



**BETHEL TOWNSHIP
MONROE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**BETHEL TOWNSHIP
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REPORT OF INDEPENDENT ACCOUNTANTS

Bethel Township
Monroe County
32625 SR 565
Lower Salem, Ohio 45745

To the Board of Trustees:

We have audited the accompanying financial statements of Bethel Township, Monroe County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Bethel Township, Monroe County, as of December 31, 1999 and 1998, and its combined cash receipts and cash disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 3, 2000, 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.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

July 3, 2000

**BETHEL TOWNSHIP
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$6,625	\$6,552	\$	\$13,177
Intergovernmental	6,061	59,265		65,326
Earnings on Investments	866	2,016		2,882
Other Revenue	238	7,877		8,115
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	13,790	75,710	0	89,500
	<hr/>	<hr/>	<hr/>	<hr/>
Cash Disbursements:				
Current:				
General Government	19,447	8,233	222	27,902
Public Safety		3,700		3,700
Public Works	921	81,032		81,953
Health	1,453			1,453
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	21,821	92,965	222	115,008
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	(8,031)	(17,255)	(222)	(25,508)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	17,656	128,182	222	146,060
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$9,625</u>	<u>\$110,927</u>	<u>\$0</u>	<u>\$120,552</u>

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

**BETHEL TOWNSHIP
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 NONEXPENDABLE TRUST FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	Nonexpendable Trust Funds
Operating Cash Receipts:	
Interest	\$426
Total Operating Cash Receipts	426
Operating Cash Disbursements:	
Salaries	376
Total Operating Cash Disbursements	376
Operating Income	50
Fund Cash Balances, January 1	8,526
Fund Cash Balances, December 31	\$8,576

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

**BETHEL TOWNSHIP
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$5,196	\$6,791	\$	\$11,987
Intergovernmental	13,732	153,448		167,180
Earnings on Investments	1,071	612		1,683
Other Revenue	3,675	10,728		14,403
	<u>23,674</u>	<u>171,579</u>	<u>0</u>	<u>195,253</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	19,272	4,156	10,284	33,712
Public Safety		8,282		8,282
Public Works	690	59,564		60,254
Health	2,045			2,045
Miscellaneous		401	2,792	3,193
Capital Outlay	76	401		477
	<u>22,083</u>	<u>72,804</u>	<u>13,076</u>	<u>107,963</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>1,591</u>	<u>98,775</u>	<u>(13,076)</u>	<u>87,290</u>
Fund Cash Balances, January 1	<u>16,065</u>	<u>29,407</u>	<u>13,298</u>	<u>58,770</u>
Fund Cash Balances, December 31	<u><u>\$17,656</u></u>	<u><u>\$128,182</u></u>	<u><u>\$222</u></u>	<u><u>\$146,060</u></u>

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

**BETHEL TOWNSHIP
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 NONEXPENDABLE TRUST FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	Nonexpendable Trust Funds
Operating Cash Receipts:	
Interest	\$433
Total Operating Cash Receipts	433
Operating Cash Disbursements:	
Salaries	427
Total Operating Cash Disbursements	427
Operating Income	6
Fund Cash Balances, January 1	8,520
Fund Cash Balances, December 31	\$8,526

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

**BETHEL TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

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

C. Cash and Investments

Certificates of deposit, money market funds, U.S. Treasury Notes, GNMA's, and the United States Government Securities are valued at cost.

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

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:

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

**BETHEL TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Federal Emergency Management Agency Fund - The Township received federal and state grants to pay for repairs from damages caused by flooding.

3. Capital Project Funds

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

School Grant Fund - This fund received money from the State Controlling Board for a new roof and other special projects to convert the school building to a Community Center.

4. Fiduciary Funds (Trust Funds)

These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following significant Fiduciary Fund:

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

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

**BETHEL TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$120,628	\$146,086
Certificates of deposit	<u>1,000</u>	<u>1,000</u>
Total deposits	<u>121,628</u>	<u>147,086</u>
U.S. Treasury Notes, GNMA, U.S. Government Securities, Money Market Funds	<u>7,500</u>	<u>7,500</u>
Total deposits and investments	<u><u>\$129,128</u></u>	<u><u>\$154,586</u></u>

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Township.

Investments: U.S. Treasury Notes, GNMA's, U.S. Government Securities, and Money Market Funds are held in book entry form by the financial institution's trust department, in the name of the Township.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998, follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$10,274	\$13,790	\$3,516
Special Revenue	64,889	75,710	10,821
Nonexpendable Trust	<u>426</u>	<u>426</u>	<u>0</u>
Total	<u><u>\$75,589</u></u>	<u><u>\$89,926</u></u>	<u><u>\$14,337</u></u>

**BETHEL TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$29,819	\$21,821	\$7,998
Special Revenue	193,033	92,965	100,068
Capital Projects	222	222	0
Nonexpendable Trust	413	376	37
Total	<u>\$223,487</u>	<u>\$115,384</u>	<u>\$108,103</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$9,990	\$23,674	\$13,684
Special Revenue	171,593	171,579	(14)
Nonexpendable Trust	411	433	22
Total	<u>\$181,994</u>	<u>\$195,686</u>	<u>\$13,692</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$33,803	\$22,083	\$11,720
Special Revenue	97,808	72,804	25,004
Capital Projects	13,297	13,076	221
Nonexpendable Trust	8,937	427	8,510
Total	<u>\$153,845</u>	<u>\$108,390</u>	<u>\$45,455</u>

At December 31, 1998, General Fund appropriations exceeded estimated resources.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by 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.

BETHEL TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

4. PROPERTY TAX (Continued)

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

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

5. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

6. RISK MANAGEMENT

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

- General liability and casualty
- Public officials' liability
- Vehicle

7. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

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

Bethel Township
Monroe County
32625 SR 565
Lower Salem, Ohio 45745

To the Board of Trustees:

We have audited the accompanying financial statements of Bethel Township, Monroe County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated July 3, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 1999-41056-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated July 3, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated July 3, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

July 3, 2000

**BETHEL TOWNSHIP
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

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

FINDING NUMBER 1999-41056-001

Noncompliance Citation

Ohio Rev. Code Section 5705.39 prohibits a political subdivision or taxing unit from making a fund appropriation in excess of the estimated revenue available for expenditure from that fund as certified by the Budget Commission on the official certificate of estimated resources.

As of December 31, 1998, the General Fund had appropriations in excess of estimated revenue available for expenditures in the amount of \$7,729.

The Township was advised that Section 5705.36, Revised Code, permits a subdivision to obtain an amended certificate from the Budget Commission for revenues received in excess of the prior estimate or from a new source. For the aforementioned fund, the Township could have obtained an amended certificate in an amount greater than total fund appropriations.

We recommend the Board of Trustees establish procedures to ensure that appropriations do not exceed estimated resources as approved by the Budget Commission.



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BETHEL TOWNSHIP

MONROE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 5, 2000**