

BETHEL TOWNSHIP

MIAMI COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006



Mary Taylor, CPA
Auditor of State

Board of Trustees
Bethel Township
8735 South Second Street
Tipp City, Ohio 45371

We have reviewed the *Independent Accountants' Report* of Bethel Township, Miami County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1 2006 through December 31, 2007. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

November 7, 2008

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MIAMI COUNTY**

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MIAMI COUNTY**

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MANNING & ASSOCIATES CPAS, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414

INDEPENDENT ACCOUNTANTS' REPORT

Bethel Township
Miami County
8735 South Second Street
Tipp City, Ohio 45371

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund and aggregate remaining fund information of Bethel Township, Miami County, Ohio, (the Township), as of and for the years ended December 31, 2007 and 2006, which collectively comprised the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the government activities, each major fund, and the aggregate remaining fund information of Bethel Township, Miami County, Ohio, as of December 31, 2007 and 2006 and the respective changes in cash financial position and the respective budgetary comparison for the General, Gasoline Tax, Fire Levy 1.5 Mil, and Fire Levy 2.0 Mil. funds for 2007 and the General, Police Levy, Fire Levy 1.5 Mil, and Fire Levy 2.0 Mil funds for 2006 thereof for the years then end in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 29, 2008, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

Manning & Associates CPAs, LLC
Dayton, Ohio

July 29, 2008

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BETHEL TOWNSHIP
MIAMI COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

This discussion and analysis of the Ohio Local Government's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2007 and 2006, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2007 are as follows:

Net assets of governmental activities increased \$288,746, or 11 percent, a slight change from the prior year. In total, revenues for the township increased by 3 percent over the previous year. The greatest increase in funds was in the General Fund 17 percent and is caused mostly in increases in interest income, increases in user fees and the 3.8 mil levy.

The Township's general receipts are primarily property taxes. These receipts represent 64 percent of the total cash received for governmental activities during the year. Property tax receipts for 2007 changed very little compared to 2006 as development within the Township has stabilized.

The Township continues to have large carryover balances due to the passage of a 3.8-mil levy adopted by voters in August 2003 for development related activities. To date, the activities related to the levy involve the development of a New Land Use plan and new Zoning Code for the Township. The Township has contracted with the Miami County Commissioners to perform an engineering study to consider increasing the capabilities of the county's water system within the Township.

Key highlights for 2006 are as follows:

Net assets of governmental activities increased \$519,773, or 26 percent, a significant change from the prior year. In total, revenues for the township decreased by 1 percent from the previous year. The greatest change in funds was in the General Fund which increased 31 percent, which was caused by an increase in interest income, increases in user fees and the 3.8 mil levy.

The Township's general receipts are primarily property taxes. These receipts represent 66 percent of the total cash received for governmental activities during the year. Property tax receipts for 2006 changed very little compared to 2005 as development within the Township has stabilized.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting. The statements are organized so the reader can understand the Township as a financial whole, or as an entire operating entity.

BETHEL TOWNSHIP
MIAMI COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

Using the Basic Financial Statements (continued)

Report Components

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

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

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

Basis of Accounting

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

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

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2007 and 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

BETHEL TOWNSHIP
MIAMI COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

Reporting the Township as a Whole (continued)

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

In the Statement of Net Assets and the Statement of Activities, the Township has one- type of activity:

Governmental Activities - Most of the Township's basic services are reported here, including police, fire, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

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

Governmental Funds - Most of the Township's activities are reported in the governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides to its residents. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The most significant governmental funds of the Township are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds for 2007 are the General, Gasoline Tax, Fire Levy 1.5 Mill, and Fire Levy 2.0 Mill funds. The Township's major governmental funds for 2006 are the General, Police Levy, Fire Levy 1.5 Mill, and Fire Levy 2.0 Mill funds.

BETHEL TOWNSHIP
MIAMI COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2007, 2006, and 2005 on a cash basis:

(Table 1)
Net Assets

	Governmental Activities		
	2007	2006	2005
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 2,726,198	\$ 2,387,589	\$ 1,817,886
Investments	99,952	149,815	199,745
Total Assets	\$ 2,826,150	\$ 2,537,404	\$ 2,017,631
Net Assets			
Restricted For:			
Capital Outlay	2,249	2,281	2,181
Permanent Fund	16,578	17,033	16,240
Other Purposes	1,046,799	1,224,613	1,014,547
Unrestricted	1,760,524	1,293,477	984,663
Total Net Assets	\$ 2,826,150	\$ 2,537,404	\$ 2,017,631

As mentioned previously, net assets of governmental activities increased \$288,746 or 11 percent during 2007. The primary reasons contributing to the increases in cash balances are as follows:

- Increased revenues in earnings from investments.
- Increased revenues from increased user fees
- Increase in General Fund carryover due to 3.8 mil levy funds not being spent.

