



**Auditor of State
Betty Montgomery**

**BETHLEHEM TOWNSHIP
COSHOCTON COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Bethlehem Township
Coshocton County
42541 Bethlehem Township Road 1192
Warsaw, Ohio 43844

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bethlehem Township, Coshocton County, Ohio, (the Township) as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the District because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis 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 respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information, of Bethlehem Township, Coshocton County, Ohio, as of December 31, 2005 and the respective changes in modified cash financial position and the respective budgetary comparison for the General, Gasoline, Special Levy, and FEMA funds thereof for the years then ended in conformity with the basis of accounting Note 1 describes.

For the year ended December 31, 2005, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2006, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. It does not opine on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.



Betty Montgomery
Auditor of State

September 25, 2006

Bethlehem Township
Coshocton County

Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

This discussion and analysis of Bethlehem Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2005, within the limitations of the Township's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2005 are as follows:

The Township's general receipts are primarily property and intergovernmental receipts. These receipts represent a large majority of the total cash received for governmental activities during the year. Property taxes and intergovernmental receipts for 2005 changed very little compared to 2004.

On December 22, 2004, Coshocton County was struck with severe winter storms and flooding along with a tremendous amount of ice covering trees and roadways. The President declared a major disaster for all townships in Coshocton County. This declaration allowed local governments, state agencies and certain private non-profit agencies to apply for Public Assistance through the Federal Emergency Management Agency (FEMA). Bethlehem Township applied for these funds and was given \$46,531 towards limestone replacement from the ice along with debris and repair removal from Township roadways.

In September 2005, Bethlehem Township Board of Trustees paid off the Ohio Heritage Loan for the 2002 John Deere Road Grader. The Trustees acquired the loan in 2002 for the amount of \$70,000, with payments to be annually for the next 5 years. The Bethlehem Township paid this loan off in 3 years which allowed the Township to discuss taking out a loan for the purchase of a new backhoe.

Bethlehem Township Board of Trustees passed a resolution on November 23, 2005 to purchase a 2005 420 Cat Backhoe from Ohio Cat Equipment Division, 399. East Royalton Rd, Broadview Heights, Ohio 44147, for the price of \$68,585. A commercial lease was set up from JP Morgan Chase Bank, Coshocton Branch at an interest rate of 5.05 percent for 5 years. The Board of Trustees took possession of the backhoe in January 2006.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's modified cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Bethlehem Township
Coshocton County

Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Using the Basic Financial Statements (continued)

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2005, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

Governmental Activities

In the statement of net assets and the statement of activities, the governmental activities include the Township's programs and services that are mainly financed by state and federal grants and property taxes.

Since the Township did not prepare financial statements in this format for 2004, a comparative analysis of the government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

Bethlehem Township
Coshocton County

Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are all classified as governmental funds.

Governmental Funds

Most of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General, Gasoline, Special Levy, Prairie Chapel Cemetery and FEMA Funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. Since the Township did not prepare financial statements in this format for 2004, a comparative analysis of the government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

General fund receipts represent approximately 25 percent of the Township's total receipts. Disbursements for the Township represent the general operating and program costs of running the Township.

Another major Governmental Fund is the FEMA Fund. FEMA Fund receipts represent approximately 20 percent of the Township's total receipts. Disbursements for FEMA represent the reimbursements for monies the Township expended during the December 2004 ice storm.

The other major Governmental Funds are the Gasoline, Prairie Chapel Cemetery and Special Levy Funds. The Gasoline Fund and Special Levy receipts represent approximately 30 percent and 10 percent; of the Township's total receipts, respectively. Disbursements for the Gasoline and Special Levy funds represent monies the Township expended for maintenance of roads and culverts. The Prairie Chapel Cemetery fund is used to maintain the cemetery.

General Fund Budgeting Highlights

The Bethlehem Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Ohio Revised Code requires that each fund be budgeted annually. The most significant budgeted fund is the General Fund.

During 2005, original budgeted receipts for the Township's General Fund were lower than final budgeted receipts due to an increase in intergovernmental revenue. Final disbursements were budgeted at \$105,630 while actual disbursements were \$84,666 due to principal retirement expenditures being less than expected.

Bethlehem Township
Coshocton County

Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2005, the Township was in the process of obtaining financing of the purchase of a 2005 CAT Backhoe. On January 10, 2006, the Township signed a lease with Chase Equipment Leasing in the amount of \$79,317 payable for a period of 5 years.

