

Bethlehem Township
Coshocton County
Regular and Gagas Audit

For the Period
January 1, 1998 to December 31, 1999

MIKE LYNCH CPA
5 SOUTH FOURTH STREET
ZANESVILLE, OHIO 43701
(740)454-8527



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Board of Trustees
Bethlehem Township
Warsaw, Ohio

We have reviewed the Independent Auditor's Report of the Bethlehem Township, Coshocton County, prepared by Mike Lynch, CPA, for the audit period January 1, 1998 through December 31, 1999. *Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code.* The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Bethlehem Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Jim Petro".

JIM PETRO
Auditor of State

July 20, 2000

Bethlehem Township
Coshocton County
January 1, 1998 - December 31, 1999

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Bethlehem Township
Coshocton County
Elected Officials
as of December 31, 1999

Name	Title	Term of Office	Surety	Amount and Period
William Varns 42050 C.R. 27 Warsaw, Oh 43844	Trustee President	1/1/98-1/1/2002	(A)	20,000 (B)
Lyman McCurdy	Trustee Vice-President	1/1/96-1/1/2000 (C)	(A)	20,000 (B)
William Randles	Trustee	1/1/98-1/1/2002	(A)	20,000 (B)
Tammy L. Pope 42541 TR 1192 Warsaw, Oh 43844	Clerk	9/1/96-4/1/98 4/1/98-4/1/2002 (D)	(A)	50,000 (B)

Statutory Legal Counsel

Jetta Mencer
413 Main St.
Coshocton, Oh 43812

(A) Rinehart, Walters, Danner Insurance Co.

(B) Concurrent with Term.

(C) Re-elected 1/1/2000-1/1/2004.

(D) Re-elected 4/1/2000-4/1/2004.

Independent Auditor's Report

Board of Trustees
Bethlehem Township
Coshocton County
Warsaw, Ohio 43844

I have audited the accompanying Financial Statements of Bethlehem Township, Coshocton 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. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audits in accordance with Generally Accepted Auditing Standards and standards applicable to Financial Audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that I plan and perform the audits 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. I believe that my audits provided a reasonable basis for my opinion.

As described in Note 1B, the Township prepares its Financial Statements on the cash basis of accounting, which is a basis of accounting prescribed or permitted by the Auditor of State, and is a Comprehensive Basis of Accounting other than Generally Accepted Accounting Principles.

In my opinion, the Financial Statements referred to above present fairly, in all material respects, the Cash and Cash Fund balances of Bethlehem Township, Coshocton County, Ohio, as of December 31, 1999 and 1998, and its cash receipts and disbursements for the years then ended on the basis of Accounting described in Note 1B.

In accordance with Government Auditing Standards, we have also issued a report dated June 8, 2000 on my consideration of The Township's Internal Control Structure and on its Compliance with laws and regulations.

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

(continued)

Independent Auditor's Report
page 2

Respectfully Submitted:

Mike Lynch CPA

Mike Lynch CPA

Zanesville, Ohio

June 8, 2000

Bethlehem Township
Coshocton County
Combined Statement of Cash Receipts, Cash Disbursements and
Changes in Fund Cash Balance- All Governmental Fund Types
for the Year Ended December 31, 1999

	General Fund	Special Revenue	Non- Expendable Trust	Total- Memorandum Only
Cash Receipts:				
Taxes	\$ 34,160.48	\$ 45,363.19	\$.00	\$ 79,523.67
Charges for Services	4,000.00	.00	.00	4,000.00
Intergovernmental Receipts	39,419.88	53,579.15	.00	92,999.03
Interest	<u>154.22</u>	<u>132.02</u>	<u>916.68</u>	<u>1,202.92</u>
Total Cash Receipts	<u>\$ 77,734.58</u>	<u>\$ 99,074.36</u>	<u>\$ 916.68</u>	<u>\$177,725.62</u>
Cash Disbursements:				
Current:				
General Government	\$ 41,652.63	\$ 21,292.45	\$.00	\$ 62,945.08
Public Works	9,218.47	62,705.34	.00	71,923.81
Health	8,999.07	.00	.00	8,999.07
Note Principal Payment	<u>.00</u>	<u>24,111.00</u>	<u>.00</u>	<u>24,111.00</u>
Total Program Disbursements	<u>\$ 59,870.17</u>	<u>\$108,108.79</u>	<u>\$.00</u>	<u>\$167,978.96</u>
Total Receipts Over/(Under) Program Disbursements	\$ 17,864.41	\$(9,034.43)	\$ 916.68	\$ 9,746.66
Fund Cash Balances- January 1, 1999	8,887.36	7,824.86	22,088.62	38,800.84
Fund Balance Adjustment	<u>(10.55)</u>	<u>.00</u>	<u>.00</u>	<u>(10.55)</u>
Fund Cash Balances- December 31, 1999	<u>\$ 26,741.22</u>	<u>\$(1,209.57)</u>	<u>\$23,005.30</u>	<u>\$48,536.95</u>