BETHEL TOWNSHIP
MIAMI COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

The Township as a Whole (continued)

Table 2 reflects the changes in net assets on a cash basis in 2007, 2006, and 2005.

(Table 2)
Changes in Net Assets

	Governmental Activities		
	2007	2006	2005
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$ 83,499	\$ 96,623	\$ 90,570
Operating Grants and Contributions	122,962	122,598	94,978
Total Program Receipts	<u>206,461</u>	<u>219,221</u>	<u>185,548</u>
General Receipts:			
Property and Other Local Taxes	1,010,871	1,001,768	1,043,899
Grants and Entitlements Not Restricted to Specific Programs	202,546	175,440	235,589
Earnings on Investments	135,172	87,297	20,497
Miscellaneous	2,099	25,601	47,411
Total General Receipts	<u>\$ 1,350,688</u>	<u>\$ 1,290,106</u>	<u>\$ 1,347,396</u>
Total Receipts	<u>\$ 1,557,149</u>	<u>\$ 1,509,327</u>	<u>\$ 1,532,944</u>
Disbursements:			
General Government	485,705	482,242	493,620
Public Safety	487,599	392,914	217,379
Public Works	98,880	84,258	83,490
Health	4,605	28,723	27,188
Capital Outlay	191,614	1,417	141,909
Total Disbursements	<u>\$ 1,268,403</u>	<u>\$ 989,554</u>	<u>\$ 963,586</u>
Increase (Decrease) in Net Assets	288,746	519,773	569,358
Net Assets, January 1	2,537,404	2,017,631	1,448,273
Net Assets, December 31	<u>\$ 2,826,150</u>	<u>\$ 2,537,404</u>	<u>\$ 2,017,631</u>

Program receipts represent 13, 15, and 12 percent for 2007, 2006, and 2005, respectively, of total receipts and are primarily comprised of fees such as zoning permits, cigarette licensing fees, liquor permit fees and other charges for services.

BETHEL TOWNSHIP
MIAMI COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

The Township as a Whole (continued)

General receipts represent 87 percent and 85 percent of the Township's total receipts in 2007 and 2006, respectively; of this amount over 75 percent and 78 percent in 2007 and 2006, respectively, are local taxes. Earnings on Investments and State and Federal Grants and Entitlements, which include other taxes such as the Permissive Motor Vehicle License Tax, make up the balance of the Township's general. Other receipts are insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for Township activities. These include the costs of the Board of Trustees, and Fiscal Officer. Since these costs do not represent direct services to residents, we try to limit these costs.

Disbursements for Public Safety, Public Works and Public Health Services represent the costs for staffing and maintaining the emergency rescue and fire protection services, the costs of maintaining public roads and for maintaining the cemeteries located in the Township. The cost for these services was 47 percent and 51 percent for the years 2007 and 2006 respectively.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities in 2007 are for general government, public safety, capital outlay, and public works, which account for 38 percent, 38 percent, 15 percent, and 8 percent of all governmental disbursements. The major program disbursements for governmental activities in 2006 are for general government, public safety, and public works, which account for 49 percent, 40 percent, and 9 percent of all governmental disbursements. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Governmental Activities					
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2007</u>	<u>2007</u>	<u>2006</u>	<u>2006</u>	<u>2005</u>	<u>2005</u>
General Government	\$ 485,705	\$ 426,001	\$ 482,242	\$ 443,391	\$ 493,620	\$ 493,620
Public Safety	487,599	448,052	392,914	334,255	217,379	131,195
Public Works	98,880	(3,548)	84,258	(35,403)	83,490	(11,488)
Health	4,605	(177)	28,723	26,673	27,188	22,802
Capital Outlay	191,614	191,614	1,417	1,417	141,909	141,909
Total Expenses	<u>\$ 1,268,403</u>	<u>\$ 1,061,942</u>	<u>\$ 989,554</u>	<u>\$ 770,333</u>	<u>\$ 963,586</u>	<u>\$ 778,038</u>

BETHEL TOWNSHIP
MIAMI COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

The Township as a Whole (continued)

The dependence upon property tax receipts is apparent in 2007 and 2006 as 95 percent and 100 percent, respectively, of governmental activities are supported through these general receipts.