Current Issues

The challenge for Bethlehem Township is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. We reviewed our sources of revenue and determined that increases were unlikely. We then reviewed the disbursement history of the Township. We have cut back on our spending for road repair and maintenance as the result of oil prices affecting our spending in every aspect.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Tammy L. Pope, Fiscal Officer, Bethlehem Township, 42541 Bethlehem Township Road, 1192 Warsaw, Ohio 43844-9510.

**BETHLEHEM TOWNSHIP
COSHOCOTON COUNTY**

*Statement of Net Assets - Modified Cash Basis
December 31, 2005*

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| Assets | |
| Equity in Pooled Cash and Cash Equivalents | \$137,539 |
| Net Assets | |
| Restricted for: | |
| Other Purposes | 120,472 |
| Unrestricted | <u>17,067</u> |
| <i>Total Net Assets</i> | <u><u>\$137,539</u></u> |

See accompanying notes to the basic financial statements

**BETHLEHEM TOWNSHIP
COSHOCTON COUNTY**

*Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2005*

| | Program Cash Receipts | | | Net (Disbursements) Receipts and Changes in Net Assets |
|-------------------------------------|-----------------------|-------------------------|--|--|
| | Cash Disbursements | Charges for Services | Operating Grants and Contributions | Governmental Activities |
| Governmental Activities | | | | |
| General Government | \$87,577 | | | (\$87,577) |
| Public Works | 85,954 | | \$46,531 | (39,423) |
| Health | 18,425 | \$4,950 | | (13,475) |
| Public Safety | 9,195 | | | (9,195) |
| Capital Outlay | 1,574 | | | (1,574) |
| Debt Service | 9,750 | | | (9,750) |
| <i>Total Primary Government</i> | \$212,475 | \$4,950 | \$46,531 | (\$160,994) |
| General Receipts | | | | |
| Property Taxes Levied For: | | | | |
| General Purpose | | | | 89,553 |
| Intergovernmental Receipts | | | | 91,989 |
| Interest | | | | 916 |
| Miscellaneous | | | | 15,643 |
| Total General Receipts | | | | 198,101 |
| Change in Net Assets | | | | 37,107 |
| <i>Net Assets Beginning of Year</i> | | | | 100,432 |
| <i>Net Assets End of Year</i> | | | | \$137,539 |

See accompanying notes to the basic financial statements

**BETHLEHEM TOWNSHIP
COSHOCTON COUNTY**

*Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2005*

| | General | Gasoline Tax | Special Levy | Prairie Chapel | FEMA | Other Governmental Funds | Total Governmental Funds |
|---|-----------------|-----------------|-----------------|-------------------|------------|--------------------------------|--------------------------------|
| Assets | | | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$17,067 | \$53,134 | \$8,149 | \$22,390 | \$0 | \$36,799 | \$137,539 |
| Fund Balances | | | | | | | |
| Unreserved: | | | | | | | |
| Undesignated, Reported in: | | | | | | | |
| General Fund | 17,067 | | | | | | 17,067 |
| Special Revenue Funds | | 53,134 | 8,149 | 22,390 | 0 | \$36,799 | 120,472 |
| Total Fund Balances | \$17,067 | \$53,134 | \$8,149 | \$22,390 | \$0 | \$36,799 | \$137,539 |

