

**BETHEL TOWNSHIP  
MIAMI COUNTY, OHIO**

*Financial Statements*  
(Audited)

For The Years Ended  
December 31, 2003 and 2002

**REBA PLASTER, CLERK**





**Auditor of State  
Betty Montgomery**

Board of Trustees  
Bethel Township  
8735 Second Street  
Tipp City, Ohio 45371

We have reviewed the Independent Auditor's Report of Bethel Township, Miami County, prepared by Trimble, Julian & Grube, Inc., for the audit period January 1, 2002 through December 31, 2003. 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. Bethel Township is responsible for compliance with these laws and regulations.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

March 25, 2004

**This Page is Intentionally Left Blank.**

**BETHEL TOWNSHIP  
MIAMI COUNTY, OHIO**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report.....	1
Combined Statement of Fund Balances - All Fund Types - Cash Basis December 31, 2003 and 2002 .....	2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances - All Governmental Fund Types For the Year Ended December 31, 2003.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balance - Fiduciary Fund Type For the Year Ended December 31, 2003.....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Encumbrances Compared with Expenditure Authority - Budget and Actual For the Year Ended December 31, 2003.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances - All Governmental Fund Types For the Year Ended December 31, 2002.....	6
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balance - Fiduciary Fund Type For the Year Ended December 31, 2002.....	7
Combined Statement of Cash Receipts, Cash Disbursements, and Encumbrances Compared with Expenditure Authority - Budget and Actual For the Year Ended December 31, 2002.....	8
Notes to the Financial Statements.....	9 - 16
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	17 - 18
Schedule of Findings.....	19
Schedule of Prior Audit Findings .....	20

**This Page is Intentionally Left Blank.**

# TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 Worthington Woods Boulevard  
Suite B  
Worthington, Ohio 43085

Telephone 614.846.1899  
Facsimile 614.846.2799

## Independent Auditor's Report

Board of Trustees  
Bethel Township, Miami County  
8735 Second Street  
Tipp City, OH 45371

We have audited the accompanying financial statements of Bethel Township, (the "Township"), Miami County, as of and for the years ended December 31, 2003 and 2002. 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 2, the Township prepares its financial statements on the basis of accounting prescribed or permitted by Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances and fund balances of Bethel Township, Miami County, as of December 31, 2003 and 2002, and its combined cash receipts and disbursements, combined budgeted and actual receipts and budgeted and actual disbursements for the years then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 1, 2004, 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 the 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.

Trimble, Julian & Grube, Inc.  
March 1, 2004

**BETHEL TOWNSHIP  
MIAMI COUNTY, OHIO**

COMBINED STATEMENT OF FUND BALANCES  
ALL FUND TYPES - CASH BASIS  
DECEMBER 31, 2003 AND 2002

<u>Cash and Cash Equivalents</u>	<u>2003</u>	<u>2002</u>
Cash and Cash Equivalents	<u>\$ 1,032,778</u>	<u>\$ 1,107,210</u>
 <u>Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ 421,536	\$ 492,303
Special Revenue	594,690	598,910
Capital Projects	<u>509</u>	<u>162</u>
Total Governmental Fund Types	<u>1,016,735</u>	<u>1,091,375</u>
 <u>Fiduciary Fund Type:</u>		
Nonexpendable Trust	<u>16,043</u>	<u>15,835</u>
Total Fund Balances	<u>\$ 1,032,778</u>	<u>\$ 1,107,210</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.



**BETHEL TOWNSHIP  
MIAMI COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash receipts:				
Taxes	\$ 43,863	\$ 475,412	\$ -	\$ 519,275
Intergovernmental	125,606	172,881	-	298,487
Fines and forfeitures	11,049	-	-	11,049
Charges for services	-	103,338	-	103,338
Licenses, Permits & Fees	12,652	2,150	-	14,802
Special assessments	-	-	1,903	1,903
Interest	8,599	2,222	-	10,821
Miscellaneous	3,511	7,110	-	10,621
Total cash receipts	<u>205,280</u>	<u>763,113</u>	<u>1,903</u>	<u>970,296</u>
Cash disbursements:				
Current:				
General government	252,621	410,712	-	663,333
Public safety	-	96,284	-	96,284
Public works	-	251,585	-	251,585
Health	23,214	7,183	-	30,397
Conservation	212	-	-	212
Capital outlay	-	1,569	1,556	3,125
Total cash disbursements	<u>276,047</u>	<u>767,333</u>	<u>1,556</u>	<u>1,044,936</u>
Total cash receipts over/(under) cash disbursements	(70,767)	(4,220)	347	(74,640)
Cash fund balances, January 1, 2003	<u>492,303</u>	<u>598,910</u>	<u>162</u>	<u>1,091,375</u>
Cash fund balances, December 31, 2003	<u>\$ 421,536</u>	<u>\$ 594,690</u>	<u>\$ 509</u>	<u>\$ 1,016,735</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**BETHEL TOWNSHIP  
MIAMI COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN CASH FUND BALANCE - FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2003