The Township's Funds

Total governmental funds had receipts of \$1,557,149 and \$1,509,327 and disbursements of \$1,268,403 and \$989,554 for 2007 and 2006, respectively. The greatest change within governmental funds occurred within the General Fund both years. The fund balance of the General Fund increased \$467,047 and \$308,814 as the result of increased revenues from interest, fees for services, and the 3.8 mil levy.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted funds for 2007 are the General Fund, Gasoline Fund, Fire Levy 1.5 Mil., and the Fire Levy 2.0 Mil. Funds. The most significant budgeted funds for 2006 are the General Fund, Police Levy Fund, Fire Levy 1.5 Mil., and the Fire Levy 2.0 Mil. Fund.

Actual receipts of \$1,557,149 were over the budgeted amount of \$1,543,710 for 2007 and the actual receipts for 2006 of \$1,509,327 were over the budgeted amount of \$1,473,688 due higher than anticipated general receipts for both years.

Disbursements for 2007 were appropriated at \$3,929,864 while actual disbursements were \$1,268,403. Disbursements for 2006 were appropriated at \$3,491,713 while actual disbursements were \$989,554. The high discrepancy in appropriations and disbursements for both years is due to the fact that the majority of the funds collected from a 3.8 mill property tax levy approved by voters in August 2003 have not been spent. These funds are earmarked for capital infrastructure improvements. The Township appropriates all available revenues but spends conservatively. The Township keeps a close monitoring on all disbursements to prevent having to request additional funds from taxpayers.

Capital Assets and Debt Administration

Capital Assets

The Township tracks its capital assets utilizing excel spreadsheets which are then used for end of year reporting and insurance purposes.

BETHEL TOWNSHIP
MIAMI COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
Unaudited

Current Issues

The Board of Trustees of Bethel Township, Miami County continued to work to address the infrastructure needs of its residents. In 2007 the Board of Trustee adopted an action plan for use of funds generated from the 3.8 mill General Fund Levy which included a partnership with the Miami County Commissioners to explore ways in which to provide water and sanitary sewer services to the Township. Funds were expended to complete a preliminary study for the extension of waterlines as well as conceptual drawings of desired open spaced developments. In addition, 3.8 mil levy funds were earmarked for a newly established Agricultural Easement Purchase Program. Funds generated by the 3.8 mil levy still remain largely unspent but the Board of Trustees are pleased to have a plan in place for the expenditure of these funds over a period of two to five years while continuing to meet the needs of the Township's residents, specifically their future utility needs.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Deborah A. Watson, Fiscal Officer, Bethel Township, Miami County, 8735 South Second St., Tipp City, Ohio 45371.

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BETHEL TOWNSHIP
MIAMI COUNTY
Statement of Net Assets - Cash Basis
For the Year Ended December 31, 2007

	Governmental Activities	Total
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 2,726,198	\$ 2,726,198
Investments	99,952	99,952
<i>Total Assets</i>	\$ 2,826,150	\$ 2,826,150
 Net Assets		
Restricted For:		
Capital Projects	\$ 2,249	\$ 2,249
Permanent Funds	16,578	16,578
Other Purposes	1,046,799	1,046,799
Unrestricted	1,760,524	1,760,524
<i>Total Net Assets</i>	\$ 2,826,150	\$ 2,826,150

See accompanying notes to the basic financial statements

BETHEL TOWNSHIP
MIAMI COUNTY
Statement of Activities - Cash Basis
For the Year Ended December 31, 2007

		Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Capital Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$ 485,705	\$ 39,170	\$ 20,534	\$ (426,001)
Public Safety	487,599	39,547	0	(448,052)
Public Works	98,880	0	102,428	3,548
Health	4,605	4,782	0	177
Miscellaneous	0	0	0	0
Capital Outlay	191,614	0	0	(191,614)
<i>Total Governmental Activities</i>	\$ 1,268,403	\$ 83,499	\$ 122,962	\$ (1,061,942)
 General Receipts				
Property Taxes			\$	975,242
Other Taxes				35,629
Grants and Entitlements not Restricted to Specify Programs				202,546
Earnings on Investment				135,172
Miscellaneous				2,099
<i>Total General Receipts</i>			\$	1,350,688
Change in Net Assets				288,746
<i>Net Assets Beginning of Year</i>				2,537,404
<i>Net Assets End of Year</i>			\$	2,826,150