See accompanying notes to the basic financial statements

**BETHLEHEM TOWNSHIP
COSHOCTON COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2005*

| | General | Gasoline | Special Levy | Prairie Chapel | FEMA | Other Governmental Funds | Total |
|---|-----------------|-----------------|-----------------|-------------------|---------------|--------------------------------|------------------|
| Receipts | | | | | | | |
| Property and Other Local Taxes | \$42,029 | | \$21,084 | | | \$26,440 | \$89,553 |
| Charges for Services | | | | | | 4,950 | 4,950 |
| Intergovernmental | 17,592 | \$70,512 | 2,396 | | \$46,531 | 1,489 | 138,520 |
| Earnings on Investments | 310 | 106 | | \$417 | | 83 | 916 |
| Miscellaneous | 8 | | | | | 2,856 | 2,864 |
| Total Receipts | <u>59,939</u> | <u>70,618</u> | <u>23,480</u> | <u>417</u> | <u>46,531</u> | <u>35,818</u> | <u>236,803</u> |
| Disbursements | | | | | | | |
| Current: | | | | | | | |
| General Government | 68,262 | | 19,032 | | | 283 | 87,577 |
| Public Works | 7,067 | 32,356 | | | 46,531 | | 85,954 |
| Health | 3,287 | | | | | 15,138 | 18,425 |
| Public Safety | | | | | | 9,195 | 9,195 |
| Capital Outlay | | 574 | | | | 1,000 | 1,574 |
| Debt Service: | | | | | | | |
| Principal Retirement | 5,616 | 3,700 | | | | | 9,316 |
| Interest Charges | 434 | | | | | | 434 |
| Total Disbursements | <u>84,666</u> | <u>36,630</u> | <u>19,032</u> | <u>0</u> | <u>46,531</u> | <u>25,616</u> | <u>212,475</u> |
| Excess of Receipts Over (Under) Disbursements | <u>(24,727)</u> | <u>33,988</u> | <u>4,448</u> | <u>417</u> | <u>0</u> | <u>10,202</u> | <u>24,328</u> |
| Other Financing Receipts | | | | | | | |
| Other Financing Receipts | <u>0</u> | <u>7,334</u> | <u>445</u> | <u>0</u> | <u>0</u> | <u>5,000</u> | <u>12,779</u> |
| Net Change in Fund Balance | (24,727) | 41,322 | 4,893 | 417 | 0 | 15,202 | 37,107 |
| Fund Balances Beginning of Year | <u>41,794</u> | <u>11,812</u> | <u>3,256</u> | <u>21,973</u> | <u>0</u> | <u>21,597</u> | <u>100,432</u> |
| Fund Balances End of Year | <u>\$17,067</u> | <u>\$53,134</u> | <u>\$8,149</u> | <u>\$22,390</u> | <u>\$0</u> | <u>\$36,799</u> | <u>\$137,539</u> |

See accompanying notes to the basic financial statements

**BETHLEHEM TOWNSHIP
COSHOCOTON COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2005*

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|-----------------|-----------------|---|
| | Original | Final | | |
| Receipts | | | | |
| Property and Other Local Taxes | \$42,520 | \$42,520 | \$42,029 | (\$491) |
| Charges for Services | 10 | 10 | | (10) |
| Intergovernmental | 10,400 | 17,390 | 17,592 | 202 |
| Miscellaneous | | | 8 | 8 |
| Earnings on Investments | 109 | 109 | 310 | 201 |
| <i>Total receipts</i> | <u>53,039</u> | <u>60,029</u> | <u>59,939</u> | <u>(90)</u> |
| Disbursements | | | | |
| Current: | | | | |
| General Government | 71,921 | 78,421 | 68,262 | 10,159 |
| Public Works | 11,000 | 11,490 | 7,067 | 4,423 |
| Health | 4,000 | 4,000 | 3,287 | 713 |
| Debt Service: | | | | |
| Principal Retirement | 11,449 | 11,449 | 5,616 | 5,833 |
| Interest and Fiscal Charges | | | 434 | (434) |
| <i>Total Disbursements</i> | <u>98,370</u> | <u>105,360</u> | <u>84,666</u> | <u>20,694</u> |
| <i>Excess of Receipts (Under) Disbursements</i> | <u>(45,331)</u> | <u>(45,331)</u> | <u>(24,727)</u> | <u>20,604</u> |
| <i>Net Change in Fund Balance</i> | (45,331) | (45,331) | (24,727) | 20,604 |
| <i>Fund Balance Beginning of Year</i> | <u>45,331</u> | <u>45,331</u> | <u>41,794</u> | <u>(3,537)</u> |
| <i>Fund Balance End of Year</i> | <u>\$0</u> | <u>\$0</u> | <u>\$17,067</u> | <u>\$17,067</u> |

See accompanying notes to the basic financial statements

**BETHLEHEM TOWNSHIP
COSHOCKTON COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Gasoline Fund
For the Year Ended December 31, 2005*

