



**BETHEL TOWNSHIP  
CLARK COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2001-2000**



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

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**STATE OF OHIO**



BETHEL TOWNSHIP  
CLARK COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Bethel Township  
Clark County  
11300 West National Road  
New Carlisle, Ohio 45344

To the Board of Trustees:

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

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

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

Charges for services reported in the Special Revenue Fund Type are processed by a service organization that is independent of the Township. The service organization did not provide us with information we requested regarding the design or proper operation of its internal control relative to processing the Township's charges for services transactions. We were unable to perform procedures to satisfy ourselves as to the proper processing of ambulance billings recorded as charges for services. Those charges for services represent 13% of the receipts for the Special Revenue Fund Type in 2001, and 9% in 2000.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine certain information regarding charges for services, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Bethel Township, Clark County as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March, 13, 2002, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Bethel Township  
Clark County  
Report of Independent Accountants  
Page 2

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

**Jim Petro**  
Auditor of State

March 13, 2002

**BETHEL TOWNSHIP  
CLARK COUNTY**

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

|  | <b>Governmental Fund Types</b> |                            | <b>Totals<br/>(Memorandum<br/>Only)</b> |
|--|--------------------------------|----------------------------|---|
|  | <b>General</b>                 | <b>Special<br/>Revenue</b> |   |
| <b>Cash Receipts:</b>  |                                |                            |   |
| Local Taxes  |                                | \$814,048                  | \$814,048                               |
| Intergovernmental  | \$150,657                      | 230,418                    | 381,075                                 |
| Special Assessments  |                                | 46,790                     | 46,790                                  |
| Charges for Services   |                                | 164,894                    | 164,894                                 |
| Licenses, Permits, and Fees  | 45,717                         | 3,743                      | 49,460                                  |
| Fines, Forfeitures, and Penalties  | 12,184                         |                            | 12,184                                  |
| Earnings on Investments  | 54,373                         | 17,201                     | 71,574                                  |
| Other Revenue  | 5,432                          | 10,791                     | 16,223                                  |
|  | <u>268,363</u>                 | <u>1,287,885</u>           | <u>1,556,248</u>                        |
| <b>Cash Disbursements:</b>   |                                |                            |   |
| Current:   |                                |                            |   |
| General Government   | 122,800                        |                            | 122,800                                 |
| Public Safety  | 7,450                          | 583,665                    | 591,115                                 |
| Public Works   | 483                            | 496,252                    | 496,735                                 |
| Health   | 26,910                         | 114,651                    | 141,561                                 |
| Conservation - Recreation  | 35,665                         | 42,446                     | 78,111                                  |
| Capital Outlay   | 29,764                         | 15,990                     | 45,754                                  |
|  | <u>223,072</u>                 | <u>1,253,004</u>           | <u>1,476,076</u>                        |
| Total Receipts Over/(Under) Disbursements  | <u>45,291</u>                  | <u>34,881</u>              | <u>80,172</u>                           |
| <b>Other Financing Receipts/(Disbursements):</b>   |                                |                            |   |
| Sale of Fixed Assets   | 24,632                         | 45,468                     | 70,100                                  |
| Transfers-In   |                                | 3,725                      | 3,725                                   |
| Advances-In  | 73,471                         | 67,930                     | 141,401                                 |
| Transfers-Out  | (3,725)                        |                            | (3,725)                                 |
| Advances-Out   | (67,930)                       | (73,471)                   | (141,401)                               |
|  | <u>26,448</u>                  | <u>43,652</u>              | <u>70,100</u>                           |
| Excess of Cash Receipts and Other Financing<br>Receipts Over/(Under) Cash Disbursements<br>and Other Financing Disbursements | <u>71,739</u>                  | <u>78,533</u>              | <u>150,272</u>                          |
| Fund Cash Balances, January 1  | <u>630,197</u>                 | <u>904,939</u>             | <u>1,535,136</u>                        |
| <b>Fund Cash Balances, December 31</b>   | <b><u>\$701,936</u></b>        | <b><u>\$983,472</u></b>    | <b><u>\$1,685,408</u></b>               |
| Reserve for Encumbrances, December 31  | <u>\$841</u>                   | <u>\$34,084</u>            | <u>\$34,925</u>                         |