See accompanying notes to the basic financial statements

BETHEL TOWNSHIP
MIAMI COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	<u>General</u>	<u>Gasoline Tax</u>	<u>Fire Levy 1.5 Mill</u>	<u>Fire Levy 2.0 Mil</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 1,760,524	\$ 197,026	\$ 87,375	\$ 48,372	\$ 632,901	\$ 2,726,198
Investments	<u>0</u>	<u>0</u>	<u>0</u>	<u>50,022</u>	<u>49,930</u>	<u>99,952</u>
<i>Total Assets</i>	<u>\$ 1,760,524</u>	<u>\$ 197,026</u>	<u>\$ 87,375</u>	<u>\$ 98,394</u>	<u>\$ 682,831</u>	<u>\$ 2,826,150</u>
Fund Balances						
Reserved:						
Reserved for Encumbrances	\$ 8,808	\$ 30,200	\$ 1,260	\$ 0	\$ 4,400	\$ 44,668
Unreserved:						
General Fund	1,751,716	0	0	0	0	1,751,716
Special Revenue Funds	0	166,826	86,115	98,394	659,604	1,010,939
Capital Projects Funds	0	0	0	0	2,249	2,249
Permanent Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>16,578</u>	<u>16,578</u>
<i>Total Fund Balances</i>	<u>\$ 1,760,524</u>	<u>\$ 197,026</u>	<u>\$ 87,375</u>	<u>\$ 98,394</u>	<u>\$ 682,831</u>	<u>\$ 2,826,150</u>

See accompanying notes to the basic financial statements

BETHEL TOWNSHIP
MIAMI COUNTY
Statement of Cash Receipts, Disbursements and Changes in
Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	General	Gasoline Tax	Fire Levy 1.5 Mill	Fire Levy 2.0 Mil	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 446,498	\$ 0	\$ 160,939	\$ 180,863	\$ 220,609	\$ 1,008,909
Charges for Services	0	0	0	0	39,547	39,547
Licenses, Permits and Fees	30,691	0	0	0	4,382	35,073
Fines and Forfeitures	8,479	0	0	0	0	8,479
Intergovernmental	176,833	92,802	17,236	18,666	19,971	325,508
Special Assessments	0	0	0	0	1,962	1,962
Earnings on Investments	106,247	17,327	0	0	11,598	135,172
Miscellaneous	2,099	0	0	0	400	2,499
<i>Total Receipts</i>	<u>\$ 770,847</u>	<u>\$ 110,129</u>	<u>\$ 178,175</u>	<u>\$ 199,529</u>	<u>\$ 298,469</u>	<u>\$ 1,557,149</u>
Disbursements						
Current:						
General Government	\$ 295,488	\$ 0	\$ 54,568	\$ 2,931	\$ 132,718	\$ 485,705
Public Safety	0	0	139,641	301,282	46,676	487,599
Public Works	0	2,382	0	0	96,498	98,880
Health	0	0	0	0	4,605	4,605
Capital Outlay	8,312	144,508	0	15,478	23,316	191,614
<i>Total Disbursements</i>	<u>\$ 303,800</u>	<u>\$ 146,890</u>	<u>\$ 194,209</u>	<u>\$ 319,691</u>	<u>\$ 303,813</u>	<u>\$ 1,268,403</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>467,047</u>	<u>(36,761)</u>	<u>(16,034)</u>	<u>(120,162)</u>	<u>(5,344)</u>	<u>288,746</u>
<i>Net Change in Fund Balances</i>	467,047	(36,761)	(16,034)	(120,162)	(5,344)	288,746
<i>Fund Balances Beginning of Year</i>	<u>1,293,477</u>	<u>233,787</u>	<u>103,409</u>	<u>218,556</u>	<u>688,175</u>	<u>2,537,404</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,760,524</u>	<u>\$ 197,026</u>	<u>\$ 87,375</u>	<u>\$ 98,394</u>	<u>\$ 682,831</u>	<u>\$ 2,826,150</u>