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|-------------------|-------------------|------------------------|---|
| | Original | Final | | |
| Receipts | | | | |
| Intergovernmental | \$70,084 | \$70,084 | \$70,512 | \$428 |
| Earnings on Investments | 70 | 70 | 106 | 36 |
| <i>Total receipts</i> | <u>70,154</u> | <u>70,154</u> | <u>70,618</u> | <u>464</u> |
| Disbursements | | | | |
| Current: | | | | |
| Public Works | 65,929 | 65,929 | 32,356 | 33,573 |
| Capital Outlay | 2,500 | 2,500 | 574 | 1,926 |
| Debt Service: | | | | |
| Principal Retirement | 10,000 | 10,000 | 3,700 | 6,300 |
| <i>Total Disbursements</i> | <u>78,429</u> | <u>78,429</u> | <u>36,630</u> | <u>41,799</u> |
| <i>Excess of Receipts (Under) Disbursements</i> | <u>(8,275)</u> | <u>(8,275)</u> | <u>33,988</u> | <u>42,263</u> |
| <i>Total Other Financing Sources</i> | <u>0</u> | <u>0</u> | <u>7,334</u> | <u>7,334</u> |
| <i>Net Change in Fund Balance</i> | (8,275) | (8,275) | 41,322 | 49,597 |
| <i>Fund Balance Beginning of Year</i> | <u>8,275</u> | <u>8,275</u> | <u>11,812</u> | <u>3,537</u> |
| <i>Fund Balance End of Year</i> | <u><u>\$0</u></u> | <u><u>\$0</u></u> | <u><u>\$53,134</u></u> | <u><u>\$53,134</u></u> |

See accompanying notes to the basic financial statements

**BETHLEHEM TOWNSHIP
COSHOCOTON COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Special Levy Fund
For the Year Ended December 31, 2005*

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|------------------|----------------|----------------|---|
| | Original | Final | | |
| Receipts | | | | |
| Property Taxes and Other Local Taxes | \$20,856 | \$20,856 | \$21,084 | \$228 |
| Intergovernmental | 2,282 | 2,282 | 2,396 | 114 |
| <i>Total receipts</i> | <u>23,138</u> | <u>23,138</u> | <u>23,480</u> | <u>342</u> |
| Disbursements | | | | |
| Current: | | | | |
| General Government | 26,394 | 26,394 | 19,032 | 7,362 |
| <i>Excess of Receipts (Under) Disbursements</i> | <u>(3,256)</u> | <u>(3,256)</u> | <u>4,448</u> | <u>7,704</u> |
| Other Financing Sources | 0 | 0 | 445 | 445 |
| <i>Net Change in Fund Balance</i> | (3,256) | (3,256) | 4,893 | 8,149 |
| <i>Fund Balance Beginning of Year</i> | <u>3,256</u> | <u>3,256</u> | <u>3,256</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u>\$0</u> | <u>\$0</u> | <u>\$8,149</u> | <u>\$8,149</u> |

See accompanying notes to the basic financial statements

**BETHLEHEM TOWNSHIP
COSHOCKTON COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
FEMA Fund
For the Year Ended December 31, 2005*

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| Receipts | | | | |
| Intergovernmental | \$0 | \$53,000 | \$46,531 | (\$6,469) |
| <i>Total receipts</i> | <u>0</u> | <u>53,000</u> | <u>46,531</u> | <u>(6,469)</u> |
| Disbursements | | | | |
| Current: | | | | |
| Public Works | 0 | 53,000 | 46,531 | 6,469 |
| <i>Total Disbursements</i> | <u>0</u> | <u>53,000</u> | <u>46,531</u> | <u>6,469</u> |
| <i>Excess of Receipts (Under) Disbursements</i> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| <i>Net Change in Fund Balance</i> | 0 | 0 | 0 | 0 |
| <i>Fund Balance Beginning of Year</i> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| <i>Fund Balance End of Year</i> | <u><u>\$0</u></u> | <u><u>\$0</u></u> | <u><u>\$0</u></u> | <u><u>\$0</u></u> |

See accompanying notes to the basic financial statements

**BETHLEHEM TOWNSHIP
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

Note 1 – Reporting Entity

The Bethlehem Township, Coshocoton County, Ohio, (the Township) is a body politic and corporate established in 1800 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Clerk.

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

Primary Government

The primary government consists of all funds that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township contracts with the Walhonding Valley Fire Department for fire protection. Police protection is provided by Coshocoton County Sheriff's Department.

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or service. The Township has no business-type activities.

