

**BETHEL TOWNSHIP
MIAMI COUNTY, OHIO**

Financial Statements
(Audited)

For The Years Ended
December 31, 2001 and 2000

REBA PLASTER, CLERK



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
Columbus, Ohio 43215

Telephone 614-466-4514
800-282-0370

Facsimile 614-728-7398
www.auditor.state.oh.us

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

We have reviewed the Independent Auditor's Report of Bethel Township, Miami County, prepared by Trimble, Julian & Grube, Inc., for the audit period January 1, 2000 through December 31, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

JIM PETRO
Auditor of State

May 23, 2002

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**BETHEL TOWNSHIP
MIAMI COUNTY, OHIO**

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TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 Worthington Woods Boulevard
Suite B
Worthington, Ohio 43085

Telephone 614.846.1899
Facsimile 614.846.2799

Independent Auditor's Report

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

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

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

As discussed in Note 2, Bethel Township prepares its financial statements on the basis of accounting prescribed or permitted by Auditor of State, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances and fund balances of Bethel Township, as of December 31, 2001 and 2000, and its combined cash receipts and disbursements, combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances for the years then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued a report dated February 27, 2002, on our consideration of Bethel Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Trimble, Julian & Grube, Inc.
February 27, 2002

**BETHEL TOWNSHIP
MIAMI COUNTY, OHIO**

COMBINED STATEMENT OF FUND BALANCES
ALL FUND TYPES - CASH BASIS -
DECEMBER 31, 2001 AND 2000

<u>Cash and Cash Equivalents</u>	<u>2001</u>	<u>2000</u>
Cash and Cash Equivalents	\$ 1,039,508	\$ 964,795
Total Cash and Cash Equivalents	<u>\$ 1,039,508</u>	<u>\$ 964,795</u>
 <u>Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ 472,378	\$ 374,068
Special Revenue Funds	<u>551,591</u>	<u>575,695</u>
Total Governmental Fund Types	<u>1,023,969</u>	<u>949,763</u>
 <u>Fiduciary Fund Type:</u>		
Nonexpendable Trust Funds	<u>15,539</u>	<u>15,032</u>
Total Fund Balances	<u>\$ 1,039,508</u>	<u>\$ 964,795</u>

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

**BETHEL TOWNSHIP
MIAMI COUNTY, OHIO**

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

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash receipts:				
Taxes	\$ 40,593	\$ 517,673	\$ -	\$ 558,266
Licenses, permits and fees	21,483	4,170	-	25,653
Fines	7,445	-	-	7,445
Charges for services	-	27,602	-	27,602
Intergovernmental	187,377	106,541	227,398	521,316
Special assessments	-	1,989	-	1,989
Interest	36,822	7,138	-	43,960
Miscellaneous	7,736	8,903	-	16,639
Total cash receipts	<u>301,456</u>	<u>674,016</u>	<u>227,398</u>	<u>1,202,870</u>
Cash disbursements:				
Current:				
General government	199,830	265,669	-	465,499
Public safety	-	23,629	-	23,629
Public works	1,639	282,132	-	283,771
Health	-	32,439	-	32,439
Conservation	623	-	-	623
Capital outlay	<u>1,054</u>	<u>94,251</u>	<u>227,398</u>	<u>322,703</u>
Total cash disbursements	<u>203,146</u>	<u>698,120</u>	<u>227,398</u>	<u>1,128,664</u>
Total cash receipts over/(under) cash disbursements	98,310	(24,104)	-	74,206
Cash fund balances, January 1, 2001	<u>374,068</u>	<u>575,695</u>	<u>-</u>	<u>949,763</u>
Cash fund balances, December 31, 2001	<u>\$ 472,378</u>	<u>\$ 551,591</u>	<u>\$ -</u>	<u>\$ 1,023,969</u>