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

BETHEL TOWNSHIP  
CLARK COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
NONEXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2001

|  | <u>Fiduciary<br/>Fund Types</u> |
|--|---------------------------------|
|  | <u>Nonexpendable<br/>Trust</u>  |
| <b>Non-Operating Cash Receipts:</b>    |                                 |
| Earnings on Investments                | <u>\$54</u>                     |
| Total Non-Operating Cash Receipts      |                                 |
| Fund Cash Balances, January 1          | <u>1,397</u>                    |
| <b>Fund Cash Balances, December 31</b> | <b><u><u>\$1,451</u></u></b>    |
| Reserves for Encumbrances, December 31 | <u><u>\$0</u></u>               |

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



**BETHEL TOWNSHIP  
CLARK COUNTY**

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

|  | <b>Governmental Fund Types</b> |                            | <b>Totals<br/>(Memorandum<br/>Only)</b> |
|--|--------------------------------|----------------------------|---|
|  | <b>General</b>                 | <b>Special<br/>Revenue</b> |   |
| <b>Cash Receipts:</b>  |                                |                            |   |
| Local Taxes  |                                | \$793,744                  | \$793,744                               |
| Intergovernmental  | \$179,215                      | 176,388                    | 355,603                                 |
| Special Assessments  |                                | 49,282                     | 49,282                                  |
| Charges for Services   |                                | 108,991                    | 108,991                                 |
| Licenses, Permits, and Fees  | 45,363                         | 3,335                      | 48,698                                  |
| Fines, Forfeitures, and Penalties  | 6,605                          |                            | 6,605                                   |
| Earnings on Investments  | 67,103                         | 31,198                     | 98,301                                  |
| Other Revenue  | 772                            | 13,098                     | 13,870                                  |
|  | <u>299,058</u>                 | <u>1,176,036</u>           | <u>1,475,094</u>                        |
| <b>Total Cash Receipts</b>   |                                |                            |   |
| <b>Cash Disbursements:</b>   |                                |                            |   |
| Current:   |                                |                            |   |
| General Government   | 111,790                        |                            | 111,790                                 |
| Public Safety  | 1,321                          | 509,574                    | 510,895                                 |
| Public Works   | 357                            | 453,859                    | 454,216                                 |
| Health   | 17,945                         | 111,478                    | 129,423                                 |
| Conservation - Recreation  | 18,639                         | 12,590                     | 31,229                                  |
| Capital Outlay   | 25,101                         | 337,871                    | 362,972                                 |
|  | <u>175,153</u>                 | <u>1,425,372</u>           | <u>1,600,525</u>                        |
| <b>Total Cash Disbursements</b>  |                                |                            |   |
| Total Receipts Over/(Under) Disbursements  | <u>123,905</u>                 | <u>(249,336)</u>           | <u>(125,431)</u>                        |
| <b>Other Financing Receipts/(Disbursements):</b>   |                                |                            |   |
| Sale of Fixed Assets   |                                | 2,726                      | 2,726                                   |
| Advances-In  | 18,211                         | 40,854                     | 59,065                                  |
| Advances-Out   | (40,854)                       | (18,211)                   | (59,065)                                |
|  | <u>(22,643)</u>                | <u>25,369</u>              | <u>2,726</u>                            |
| <b>Total Other Financing Receipts/(Disbursements)</b>  |                                |                            |   |
| Excess of Cash Receipts and Other Financing<br>Receipts Over/(Under) Cash Disbursements<br>and Other Financing Disbursements | 101,262                        | (223,967)                  | (122,705)                               |
| Fund Cash Balances, January 1  | <u>528,935</u>                 | <u>1,128,906</u>           | <u>1,657,841</u>                        |
| <b>Fund Cash Balances, December 31</b>   | <b><u>\$630,197</u></b>        | <b><u>\$904,939</u></b>    | <b><u>\$1,535,136</u></b>               |
| Reserve for Encumbrances, December 31  | <u>\$0</u>                     | <u>\$25,262</u>            | <u>\$25,262</u>                         |