See accompanying notes to the basic financial statements

BETHEL TOWNSHIP
MIAMI COUNTY
Statement of Receipts, Disbursements and Changes in
Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 426,128	\$ 446,498	\$ 446,498	\$ 0
Licenses, Permits and Fees	25,000	30,691	30,691	0
Fines and Forfeitures	8,500	8,479	8,479	0
Intergovernmental	128,802	165,423	176,833	11,410
Earnings on Investments	63,666	106,247	106,247	0
Miscellaneous	1,000	2,099	2,099	0
<i>Total Receipts</i>	<u>\$ 653,096</u>	<u>\$ 759,437</u>	<u>\$ 770,847</u>	<u>\$ 11,410</u>
Disbursements				
Current:				
General Government	\$ 1,911,473	\$ 1,935,921	\$ 304,296	\$ 1,631,625
Capital Outlay	15,300	15,300	8,312	6,988
<i>Total Disbursements</i>	<u>\$ 1,926,773</u>	<u>\$ 1,951,221</u>	<u>\$ 312,608</u>	<u>\$ 1,638,613</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,273,677)</u>	<u>(1,191,784)</u>	458,239	1,650,023
Other Financing Sources (Uses)	2,500	2,226	0	(2,226)
<i>Net Change in Fund Balance</i>	(1,271,177)	(1,189,558)	458,239	1,647,797
<i>Fund Balance Beginning of Year</i>	1,291,328	1,291,328	1,291,328	0
<i>Prior Year Encumbrances Appropriated</i>	<u>2,149</u>	<u>2,149</u>	<u>2,149</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 22,300</u>	<u>\$ 103,919</u>	<u>\$ 1,751,716</u>	<u>\$ 1,647,797</u>

See accompanying notes to the basic financial statements

BETHEL TOWNSHIP
MIAMI COUNTY
Statement of Receipts, Disbursements and Changes in
Fund Balance - Budget and Actual - Budget Basis
Gasoline Tax
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$ 81,964	\$ 92,802	\$ 92,802	\$ 0
Earnings on Investments	<u>13,036</u>	<u>16,032</u>	<u>17,327</u>	<u>1,295</u>
<i>Total Receipts</i>	<u>\$ 95,000</u>	<u>\$ 108,834</u>	<u>\$ 110,129</u>	<u>\$ 1,295</u>
Disbursements				
Current:				
Public Works	\$ 105,000	\$ 105,000	\$ 2,382	\$ 102,618
Capital Outlay	<u>223,787</u>	<u>223,787</u>	<u>174,708</u>	<u>49,079</u>
<i>Total Disbursements</i>	<u>\$ 328,787</u>	<u>\$ 328,787</u>	<u>\$ 177,090</u>	<u>\$ 151,697</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(233,787)</u>	<u>(219,953)</u>	<u>(66,961)</u>	<u>152,992</u>
<i>Net Change in Fund Balance</i>	(233,787)	(219,953)	(66,961)	152,992
<i>Fund Balance Beginning of Year</i>	<u>233,787</u>	<u>233,787</u>	<u>233,787</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 0</u>	<u>\$ 13,834</u>	<u>\$ 166,826</u>	<u>\$ 152,992</u>

See accompanying notes to the basic financial statements

BETHEL TOWNSHIP
MIAMI COUNTY
Statement of Receipts, Disbursements and Changes in
Fund Balance - Budget and Actual - Budget Basis
Fire Levy 1.5 Mil
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 150,615	\$ 157,102	\$ 160,939	\$ 3,837
Intergovernmental	17,740	17,740	17,236	(504)
<i>Total Receipts</i>	<u>\$ 168,355</u>	<u>\$ 174,842</u>	<u>\$ 178,175</u>	<u>\$ 3,333</u>
Disbursements				
Current:				
General Government	\$ 97,266	\$ 95,266	\$ 54,568	\$ 40,698
Public Safety	177,831	179,831	140,901	38,930
Capital Outlay	0	0	0	0
<i>Total Disbursements</i>	<u>\$ 275,097</u>	<u>\$ 275,097</u>	<u>\$ 195,469</u>	<u>\$ 79,628</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(106,742)</u>	<u>(100,255)</u>	<u>(17,294)</u>	<u>82,961</u>
Other Financing Sources (Uses)	3,333	3,333	0	(3,333)
<i>Net Change in Fund Balance</i>	(103,409)	(96,922)	(17,294)	79,628
<i>Fund Balance Beginning of Year</i>	102,643	102,643	102,643	0
<i>Prior Year Encumbrances Appropriated</i>	<u>766</u>	<u>766</u>	<u>766</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 0</u></u>	<u><u>\$ 6,487</u></u>	<u><u>\$ 86,115</u></u>	<u><u>\$ 79,628</u></u>