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

**BETHEL TOWNSHIP
MIAMI COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN CASH FUND BALANCE - FIDUCIARY FUND TYPE -
FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>FIDUCIARY FUND TYPE</u> Nonexpendable Trust
Operating receipts:	
Interest	\$ <u>507</u>
Operating income	507
Cash Fund Balance, January 1, 2001	<u>15,032</u>
Cash Fund Balance, December 31, 2001	<u>\$ 15,539</u>

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

**BETHEL TOWNSHIP
MIAMI COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL -
FOR THE YEAR ENDED DECEMBER 31, 2001**

Fund Types	Receipts				Disbursements				Variance Favorable (Unfavorable)			
	County Certified Unencumbered Cash	Budget	Total Estimated Revenues	Actual 2001 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2001 Appropriations	Total		Actual 2001 Disbursements	Encumbrances Outstanding at 12/31/01	Total
Governmental:												
General	\$ 342,513	\$ 261,070	\$ 603,583	\$ 301,456	\$ 40,386	\$ -	\$ 603,582	\$ 603,582	\$ 203,146	\$ -	\$ 203,146	\$ 400,436
Special Revenue	593,767	665,472	1,259,239	674,016	8,544	-	1,259,239	1,259,239	698,120	-	698,120	561,119
Capital Projects	252,494	2,500	254,994	227,398	224,898	-	254,994	254,994	227,398	-	227,398	27,596
Fiduciary:												
Nonexpendable Trust	15,431	1,000	16,431	507	(493)	-	16,431	16,431	-	-	-	16,431
Total (Memorandum Only)	\$ 1,204,205	\$ 930,042	\$ 2,134,247	\$ 1,203,377	\$ 273,335	\$ -	\$ 2,134,246	\$ 2,134,246	\$ 1,128,664	\$ -	\$ 1,128,664	\$ 1,005,582

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

**BETHEL TOWNSHIP
MIAMI COUNTY, OHIO**

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

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash receipts:				
Taxes	\$ 40,160	\$ 481,514	\$ -	\$ 521,674
Licenses, permits and fees	17,870	5,675	-	23,545
Charges for services	-	17,515	-	17,515
Fines	11,719	-	-	11,719
Intergovernmental	294,850	109,513	13,749	418,112
Special assessments	-	1,997	-	1,997
Interest	43,111	11,434	-	54,545
Miscellaneous	2,765	26,501	-	29,266
Total cash receipts	<u>410,475</u>	<u>654,149</u>	<u>13,749</u>	<u>1,078,373</u>
Cash disbursements:				
Current:				
General government	170,167	271,636	-	441,803
Public safety	-	39,672	-	39,672
Public works	1,749	130,616	-	132,365
Health	21,113	8,615	-	29,728
Conservation	582	-	-	582
Capital outlay	<u>1,721</u>	<u>94,288</u>	<u>13,749</u>	<u>109,758</u>
Total cash disbursements	<u>195,332</u>	<u>544,827</u>	<u>13,749</u>	<u>753,908</u>
Total cash receipts over cash disbursements	215,143	109,322	-	324,465
Cash fund balances, January 1, 2000	<u>158,925</u>	<u>466,373</u>	<u>-</u>	<u>625,298</u>
Cash fund balances, December 31, 2000	<u>\$ 374,068</u>	<u>\$ 575,695</u>	<u>\$ -</u>	<u>\$ 949,763</u>

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

**BETHEL TOWNSHIP
MIAMI COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN CASH FUND BALANCE - FIDUCIARY FUND TYPE -
FOR THE YEAR ENDED DECEMBER 31, 2000

	FIDUCIARY FUND TYPE
	Nonexpendable Trust
Operating receipts:	
Interest	\$ <u>475</u>
Operating income	475
Cash fund balance, January 1, 2000	<u>14,557</u>
Cash fund balance, December 31, 2000	<u>\$ 15,032</u>

