



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

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**STATE OF OHIO**



BETHEL TOWNSHIP  
MONROE COUNTY

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STATE OF OHIO  
OFFICE OF THE AUDITOR

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## REPORT OF INDEPENDENT ACCOUNTANTS

Bethel Township  
Monroe County  
32467 Long Run Road  
Sycamore Valley, Ohio 43789

To the Board of Trustees:

We have audited the accompanying financial statements of Bethel Township, Monroe County, Ohio (the Township), as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 Bethel Township, Monroe County, as of December 31, 2001 and 2000, 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 our report dated July 5, 2002, 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

**Jim Petro**  
Auditor of State

July 5, 2002

**BETHEL TOWNSHIP  
MONROE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$6,043	\$6,594	\$	\$12,637
Intergovernmental	9,982	89,072		99,054
Earnings on Investments	303	1,289	482	2,074
Other Revenue	6,273	4,069		10,342
	<u>22,601</u>	<u>101,024</u>	<u>482</u>	<u>124,107</u>
<b>Total Cash Receipts</b>				
	<u>22,601</u>	<u>101,024</u>	<u>482</u>	<u>124,107</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	20,903	8,837		29,740
Public Safety				0
Public Works				0
Health	2,070			2,070
Capital Outlay	155	70		225
Other			444	444
	<u>23,128</u>	<u>8,907</u>	<u>444</u>	<u>32,479</u>
<b>Total Cash Disbursements</b>				
	<u>23,128</u>	<u>8,907</u>	<u>444</u>	<u>32,479</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>(527)</u>	<u>(3,772)</u>	<u>38</u>	<u>(4,261)</u>
Fund Cash Balances, January 1	7,983	85,378	8,522	101,883
<b>Fund Cash Balances, December 31</b>	<u><b>\$7,456</b></u>	<u><b>\$81,606</b></u>	<u><b>\$8,560</b></u>	<u><b>\$97,622</b></u>

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

**BETHEL TOWNSHIP  
MONROE COUNTY**

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

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$5,864	\$5,798	\$	\$11,662
Intergovernmental	15,410	74,500		89,910
Earnings on Investments	1,387	1,190	428	3,005
Other Revenue	1,510	3,793		5,303
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	24,171	85,281	428	109,880
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Cash Disbursements:</b>				
Current:				
General Government	20,539	5,971		26,510
Public Safety		1,986		1,986
Public Works	500	102,874		103,374
Health	1,630			1,630
Capital Outlay	3,144			3,144
Other			481	481
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	25,813	110,831	481	137,125
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	(1,642)	(25,550)	(53)	(27,245)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		16,743		16,743
Transfers-Out		(16,743)		(16,743)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(1,642)	(25,550)	(53)	(27,245)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	9,625	110,928	8,575	129,128
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>\$7,983</u></b>	<b><u>\$85,378</u></b>	<b><u>\$8,522</u></b>	<b><u>\$101,883</u></b>

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



**BETHEL TOWNSHIP  
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Bethel Township, Monroe 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 and a publicly-elected clerk. The Township provides general government services, including road maintenance, cemetery maintenance and fire protection. The Township contracts with the Monroe County Emergency Management Agency to provide an emergency operation plan.

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 and Investments**

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 disbursements, accordingly.

Certificates of deposit are valued at cost. Money market mutual funds (including STAROhio) are recorded at share values reported by the mutual fund.

**D. 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:

**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.

**BETHEL TOWNSHIP  
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

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

**D. Fund Accounting (Continued)**

**2. 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 Fund:

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

**3. Fiduciary Funds (Trust Funds)**

These funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a Nonexpendable Trust Fund. The Township had the following significant Nonexpendable Trust Fund:

Forrest O. Parks Trust Fund – This fund receives interest from principal that is invested to pay for cemetery care and maintenance.