See accompanying notes to the basic financial statements

BETHEL TOWNSHIP
MIAMI COUNTY
Statement of Receipts, Disbursements and Changes in
Fund Balance - Budget and Actual - Budget Basis
Fire Levy 2.0 Mil
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 166,968	\$ 175,813	\$ 180,863	\$ 5,050
Intergovernmental	19,271	19,271	18,666	(605)
<i>Total Receipts</i>	<u>\$ 186,239</u>	<u>\$ 195,084</u>	<u>\$ 199,529</u>	<u>\$ 4,445</u>
Disbursements				
Current:				
General Government	\$ 3,200	\$ 3,200	\$ 2,931	\$ 269
Public Safety	389,269	389,269	301,282	87,987
Capital Outlay	16,770	16,770	15,478	1,292
<i>Total Disbursements</i>	<u>\$ 409,239</u>	<u>\$ 409,239</u>	<u>\$ 319,691</u>	<u>\$ 89,548</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(223,000)</u>	<u>(214,155)</u>	<u>(120,162)</u>	<u>93,993</u>
Other Financing Sources (Uses)	4,444	4,444	0	(4,444)
<i>Net Change in Fund Balance</i>	(218,556)	(209,711)	(120,162)	89,549
<i>Fund Balance Beginning of Year</i>	218,194	218,194	218,194	0
<i>Prior Year Encumbrances Appropriated</i>	<u>362</u>	<u>362</u>	<u>362</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 0</u>	<u>\$ 8,845</u>	<u>\$ 98,394</u>	<u>\$ 89,549</u>

See accompanying notes to the basic financial statements

BETHEL TOWNSHIP
MIAMI COUNTY
Statement of Net Assets - Cash Basis
For the Year Ended December 31, 2006

	<u>Governmental Activities</u>	<u>Total</u>
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 2,387,589	\$ 2,387,589
Investments	<u>149,815</u>	<u>149,815</u>
<i>Total Assets</i>	<u>\$ 2,537,404</u>	<u>\$ 2,537,404</u>
 Net Assets		
Restricted For:		
Capital Projects	\$ 2,281	\$ 2,281
Permanent Funds	17,034	17,034
Other Purposes	1,224,612	1,224,612
Unrestricted	<u>1,293,477</u>	<u>1,293,477</u>
<i>Total Net Assets</i>	<u>\$ 2,537,404</u>	<u>\$ 2,537,404</u>

See accompanying notes to the basic financial statements

BETHEL TOWNSHIP
MIAMI COUNTY
Statement of Activities - Cash Basis
For the Year Ended December 31, 2006

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$ 482,242	\$ 38,851	\$ 0	\$ (443,391)
Public Safety	392,914	50,659	8,000	(334,255)
Public Works	84,258	5,063	114,598	35,403
Health	28,723	2,050	0	(26,673)
Capital Outlay	1,417	0	0	(1,417)
<i>Total Governmental Activities</i>	<u>\$ 989,554</u>	<u>\$ 96,623</u>	<u>\$ 122,598</u>	<u>\$ (770,333)</u>

General Receipts

Property Taxes	\$ 957,165
Other Taxes	44,603
Grants and Entitlements not Restricted to Specific Programs	175,440
Earnings on Investment	87,297
Miscellaneous	25,601
<i>Total General Receipts</i>	<u>\$ 1,290,106</u>
Change in Net Assets	519,773
<i>Net Assets Beginning of Year</i>	<u>2,017,631</u>
<i>Net Assets End of Year</i>	<u>\$ 2,537,404</u>

See accompanying notes to the basic financial statements

BETHEL TOWNSHIP
MIAMI COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	<u>General</u>	<u>Police Levy</u>	<u>Fire Levy 1.5 Mil</u>	<u>Fire Levy 2.0 Mil</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 1,293,477	\$ 172,246	\$ 103,409	\$ 218,556	\$ 749,716	\$ 2,537,404
<i>Total Assets</i>	<u>\$ 1,293,477</u>	<u>\$ 172,246</u>	<u>\$ 103,409</u>	<u>\$ 218,556</u>	<u>\$ 749,716</u>	<u>\$ 2,537,404</u>
Fund Balances						
Reserved:						
Reserved for Encumbrances	\$ 2,149	\$ 0	\$ 766	\$ 362	\$ 700	\$ 3,977
Unreserved:						
General Fund	1,291,328	0	0	0	0	1,291,328
Special Revenue Funds	0	172,246	102,643	218,194	729,701	1,222,784
Capital Projects Funds	0	0	0	0	2,281	2,281
Permanent Fund	0	0	0	0	17,034	17,034
<i>Total Fund Balances</i>	<u>\$ 1,293,477</u>	<u>\$ 172,246</u>	<u>\$ 103,409</u>	<u>\$ 218,556</u>	<u>\$ 749,716</u>	<u>\$ 2,537,404</u>