	FIDUCIARY FUND TYPE
	Nonexpendable Trust
Operating receipts:	
Interest	\$ <u>208</u>
Operating income	208
Cash Fund Balance, January 1, 2003	<u>15,835</u>
Cash Fund Balance, December 31, 2003	<u>\$ 16,043</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**BETHEL TOWNSHIP  
MIAMI COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND ENCUMBRANCES COMPARED WITH EXPENDITURE  
AUTHORITY - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2003

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Revenues	Actual 2003 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2003 Appropriations	Total	Actual 2003 Disbursements	Encumbrances Outstanding at 12/31/03	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 439,786	\$ 261,611	\$ 701,397	\$ 205,280	\$ (56,331)	\$ -	\$ 701,397	\$ 701,397	\$ 276,047	\$ -	\$ 276,047	\$ 425,350
Special Revenue	641,684	790,440	1,432,124	763,113	(27,327)	-	1,432,122	1,432,122	767,333	-	767,333	664,789
Capital Projects	3,244	2,900	6,144	1,903	(997)	-	6,144	6,144	1,556	-	1,556	4,588
Fiduciary:												
Nonexpendable Trust	16,286	750	17,036	208	(542)	-	17,036	17,036	-	-	-	17,036
Total (Memorandum Only)	<u>\$ 1,101,000</u>	<u>\$ 1,055,701</u>	<u>\$ 2,156,701</u>	<u>\$ 970,504</u>	<u>\$ (85,197)</u>	<u>\$ -</u>	<u>\$ 2,156,699</u>	<u>\$ 2,156,699</u>	<u>\$ 1,044,936</u>	<u>\$ -</u>	<u>\$ 1,044,936</u>	<u>\$ 1,111,763</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**BETHEL TOWNSHIP  
MIAMI COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash receipts:				
Taxes	\$ 43,265	\$ 480,909	\$ -	\$ 524,174
Intergovernmental	158,436	180,132	-	338,568
Fines and forfeitures	9,479	-	-	9,479
Charges for services	-	29,017	-	29,017
Licenses, Permits & Fees	21,282	3,438	-	24,720
Special assessments	-	-	1,954	1,954
Interest	14,778	3,958	-	18,736
Miscellaneous	202	4,369	-	4,571
Total cash receipts	<u>247,442</u>	<u>701,823</u>	<u>1,954</u>	<u>951,219</u>
Cash disbursements:				
Current:				
General government	201,489	448,602	-	650,091
Public safety	-	27,189	-	27,189
Public works	465	160,225	-	160,690
Health	23,424	18,488	-	41,912
Conservation	39	-	-	39
Capital outlay	<u>2,100</u>	<u>-</u>	<u>1,792</u>	<u>3,892</u>
Total cash disbursements	<u>227,517</u>	<u>654,504</u>	<u>1,792</u>	<u>883,813</u>
Total cash receipts over cash disbursements	19,925	47,319	162	67,406
Cash fund balances, January 1, 2002	<u>472,378</u>	<u>551,591</u>	<u>-</u>	<u>1,023,969</u>
Cash fund balances, December 31, 2002	<u>\$ 492,303</u>	<u>\$ 598,910</u>	<u>\$ 162</u>	<u>\$ 1,091,375</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**BETHEL TOWNSHIP  
MIAMI COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN CASH FUND BALANCE - FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>FIDUCIARY FUND TYPE</u>
	<u>Nonexpendable Trust</u>
Operating receipts:	
Interest	\$ <u>296</u>
Operating income	296
Cash fund balance, January 1, 2002	<u>15,539</u>
Cash fund balance, December 31, 2002	<u>\$ 15,835</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**BETHEL TOWNSHIP  
MIAMI COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND ENCUMBRANCES COMPARED WITH EXPENDITURE  
AUTHORITY - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2002