**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.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

**BETHEL TOWNSHIP  
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

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

**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 AND INVESTMENTS**

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

	2001	2000
Demand deposits	\$89,122	\$93,383
Certificates of deposit	1,000	1,000
Total deposits	90,122	94,383
Mutual funds	7,500	7,500
Total deposits and investments	\$97,622	\$101,883

**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.

**Investments:** Investments in mutual funds are not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2001 and 2000, follows:

**2001 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$22,885	\$22,601	(\$284)
Special Revenue	102,069	101,024	(1,045)
Fiduciary	436	482	46
Total	\$125,390	\$124,107	(\$1,283)

**2001 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$27,626	\$23,128	\$4,498
Special Revenue	184,831	104,796	80,035
Fiduciary	458	444	14
Total	\$212,915	\$128,368	\$84,547

**BETHEL TOWNSHIP  
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$24,436	\$24,171	(\$265)
Special Revenue	68,237	102,024	33,787
Fiduciary	424	428	4
Total	\$93,097	\$126,623	\$33,526

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$33,961	\$25,813	\$8,148
Special Revenue	178,334	127,574	50,760
Fiduciary	499	481	18
Total	\$212,794	\$153,868	\$58,926

**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 payment, the first half is due December 31. The second half payment is due the following June 20.

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. 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 postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**BETHEL TOWNSHIP  
MONROE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**5. RETIREMENT SYSTEMS (Continued)**

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

**6. RISK MANAGEMENT**

**Risk Pool Membership**

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per occurrence. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, which the General Reinsurance Corporation will reinsure.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

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

BETHEL TOWNSHIP  
MONROE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)

6. RISK MANAGEMENT (Continued)

Risk Pool Membership (Continued)

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and report the following assets, liabilities and retained earnings at December 31, 2001 and 2000 (the latest information available):

<u>Casualty Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$23,703,776	\$22,684,383
Liabilities	<u>9,379,003</u>	<u>8,924,977</u>
Retained earnings	<u>\$14,324,773</u>	<u>\$13,759,406</u>

  

<u>Property Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$5,011,131	\$4,156,784
Liabilities	<u>647,667</u>	<u>497,831</u>
Retained earnings	<u>\$4,363,464</u>	<u>\$3,658,953</u>



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

Bethel Township  
Monroe County  
32467 Long Run Road  
Sycamore Valley, Ohio 43789

To the Board of Trustees:

We have audited the accompanying financial statements of Bethel Township, Monroe County, Ohio (the Township), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated July 5, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2001-41056-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated July 5, 2002.

**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 July 5, 2002.

This report is intended solely 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a horizontal line extending to the right.

**Jim Petro**  
Auditor of State

July 5, 2002



**BETHEL TOWNSHIP  
MONROE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000**

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

**FINDING NUMBER 2001-41056-001**

**Noncompliance Citation**

Ohio Rev. Code Section 505.24 states the amount of the annual salary approved by the board shall be paid only from the township general fund or from such funds in proportions as the board may specify by resolution.

The Township had not adopted a resolution in either year authorizing the amounts of salaries to be paid from each fund. The Trustees' annual salaries were paid 100% from the Gasoline Tax Fund in both 2001 and 2000. The allocation of Board of Trustees' salaries and fringe benefits for 2001 and 2000 was not proportionate to the administrative duties actually performed by the Board of Trustees.

After bringing this to the Township management's attention, the Board of Trustees passed a retroactive resolution on July 2, 2002, addressing the proportions from which the salaries of the Board of Trustees should have been paid. The following proportions were approved for both 2001 and 2000: 8% General Fund, 92% Gasoline Tax Fund.

In accordance with the foregoing facts, a finding for adjustment in the amount of \$3,068 is hereby issued against the General Fund, in favor of the Gasoline Tax Fund. This amount reflects 8% of each Trustee's salary. As of the date of this report, Township management was in agreement with the aforementioned adjustment and this adjustment has been posted to the Township's records and is reflected in the accompanying financial statements.

We recommend the Township adopt a formal resolution at the organizational meeting each year addressing the allocation of total compensation. Each resolution should address the appropriate proportions and funds from which salaries are to be paid. Benefits such as health insurance and the employer's portion of retirement and Medicare should be paid out of the same funds, in the same proportions as the salaries.

BETHEL TOWNSHIP  
MONROE COUNTY

SCHEDULE OF PRIOR AUDIT FINDING  
DECEMBER 31, 2001 AND 2000

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
1999-41056-001	Ohio Rev. Code Section 5705.39, appropriations in excess of estimated revenue.	Yes	



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**BETHEL TOWNSHIP**

**MONROE 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  
AUGUST 27, 2002**