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

BETHEL TOWNSHIP  
CLARK COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
NONEXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2000

|  | <u>Fiduciary<br/>Fund Types</u> |
|--|---------------------------------|
|  | <u>Nonexpendable<br/>Trust</u>  |
| <b>Non-Operating Cash Receipts:</b>    |                                 |
| Earnings on Investments                | <u>\$81</u>                     |
| Total Non-Operating Cash Receipts      |                                 |
| Fund Cash Balances, January 1          | <u>1,316</u>                    |
| <b>Fund Cash Balances, December 31</b> | <b><u><u>\$1,397</u></u></b>    |
| Reserves for Encumbrances, December 31 | <u><u>\$0</u></u>               |

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

**BETHEL TOWNSHIP  
CLARK COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

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

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

**B. Basis of Accounting**

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

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

**C. Cash and Investments**

The Township's depository accounts, money market, certificates of deposit and overnight sweep account are valued at cost. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively. The investment in STAROHIO (the State Treasurer's investment pool), is valued at amounts reported by the State Treasurer.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

**BETHEL TOWNSHIP  
CLARK COUNTY**

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

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

**Fire Fund** - This fund receives tax monies assessed and levied on general assessed valuation of real and personal property and is utilized for the operation of the fire department.

**Road and Bridge Fund** - This fund receives property tax money to construct, maintain and repair Township roads and bridges.

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

**Funderburg Cemetery Bequest Fund** - Used to account for funds held in trust of which income earned is restricted for maintenance of the Funderburg Cemetery.

**Leffel Cemetery Bequest Fund** - Used to account for funds held in trust of which income earned is restricted for maintenance of private citizen's cemetery lot and stone.

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated in subsequent year.

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

**BETHEL TOWNSHIP  
CLARK COUNTY**

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

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

**F. Property, Plant and Equipment**

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

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's basis of accounting.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

|                                | <b>2001</b> | <b>2000</b> |
|--------------------------------|-------------|-------------|
| Demand deposits                | \$359,030   | \$330,685   |
| Certificates of deposit        | 456,427     | 367,154     |
| Total deposits                 | 815,457     | 697,839     |
| STAR Ohio                      | 117,363     | 112,693     |
| Repurchase Agreement           | 754,039     | 726,001     |
| Total investments              | 871,402     | 838,694     |
| Total deposits and investments | \$1,686,859 | \$1,536,533 |

**3. BUDGETARY ACTIVITY**

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

| <b>2001 Budgeted vs. Actual Receipts</b> |                          |                        |                 |
|--|--------------------------|------------------------|-----------------|
| <b>Fund Type</b>                         | <b>Budgeted Receipts</b> | <b>Actual Receipts</b> | <b>Variance</b> |
| General                                  | \$268,570                | \$366,466              | \$97,896        |
| Special Revenue                          | 1,229,583                | 1,405,008              | 175,425         |
| Fiduciary                                | 62                       | 54                     | (8)             |
| Total                                    | \$1,498,215              | \$1,771,528            | \$273,313       |

**BETHEL TOWNSHIP  
CLARK COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

| <b>2001 Budgeted vs. Actual Budgetary Basis Expenditures</b> |                                    |                                   |                    |
|--|------------------------------------|-----------------------------------|--------------------|
| <b>Fund Type</b>   | <b>Appropriation<br/>Authority</b> | <b>Budgetary<br/>Expenditures</b> | <b>Variance</b>    |
| General  | \$898,767                          | \$295,568                         | \$603,199          |
| Special Revenue  | 2,117,530                          | 1,360,559                         | 756,971            |
| Fiduciary  | 1,459                              | 0                                 | 1,459              |
| Total  | <b>\$3,017,756</b>                 | <b>\$1,656,127</b>                | <b>\$1,361,629</b> |