**BETHLEHEM TOWNSHIP
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

Note 2 – Summary of Significant Accounting Policies (continued)

A. Basis of Presentation (continued)

Government-Wide Financial Statements

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

Fund Financial Statements

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

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are all considered governmental funds.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Gasoline Fund, Special Levy, FEMA and Prairie Chapel Cemetery Fund. The General Fund is used to account for all financial resources, except those required to be accounted for 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. The Gasoline and Special Levy Funds are used to account for road maintenance resources and any purpose provided according to the general laws of Ohio. The FEMA Fund is used to account for monies received through the Federal Emergency Management Agency. The Prairie Chapel Cemetery Fund is used to account for monies to maintain the Prairie Chapel Cemetery.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

**BETHLEHEM TOWNSHIP
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

Note 2 – Summary of Significant Accounting Policies (continued)

C. Basis of Accounting

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

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

D. Budgetary Process

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

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

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

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

**BETHLEHEM TOWNSHIP
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

Note 2 – Summary of Significant Accounting Policies (continued)

D. Budgetary Process (continued)

The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash and Investments

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

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as 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 negative receipts (contra revenue), respectively.

During 2005, the Township invested in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit are reported at cost.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2005 was \$310.

F. Capital Assets

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

G. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

H. Long-Term Obligations

The Township’s modified cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

I. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**BETHLEHEM TOWNSHIP
COSHOCKTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

Note 2 – Summary of Significant Accounting Policies (continued)

J. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

Note 3 – Change in Basis of Accounting and Restatement of Fund Equity

In 2004, the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. For the year ended December 31, 2005, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standards No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. The financial statements now include entity-wide financial statements, which present information for the Township as a whole, and fund financial statements, which present information for major funds rather than by fund type.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and the Major Special Revenue Funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

Note 5 – Deposits and Investments

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

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

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

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

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

1. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
2. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
3. The State Treasurer's investment pool (STAR Ohio).

**BETHLEHEM TOWNSHIP
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

Note 5 – Deposits and Investments (Continued)

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$26,321 of the Township's bank balance of \$147,321 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities specifically pledged by the financial institution to the Township.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2005, the Township only invested in certificates of deposit, which are considered deposits.

Note 6 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. 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.

Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2004 became a lien on December 31, 2003, were levied after October 1, 2004, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2005 (other than public utility property) represent the collection of 2004 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

**BETHLEHEM TOWNSHIP
COSHOCKTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

Note 6 – Property Taxes (continued)

The full tax rate for all Township operations for the year ended December 31, 2005, was \$6.10 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based are as follows:

| | |
|----------------------------|--------------|
| Real Property | |
| Residential & Agriculture | \$14,582,210 |
| Other | 2,491,850 |
| Public Utility Property | |
| Real | 0 |
| Personal | 741,880 |
| Tangible Personal Property | 615,625 |
| Total Assessed Value | \$18,431,565 |

Note 7 – Risk Management

Risk Pool Membership

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 460 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan pays the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other obligation to the Plan. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

| | | |
|-----------------|--------------------|--------------------|
| | <u>2005</u> | <u>2004</u> |
| Assets | \$8,219,430 | \$6,685,522 |
| Liabilities | <u>(2,748,639)</u> | <u>(2,227,808)</u> |
| Members' Equity | <u>\$5,470,791</u> | <u>\$4,457,714</u> |

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

**BETHLEHEM TOWNSHIP
COSHOCKTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

Note 8 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The Township's contribution rate for pension benefits for 2005 was 9.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 12.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$8,003, \$9,084, and \$8,739 respectively. The full amount has been contributed for 2005, 2004 and 2003.

Note 9 - Postemployment Benefits

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care.

**BETHLEHEM TOWNSHIP
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

Note 9 - Postemployment Benefits (Continued)

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$2,363. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 11 – Subsequent Events

On January 10, 2006, Bethlehem Township acquired a lease with Chase Equipment Leasing Inc. in the amount of \$79,317 for a period of 5 years for the purchase of a CAT Backhoe.

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Auditor of State Betty Montgomery

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

Bethlehem Township
Coshocton County
42541 Bethlehem Township Road 1192
Warsaw, Ohio 43844

To the Board of Trustees:

We have audited the financial statements of the Bethlehem Township, Coshocton County, Ohio, (the Township) as of and for the year ended December 31, 2005, and have issued our report thereon dated September 25, 2006, wherein we noted the Township's financial presentation is comparable to the requirements of GASB 34. We also noted the Township's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Township's management dated September 25, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

101 Central Plaza South / 700 Chase Tower / Canton, OH 44702
Telephone: (330) 438-0617 (800) 443-9272 Fax: (330) 471-0001
www.auditor.state.oh.us

Bethlehem Township
Coshocton County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

In a separate letter to the Township's management dated September 25, 2006, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management and the Board of Trustees and is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

September 25, 2006



**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

BETHLEHEM TOWNSHIP

COSHOCTON 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
DECEMBER 19, 2006**