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Revenues	Actual 2002 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2002 Appropriations	Total	Actual 2002 Disbursements	Encumbrances Outstanding at 12/31/02	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 415,431	\$ 266,330	\$ 681,761	\$ 247,442	\$ (18,888)	\$ -	\$ 681,761	\$ 681,761	\$ 227,517	\$ -	\$ 227,517	\$ 454,244
Special Revenue	593,179	687,692	1,280,871	701,823	14,131	-	1,280,871	1,280,871	654,504	-	654,504	626,367
Capital Projects	3,082	2,700	5,782	1,954	(746)	-	5,782	5,782	1,792	-	1,792	3,990
Fiduciary:												
Nonexpendable Trust	15,992	750	16,742	296	(454)	-	16,742	16,742	-	-	-	16,742
Total (Memorandum Only)	\$ 1,027,684	\$ 957,472	\$ 1,985,156	\$ 951,515	\$ (5,957)	\$ -	\$ 1,985,156	\$ 1,985,156	\$ 883,813	\$ -	\$ 883,813	\$ 1,101,343

**BETHEL TOWNSHIP**  
**MIAMI COUNTY, OHIO**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003 and 2002

**NOTE 1 - DESCRIPTION OF THE ENTITY**

Bethel Township (“the Township”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The Township is directed by a publicly elected member Board of Trustees. The Township provides general governmental services, including but not limited to, road maintenance, emergency medical services, fire protection, cemetery maintenance, and zoning and park operations.

Management believes the financial statements included in this report represent all of the funds of the Township over which the Township is financially accountable.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The most significant of the Township’s accounting policies are described below.

**A. BASIS OF PRESENTATION - FUND ACCOUNTING**

The accounts of the Township are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The following fund types are used by the Township.

**GOVERNMENTAL FUNDS**

**General Fund**

The general fund is used to account for all activities of the Township not required to be included 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.

**Special Revenue Funds**

These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes.

**BETHEL TOWNSHIP**  
**MIAMI COUNTY, OHIO**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003 and 2002

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The Township had the following significant Special Revenue Fund:

*Fire Levy Fund* - This fund receive proceeds from a property tax levy to provide fire protection and services to the surrounding community.

Capital Projects Funds

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

*Brandt Light Fund* - This fund receives special assessment monies for construction and maintenance of street lighting.

Fiduciary Funds (Trust and Agency Funds)

Trust 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. Other trust funds are classified as expendable. The Township had the following significant Nonexpendable Trust Fund:

*Cemetery Bequest Funds* - These funds receive interest for the beautification of Township cemeteries as stipulated by trust agreements.

**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.



**BETHEL TOWNSHIP**  
**MIAMI COUNTY, OHIO**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003 and 2002

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

C. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds are legally required to be budgeted and appropriated. The primary level of budgetary control is at the item level within each fund. Any budgetary modifications at this level may only be made by resolution of the Township.

*Tax Budget:*

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

*Estimated Resources:*

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Township by September 1. As part of this certification, the Township receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Township determines that receipts collected will be greater than or less than the prior estimates and the Budget Commission find the revised estimates to be reasonable. Prior to December 31, the Township must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

**BETHEL TOWNSHIP**  
**MIAMI COUNTY, OHIO**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003 and 2002

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Appropriations:*

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The Township legally adopted several supplemental appropriations during 2003 and 2002.

*Encumbrances:*

As part of the formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. The Township did not encumber all commitments required by Ohio law.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. There were no outstanding encumbrances at December 31, 2003 and 2002.

**D. CASH AND CASH EQUIVALENTS**

For reporting purposes, the Township considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Township with a maturity date less than or equal to three months from the date of purchase. Interest earned on investments held is credited to its respective funds. Interest income earned and received by the Township totaled \$11,029 and \$19,032 for the years ended December 31, 2003 and 2002, respectively.

**E. PROPERTY, PLANT AND EQUIPMENT**

Fixed assets are not capitalized in any of the Township's funds. Instead, capital acquisition and construction costs are reflected as expenditures in the fund in the year expended. The costs of normal maintenance and repairs are also expended, along with improvements. Depreciation is not recorded.

**BETHEL TOWNSHIP**  
**MIAMI COUNTY, OHIO**  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEARS ENDED DECEMBER 31, 2003 and 2002

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

F. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Township's cash basis method of accounting.

G. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

**NOTE 3 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS**

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:

	2003	2002
Deposits	\$ 1,032,778	\$ 1,107,210

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

**NOTE 4 - PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the County. 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. Real property taxes are payable annually or semiannually to the County. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

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.

**BETHEL TOWNSHIP**  
**MIAMI COUNTY, OHIO**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003 and 2002

**NOTE 4 - PROPERTY TAX - (Continued)**

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

**NOTE 5 - RETIREMENT SYSTEMS**

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS 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. The Township's Fire and Emergency Medical Services employees are considered part-time employees and do not belong to the Police & Firemen's Disability & Pension Funds (PFDPF).