The Notes to the Financial Statements are an Integral Part of
These Financial Statements.

Bethlehem Township
Coshocton County
Combined Statement of Cash Receipts, Cash Disbursements and
Changes in Fund Cash Balances- All Governmental Fund Types
for the Year Ended December 31, 1998

	General Fund	Special Revenue	Non- Expendable Trust	Total- Memorandum Only
Cash Receipts:				
Taxes	\$ 33,084.67	\$ 43,561.44	\$.00	\$ 76,646.11
Charges for Services	3,975.00	.00	.00	3,975.00
Intergovernmental Receipts	17,793.28	50,542.18	.00	68,335.46
Interest	241.65	202.16	1,053.55	1,497.36
Other Financing Sources	.00	29,859.80	.00	29,859.80
All Other Revenue	<u>1,612.08</u>	<u>.00</u>	<u>.00</u>	<u>1,612.08</u>
Total Cash Receipts	<u>\$ 56,706.68</u>	<u>\$124,165.58</u>	<u>\$ 1,053.55</u>	<u>\$181,925.81</u>
Cash Disbursements:				
Current:				
General Government	\$ 42,224.81	\$ 21,845.08	\$ 2,258.27	\$ 66,328.16
Public Works	8,353.12	56,711.03	.00	65,064.15
Health	5,598.32	27.30	.00	5,625.62
Debt Service Expenditures	.00	5,000.00	.00	5,000.00
Capital Outlay	<u>.00</u>	<u>39,705.74</u>	<u>.00</u>	<u>39,705.74</u>
Total Program Disbursements	<u>\$ 56,176.25</u>	<u>\$123,289.15</u>	<u>\$ 2,258.27</u>	<u>\$181,723.67</u>
Total Receipts Over/(Under) Program Disbursements	\$ 530.43	\$ 876.43	\$(1,204.72)	\$ 202.14
Fund Cash Balances- January 1, 1998	<u>8,356.93</u>	<u>6,948.43</u>	<u>23,293.34</u>	<u>38,598.70</u>
Fund Cash Balances- December 31, 1998	<u>\$ 8,887.36</u>	<u>\$ 7,824.86</u>	<u>\$22,088.62</u>	<u>\$ 38,800.84</u>

The Notes to the Financial Statements are an Integral Part of
These Financial Statements.

Bethlehem Township
Coshocton County
Notes to the Financial Statements
January 1, 1998- December 31, 1999

1. Summary of Significant Accounting Policies

A. Description of the Entity

Bethlehem Township (the Township) is a body 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. The Township provides General Governmental Services, including road and ditch maintenance, and cemetery maintenance and opening and closing of graves.

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 were prepared on the Cash Basis of Accounting, which is a comprehensive basis of accounting prescribed or permitted by the Auditor of State. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred.

C. Fund Accounting

The Township uses Fund Accounting to segregate cash that is restricted as to use. The Township classifies its funds into the following types:

General Fund

The General Fund is the General Operating Fund. It is used to account for all financial resources except those required by law or contract to be restricted.

Special Revenue Fund

This fund includes expenditures for General Government, Public Works, Health and Capital Outlay.

Non-Expendable Trust Fund

This fund contains funds which were transferred to the Township for cemetery maintenance. The funds are restricted in that the Township can only expend the interest earned by the fund for cemetery maintenance.

D. Budgetary Process

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

Bethlehem Township
Coshocton County
Notes to the Financial Statements- Page 2

Budgeted Receipts

Budgeted Receipts include estimates of cash to be received by each fund during the upcoming year.

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 budgeted receipts. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Encumbrances

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

A summary of 1999 and 1998 budgetary activity appears in Note 2.