| <b>2000 Budgeted vs. Actual Receipts</b> |                              |                            |                 |
|--|------------------------------|----------------------------|-----------------|
| <b>Fund Type</b>                         | <b>Budgeted<br/>Receipts</b> | <b>Actual<br/>Receipts</b> | <b>Variance</b> |
| General                                  | \$218,899                    | \$317,269                  | \$98,370        |
| Special Revenue                          | 1,256,770                    | 1,219,616                  | (37,154)        |
| Fiduciary                                | 60                           | 81                         | 21              |
| Total                                    | <b>\$1,475,729</b>           | <b>\$1,536,966</b>         | <b>\$61,237</b> |

| <b>2000 Budgeted vs. Actual Budgetary Basis Expenditures</b> |                                    |                                   |                    |
|--|------------------------------------|-----------------------------------|--------------------|
| <b>Fund Type</b>   | <b>Appropriation<br/>Authority</b> | <b>Budgetary<br/>Expenditures</b> | <b>Variance</b>    |
| General  | \$747,834                          | \$216,007                         | \$531,827          |
| Special Revenue  | 2,277,419                          | 1,468,845                         | 808,574            |
| Fiduciary  | 1,376                              | 0                                 | 1,376              |
| Total  | <b>\$3,026,629</b>                 | <b>\$1,684,852</b>                | <b>\$1,341,777</b> |

**4. PROPERTY TAX**

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

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

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

**BETHEL TOWNSHIP  
CLARK COUNTY**

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

**5. RETIREMENT SYSTEMS**

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

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

**6. RISK MANAGEMENT**

**A. Commercial Insurance**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

The Township also provides health insurance, dental and vision coverage to full-time employees through a private carrier.

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STATE OF OHIO  
OFFICE OF THE AUDITOR

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

Bethel Township  
Clark County  
11300 West National Road  
New Carlisle, Ohio 45344

To the Board of Trustees:

We have audited the accompanying financial statements of Bethel Township, Clark County, (the Township) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated March 13, 2002, which was qualified since certain information relating to the Special Revenue Fund charges for services receipts were not available to be audited. Except for this matter, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 13, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2001-40312-001.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 13, 2002.

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

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

**Jim Petro**  
Auditor of State

March 13, 2002

**BETHEL TOWNSHIP  
CLARK COUNTY**

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

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

**FINDING NUMBER 2001-40312-001**

**Emergency Medical Services Billings and Service Organization**

The Township has delegated emergency medical services (EMS) billing and collection services to a third-party administrator. The Fire Department prepared individual EMS run forms which were submitted to the service organization for billing and collection. Payments were received by the Township Clerk and posted to the general ledger. However, the Township did not perform any reconciliation or monitoring of the amounts received versus the amounts submitted to be billed and collected. Additionally, the Township did not establish procedures to determine whether the service organization had sufficient controls in place and operating effectively to reduce the risk that these services have not been completely and accurately processed in accordance with the Township's contract.

The Township should develop and implement procedures to monitor the service organization's processing of the Township's EMS accounts for reasonableness. This procedure should provide assurance over the completeness and accuracy of billing and should reduce the risk of errors or omissions by the service organization. This may be accomplished by an annual audit of the service provider processing. Statement on Auditing Standards (SAS) No. 70 as amended, prescribes standards for reporting on the processing (i.e. control design and operation) of transactions by service organizations. An unqualified Tier II "Report on Policies and Procedures Placed in Operation and Tests of Operating Effectiveness" in accordance with SAS No. 70, should provide the Township with an appropriate level of assurance that EMS billings are being processed in conformance with the contract. The Township should consider specifying in their next contract with the third-party administrator that an annual Tier II SAS #70 audit report be performed and conducted in accordance with American institute of Certified Public Accountants' (AICPA) standards by a firm registered and considered in "good standing" with the Accountancy Board of the respective state. The Township should be provided a copy of the SAS 70 report timely and should review the report's content. If the third-party administrator refuses to provide a Tier II SAS 70 report, we recommend that the Township only contract with a third-party administrator that will provide such a report.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**BETHEL TOWNSHIP**

**CLARK 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 4, 2002**