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, OPERS members contribute 8.5% of their gross salaries. The Township contributes an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2003 and 2002.

**NOTE 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 insurance 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 judgements, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Insurance

OTARMA retains casualty risks up to \$250,000 per claim. 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, from the General Reinsurance Corporation.

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.

**BETHEL TOWNSHIP**  
**MIAMI COUNTY, OHIO**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003 and 2002

**NOTE 6 - RISK MANAGEMENT - (Continued)**

Property Insurance

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.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with accounting principles generally accepted in the United States of America, and reported the following assets, liabilities and retained earnings at December 31, 2002 which is the latest available data:

<u>Casualty Coverage</u>	<u>2002</u>
Assets	\$ 23,757,036
Liabilities	<u>(9,197,512)</u>
Retained earnings	<u>\$ 14,559,524</u>
 <u>Property Coverage</u>	 <u>2002</u>
Assets	\$ 6,596,996
Liabilities	<u>(1,204,326)</u>
Retained earnings	<u>\$ 5,392,670</u>

The Township is a member of a pooled insurance group that provides coverage for real property, building contents and vehicles under the terms and conditions required by the pool. Risk sharing certificates are provided in the form of intergovernmental contracts between the Township and the Ohio Township Association of Risk Management Authority (OTARMA). OTARMA administers the pool and upon execution of the contract, the Township pays the annual membership contribution fee. Real property and contents were inspected by OTARMA and are covered for the amount of the repair or replacement within the limits outlined on the statement of value provided as part of the risk sharing certificate.

**BETHEL TOWNSHIP**  
**MIAMI COUNTY, OHIO**  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2003 and 2002

**NOTE 7 - EQUIPMENT LEASE COMMITMENT**

In 1999, the Township entered into a lease for its new fire engine for \$292,969 due in semiannual payments of \$34,068 at a rate of 5 percent. The first payment was due in April 2000. The remaining payment is as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	<u>\$ 65,651</u>	<u>\$ 2,485</u>	<u>\$ 68,136</u>

**NOTE 8 - CONTINGENT LIABILITY**

LITIGATION

The Township is currently not involved in litigation that the Township's legal counsel anticipates a loss.

**NOTE 9 - SUBSEQUENT EVENT**

On January 14, 2004, the Township obtained a note in the amount of \$100,000 to purchase a new tanker for the fire department. The note bears an annual interest rate of 3.75% and will mature on December 5, 2007.

# TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 Worthington Woods Boulevard  
Suite B  
Worthington, Ohio 43085

Telephone 614.846.1899  
Facsimile 614.846.2799

## **Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Board of Trustees  
Bethel Township, Miami County  
8735 Second Street  
Tipp City, OH 45371

We have audited the financial statements of Bethel Township (the "Township"), Miami County, Ohio, as of and for the years ended December 31, 2003 and 2002, and have issued our report thereon dated March 1, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### 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 2003-BT-001. We also noted other certain immaterial instances of noncompliance that we have reported to the management of the Township in a separate letter dated March 1, 2004.

Board of Trustees  
Bethel Township

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 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 we have reported to the management of the Township in a separate letter dated March 1, 2004.

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

Trimble, Julian & Grube, Inc.  
March 1, 2004



**BETHEL TOWNSHIP  
MIAMI COUNTY, OHIO  
DECEMBER 31, 2003 AND 2002**

**SCHEDULE OF FINDINGS**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2003-BT-001

Ohio Revised Code Section 5705.41 (D) requires that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer attached 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.

It was noted that during the year that the Township made several expenditures in which an invoice was dated prior to the purchase order as certified by the Clerk, thus causing 44% of 2003 and 42% of 2002 expenditures not to be certified in a timely manner.

Without timely certification, the Township increases the risk that purchases may be made for an improper public purpose, expend more funds than are appropriated, or that are available in the treasury or in the process of collection. Thus a negative fund balance may result.

We recommend that all orders or contracts involving the expenditure of money be timely certified to ensure all monies expended are lawfully appropriated and available in the treasury or in the process of collection. A policy and procedure statement adopted by the Board and distributed at least annually may be beneficial. The Township should consider using "Then" and "Now" certificates where applicable.

**BETHEL TOWNSHIP  
MIAMI COUNTY, OHIO  
DECEMBER 31, 2003 AND 2002**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

<b><u>Finding Number</u></b>	<b><u>Finding Summary</u></b>	<b><u>Fully Corrected?</u></b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2001-BT-002	Ohio Revised Code Section 5705.41(B)	Partially corrected	Reported in the management letter.



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**BETHEL TOWNSHIP**

**MIAMI 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  
APRIL 13, 2004**