E. Property, Plant and Equipment

Acquisition of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying Financial Statements.

F. Unpaid Vacation Pay

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

2. Budgetary Activity

Budgetary activity for the years ended December 31, 1999 and 1998 was as follows:

<u>Fund Type</u>	<u>1999 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	62,362.36	77,734.58	15,372.22
Special Revenue	103,363.82	99,074.36	(4,289.46)
Non-Expendable Trust	<u>2,000.00</u>	<u>916.68</u>	<u>(1,083.32)</u>
Total	<u>167,726.18</u>	<u>177,725.62</u>	<u>9,999.44</u>

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Bethlehem Township
Coshocton County
Notes to the Financial Statements- Page 3

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	86,981.43	59,870.17	27,111.26
Special Revenue	103,363.86	108,108.79	(4,744.93)
Non- Expendable	<u>2,035.07</u>	<u>.00</u>	<u>2,035.07</u>
Total	<u>192,380.36</u>	<u>167,978.96</u>	<u>24,401.40</u>

1998 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	49,814.55	56,706.68	6,892.13
Special Revenue	93,257.03	124,165.58	30,908.55
Non-Expendable Trust	<u>2,293.34</u>	<u>1,053.55</u>	<u>(1,239.79)</u>
Total	<u>145,364.92</u>	<u>181,925.81</u>	<u>36,560.89</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	56,684.03	56,176.25	507.78
Special Revenue	100,774.32	123,289.15	(22,514.83)
Non-Expendable Trust	<u>3,293.34</u>	<u>2,258.27</u>	<u>1,035.07</u>
Total	<u>160,751.69</u>	<u>181,723.67</u>	<u>20,971.98</u>

Bethlehem Township
Coshocton County
Notes to the Financial Statements- Page 4

3. Equity in Pooled Cash and Investments

The Township maintains a cash pool used by the General and Special Revenue Funds. The Ohio Revised Code prescribes allowable deposits and the Township is in compliance with these guidelines.

The Non-Expendable Trust Fund is a Cemetery Fund which the Township is permitted to establish under Section 5705.13 of the O.R.C. Income from the Non-Expendable Trust Fund is restricted to Cemetery Maintenance and the principal of the fund may not be expended. The carrying amount of cash at December 31 was as follows:

	1999	1998
<u>General and Special Revenue Funds:</u>		
Demand Deposits	\$ <u>25,531.65</u>	\$ <u>16,712.22</u>
<u>Non-Expendable Trust Fund:</u>		
Demand Deposits	\$ 2,005.30	\$ 1,088.62
Certificates of Deposit	<u>21,000.00</u>	<u>21,000.00</u>
Non-Expendable Trust Fund Total	<u>\$ 23,005.30</u>	<u>\$ 22,088.62</u>
 Total	 <u>\$ 48,536.95</u>	 <u>\$ 38,800.84</u>

4. Debt

A. On August 1, 1998 the Township borrowed \$29,859.80 on the purchase of a 1999 Ford F550 Dump Truck. The loan was from Heritage Bank of Coshocton, Ohio and the annual percentage rate on the loan was 5.0 percent.

Principal payments during the 1998-9 Audit period were as follows:

- \$ 5,000.00 at December 31, 1998.
- \$ 5,971.96 at July 29, 1999.
- \$17,540.00 at December 30, 1999.

The December 31, 1999 loan balance of \$1,347.84 is not reflected as a liability on the cash basis financial statements of the Township.

The December 31, 1999 balance of \$ 1,347.84 was paid at January 27, 2000.

Bethlehem Township
Coshocton County
Notes to the Financial Statements - Page 5

5. Risk Management

The Township has adequate insurance to cover all reasonably ascertainable risks. The 1999 Insurance Premium of \$3,211.00 provided the following coverages:

- A. Property - \$ 26,730.00 limit with \$100.00 deductible.
- B. Liability - \$1,000,000.00/3,000,000.00 annual aggregate limit.
- C. Wrongful Acts - \$1,000,000.00/3,000,000.00 annual aggregate limit with \$1,000.00 deductible.
- D. Automobile - \$1,000,000.00 limit with \$.00 deductible comprehensive and \$100.00 deductible collision.
- E. Inland Marine (Equipment) \$136,000.00 limit with \$100.00 deductible.
- F. EDP (Electronic Data Processing) \$5,000.00 limit with \$100.00 deductible.