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

**BETHEL TOWNSHIP
MIAMI COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL -
FOR THE YEAR ENDED DECEMBER 31, 2000

Fund Types	Receipts				Disbursements				Variance Favorable (Unfavorable)			
	County Certified Unencumbered Cash	Budget	Total Estimated Revenues	Actual 2000 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2000 Appropriations	Total		Actual 2000 Disbursements	Encumbrances Outstanding at 12/31/00	Total
Governmental:												
General	\$ 158,769	\$ 371,383	\$ 530,152	\$ 410,475	\$ 39,092	\$ 31	\$ 411,651	\$ 411,682	\$ 195,332	\$ -	\$ 195,332	\$ 216,350
Special Revenue	464,629	645,772	1,110,401	654,149	8,377	58	1,098,195	1,098,253	544,827	-	544,827	553,426
Capital Projects	1,743	252,500	254,243	13,749	(238,751)	-	15,356	15,356	13,749	-	13,749	1,607
Fiduciary:												
Nonexpendable Trust	14,557	800	15,357	475	(325)	-	254,244	254,244	-	-	-	254,244
Total (Memorandum Only)	\$ 639,698	\$ 1,270,455	\$ 1,910,153	\$ 1,078,848	\$ (191,607)	\$ 89	\$ 1,779,446	\$ 1,779,535	\$ 753,908	\$ -	\$ 753,908	\$ 1,025,627

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

BETHEL TOWNSHIP
MIAMI COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 and 2000

NOTE 1 - DESCRIPTION OF THE ENTITY

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

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

Management believes the financial statements included in this report represent all of the funds of the Township over which the Township officials have direct operating control.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. BASIS OF PRESENTATION - FUND ACCOUNTING

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

GOVERNMENTAL FUNDS

General Fund

The general fund is used to account for all activities of the Township not required to be included in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds

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

BETHEL TOWNSHIP
MIAMI COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 and 2000

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

The Township had the following significant Special Revenue Fund:

Fire Levy Fund - This fund receive proceeds from a property tax levy to provide services to the community and manage daily operations.

Capital Projects Funds

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

Issue II Fund - This fund accumulates grant monies received and paid out on behalf of the Township.

Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. The Township had the following significant Nonexpendable Trust Funds:

Cemetery Bequest Funds - These funds are used to account for resources restricted by legally binding trust agreements. The agreements require the Township to maintain the corpus of the trust.

B. BASIS OF ACCOUNTING

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

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

BETHEL TOWNSHIP
MIAMI COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 and 2000

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

C. BUDGETARY PROCESS

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

Tax Budget:

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

Estimated Resources:

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

BETHEL TOWNSHIP
MIAMI COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 and 2000

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

Appropriations:

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The Township legally adopted several supplemental appropriations during 2001 and 2000.

Encumbrances:

As part of the formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. There were no outstanding encumbrances at December 31, 2001 and 2000.

D. CASH AND CASH EQUIVALENTS

For reporting purposes, the Township considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Township with a maturity date less than or equal to three months from the date of purchase. Interest earned on investments held by the treasurer is credited to its respective funds. Interest income earned and received by the Township totaled \$44,467 and \$55,020 for the years ended December 31, 2001 and 2000, respectively.

E. PROPERTY, PLANT AND EQUIPMENT

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

BETHEL TOWNSHIP
MIAMI COUNTY, OHIO
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2001 and 2000

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

F. INTERGOVERNMENTAL REVENUES

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

G. TOTAL COLUMNS ON FINANCIAL STATEMENTS

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

NOTE 3 - COMPLIANCE

The following funds had expenditures in excess of appropriations for the year ended December 31, 2000 in noncompliance with Ohio Revised Code Section 5705.41(B):

<u>Fund Type/Fund/Item</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
<u>Special Revenue Fund Type</u>			
Fire Levy			
Other	\$11,563	\$20,506	\$8,943
Police Levy			
Operating Supplies	1,300	2,289	989

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

	<u>2001</u>	<u>2000</u>
Deposits	<u>\$1,039,508</u>	<u>\$964,795</u>

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

BETHEL TOWNSHIP
MIAMI COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 and 2000

NOTE 5 - PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the County. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State and are reflected in the accompanying financial statements as Intergovernmental Receipts. Real property taxes are payable annually or semiannually to the County. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

Public utilities are also taxed on personal and real property located within the Township.

