payments.

**Finding Number 2002-40659-002**

Ohio Rev. Code, Section 5575.01 provides that competitive bidding is required for contracts for the maintenance or repair of roads, where the amount involved exceeds \$15,000. In each case, the board must advertise once, not later than two weeks prior to the letting of the contract, in a newspaper published in the county and of general circulation in the township. Award must be to the lowest possible bidder.

In 2002 and 2001, the Township utilized James R. Young Trucking for supplying and hauling limestone. James R. Young Trucking totaled \$27,117 in 2002 and \$22,787 in 2001 for this activity. Competitive bidding procedures were not followed. We recommend that the Trustees properly bid applicable contracts in order that the Township takes advantage of the lowest and best bid.

**Finding Number 2002-40659-003**

2000 OP. Att'y Gen. No. 2000-019 addressed the nature of a "lease with option to purchase" by interpreting this arrangement equal to a form of purchase by the installment payments. Based on the fact that public bodies are not permitted to purchase property by installment payments without clear statutory authority, townships do not possess the power to enter into a lease with option to purchase. (Refer to Auditor of State Bulletin 2000-010 dated July 24, 2000) Contrary to above, the Township entered into a finance lease agreement with a purchase option for a tractor mainly used for roadwork.





**Auditor of State  
Betty Montgomery**

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**BENNINGTON TOWNSHIP**

**MORROW COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 1, 2003**