6. Retirement

Bethlehem Township participates as a member of the Public Employees Retirement System (PERS) of Ohio, a cost sharing multiple-employer public employee retirement system operated by the State of Ohio. All employees are required to be members of PERS. Employees may retire at or after age 60 with 5 years of credited service. They are entitled to a retirement benefit, payable monthly for life, equal to 2.1% of their final average salary for each year of credited service. Final average salary is the employees' average salary over the highest 3 years of earnings. Benefits vest fully upon reaching 5 years of service. Employees may retire at any age with 30 years of service, at age 60 with a minimum of 5 years of service, and at age 55 with a minimum of 25 years of service. Those individuals retiring with less than 30 years of service or less than age 65 receive reduced retirement benefits. Benefits are established by state statute.

During 1998 Bethlehem Township reported \$47,091.50 of wages to the Public Employees Retirement System of Ohio on twelve monthly and four quarterly reports - this represented 100% of the wages of six employees, including three trustees and the township clerk. \$4,002.83 of employee contributions were withheld from wages and submitted to PERS during 1998 with the monthly reports along with \$6,380.90 of employer contributions.

During 1999 Bethlehem Township reported \$48,437.00 of wages to the Public Employees Retirement System of Ohio on twelve monthly and four quarterly reports - this represented 100% of the wages of six employees, including three trustees and the township clerk. \$4,117.23 of employee contributions were withheld from wages and submitted to PERS during 1999 with the monthly reports along with \$6,563.23 of employer contributions.

Bethlehem Township
Coshocton County
Notes to the Financial Statements - Page 6

6. Retirement - Continued:

During 1998 and 1999 the Township contributed 100 percent of the retirement commitments required by PERS, consisting of the employees' share of 8.5 percent of their gross wages and the employer's share of 13.55 percent of the employees' gross wages. The difference between the total employer rate and the portion used to fund pension obligations is the amount used to fund health care programs for retirants. Historical trend information showing PERS's progress in accumulating sufficient assets to pay benefits when due is presented in PERS's December 31, 1998 and 1999 Comprehensive annual financial reports.

PERS provides post-retirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. As noted above, the Ohio Revised Code provides statutory authority for employer contributions. A portion of each employer's contribution to PERS is set aside for the funding of post-retirement health care. The number of active contributing participants is over 350,000. Actuarial contribution requirements are determined for the retirement plan as a whole, not for the individual employers. Net asset and liability figures are available in the December 31, 1998 and 1999 comprehensive annual financial statements.

Bethlehem Township's full time employees and elected officials 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.

Contributions are also prescribed by the Ohio Revised Code. The Township has paid all contributions required and due through December 31, 1999.

Report on Compliance and on Internal Control over
Financial Reporting based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards

Board of Trustees
Bethlehem Township
Coshocton, County
Warsaw, Ohio 43844

I have audited the financial statements of Bethlehem Township as of and for the years ended December 31, 1998 , and December 31, 1999, and have issued my report thereon dated June 8, 2000. I conducted my 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 Bethlehem Township's financial statements are free of material misstatement, I 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 statements amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance that is required to be reported under Government Auditing Standards. This compliance finding is as follows:

1. Ohio Revised Code Section 9.38 dealing with the deposit of public monies:
This section requires that public monies should be deposited within twenty-four hours of receipt or by the first business day of the week following the date of collection.

The depository of the Township is located a considerable distance from the Township in Coshocton, Ohio. In a number of instances checks received were held for a long period of time before being deposited. A \$5,078.77 check received 2/24/99 was not deposited until 3/29/99 and it is not unusual for checks to be held more than two weeks before being deposited.


It is the recommended that the Township Clerk attempt to comply with O.R.C. Section 9.38 by making deposits much more frequently than they were made during the current audit period.

Bethlehem Township
Coshocton County
Report on Compliance and Internal Control - Page 2

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Bethlehem Township's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be a material weakness. However, I noted other matters involving the internal control over financial reporting that we have reported to management of Bethlehem Township in a separate letter dated June 9, 2000.

This report is intended solely for the information and use of the State Auditor's Office, Board of Trustees, Clerk and Management of the Township and should not be used by anyone other than these specified parties.



Mike Lynch CPA
Zanesville, Ohio
June 8, 2000.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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P.O. Box 1140
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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
SEPTEMBER 21, 2000**