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

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

NOTE 6 - RETIREMENT SYSTEMS

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plans. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. The Township's Fire and Emergency Medical Services employees are considered part-time employees and do not belong to the Police & Firemen's Disability & Pension Funds (PFDPF).

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS members contribute 8.5% of their gross salaries. The Township contributes an amount equal to 13.55% of participants' gross salaries. 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 and 2000.

BETHEL TOWNSHIP
MIAMI COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 and 2000

NOTE 7 - RISK MANAGEMENT

Risk Pool Membership

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty insurance for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgements, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Insurance

OTARMA retains casualty risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Insurance

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with accounting principles generally accepted in the United States of America, and reported the following assets, liabilities and retained earnings at December 31, 2000 which is the latest available data:

BETHEL TOWNSHIP
MIAMI COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2001 and 2000

NOTE 7 - RISK MANAGEMENT - (Continued)

<u>Casualty Coverage</u>	<u>2000</u>
Assets	\$22,684,383
Liabilities	<u>8,924,977</u>
Retained earnings	<u>\$13,759,406</u>
<u>Property Coverage</u>	<u>2000</u>
Assets	\$ 4,156,784
Liabilities	<u>497,831</u>
Retained earnings	<u>\$ 3,658,953</u>

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

NOTE 8 - EQUIPMENT LEASE COMMITMENT

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

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 59,446	\$ 8,690	\$ 68,136
2003	60,940	7,196	68,136
2004	<u>65,651</u>	<u>2,485</u>	<u>68,136</u>
Total	<u>\$186,037</u>	<u>\$18,371</u>	<u>\$204,408</u>

NOTE 9 - CONTINGENT LIABILITY

LITIGATION

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

TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 Worthington Woods Boulevard
Suite B
Worthington, Ohio 43085

Telephone 614.846.1899
Facsimile 614.846.2799

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

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

We have audited the financial statements of Bethel Township, Miami County, as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated February 27, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Bethel 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 2001-BT-001. We also noted other certain immaterial instances of noncompliance, that we have reported to the management of the Township in a separate letter dated February 27, 2002.

Board of Trustees
Bethel Township

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bethel Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the Township in a separate letter dated February 27, 2002.

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

Trimble, Julian & Grube, Inc.
February 27, 2002

**BETHEL TOWNSHIP
MIAMI COUNTY, OHIO
DECEMBER 31, 2001 AND 2000**

SCHEDULE OF FINDINGS

1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2001-BT-001

Ohio Revised Code Section 5705.41(B) in part requires that expenditures shall not exceed appropriations.

It was noted during the audit that in the year ended December 31, 2000, the Township had expenditures in excess of appropriations in the following line items:

<u>Fund Type/Fund/Item</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
<u>Special Revenue Fund Type</u>			
Fire Levy			
Other	\$11,563	\$20,506	\$8,943
Police Levy			
Operating Supplies	1,300	2,289	989

With expenditures exceeding appropriations, the Township is spending monies that are not lawfully appropriated and certified.

We recommend that the Township comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by more frequently comparing actual expenditures to appropriations at the item level to avoid potential overspending.

**BETHEL TOWNSHIP
MIAMI COUNTY, OHIO
DECEMBER 31, 2001 AND 2000**

SCHEDULE OF PRIOR AUDIT FINDINGS

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
1999-001	Ohio Revised Code Section 5705.39	Yes	Finding No Longer Valid.
1999-002	Ohio Revised Code Section 5705.41(B)	No	The Township is attempting to review and adopt supplemental appropriations accordingly on a quarterly basis.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

BETHEL TOWNSHIP

MIAMI COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 6, 2002**