See accompanying notes to the basic financial statements

BETHEL TOWNSHIP
MIAMI COUNTY
Statement of Cash Receipts, Disbursements and Changes in
Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	General	Police Levy	Fire Levy 1.5 Mil	Fire Levy 2.0 Mil	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 416,851	\$ 99,825	\$ 158,899	\$ 179,294	\$ 144,844	\$ 999,713
Charges for Services	0	0	0	0	50,659	50,659
Licenses, Permits and Fees	30,133	0	0	0	5,063	35,196
Fines and Forfeitures	8,718	0	0	0	0	8,718
Intergovernmental	130,332	10,479	16,555	18,074	122,598	298,038
Special Assessments	0	0	0	0	2,055	2,055
Earnings on Investments	71,773	0	0	0	15,524	87,297
Miscellaneous	3,774	0	10,918	0	12,959	27,651
<i>Total Receipts</i>	<u>\$ 661,581</u>	<u>\$ 110,304</u>	<u>\$ 186,372</u>	<u>\$ 197,368</u>	<u>\$ 353,702</u>	<u>\$ 1,509,327</u>
Disbursements						
Current:						
General Government	\$ 349,468	\$ 92,691	\$ 37,123	\$ 2,960	\$ 0	\$ 482,242
Public Safety	0	8,899	116,959	239,598	27,458	392,914
Public Works	1,882	0	0	0	82,376	84,258
Health	0	0	0	0	28,723	28,723
Capital Outlay	1,417	0	0	0	0	1,417
<i>Total Disbursements</i>	<u>\$ 352,767</u>	<u>\$ 101,590</u>	<u>\$ 154,082</u>	<u>\$ 242,558</u>	<u>\$ 138,557</u>	<u>\$ 989,554</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>308,814</u>	<u>8,714</u>	<u>32,290</u>	<u>(45,190)</u>	<u>215,145</u>	<u>519,773</u>
<i>Net Change in Fund Balances</i>	308,814	8,714	32,290	(45,190)	215,145	519,773
<i>Fund Balances Beginning of Year</i>	<u>984,663</u>	<u>163,532</u>	<u>71,119</u>	<u>263,746</u>	<u>534,571</u>	<u>2,017,631</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,293,477</u>	<u>\$ 172,246</u>	<u>\$ 103,409</u>	<u>\$ 218,556</u>	<u>\$ 749,716</u>	<u>\$ 2,537,404</u>

See accompanying notes to the basic financial statements

BETHEL TOWNSHIP
MIAMI COUNTY
Statement of Receipts, Disbursements and Changes in
Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 405,832	\$ 416,850	\$ 416,851	\$ 1
Licenses, Permits and Fees	31,852	31,852	30,133	(1,719)
Fines and Forfeitures	7,569	7,569	8,718	1,149
Intergovernmental	167,738	161,705	130,332	(31,373)
Earnings on Investments	18,998	49,980	71,773	21,793
Miscellaneous	3,758	3,758	3,774	16
<i>Total Receipts</i>	<u>\$ 635,747</u>	<u>\$ 671,714</u>	<u>\$ 661,581</u>	<u>\$ (10,133)</u>
Disbursements				
Current:				
General Government	\$ 1,545,586	\$ 1,596,914	\$ 349,468	\$ 1,247,446
Public Works	2,000	2,000	1,882	118
Capital Outlay	48,000	32,500	3,566	28,934
<i>Total Disbursements</i>	<u>\$ 1,595,586</u>	<u>\$ 1,631,414</u>	<u>\$ 354,916</u>	<u>\$ 1,276,498</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(959,839)</u>	<u>(959,700)</u>	<u>306,665</u>	<u>1,266,365</u>
Other Financing Sources (Uses)	0	(500)	0	500
<i>Net Change in Fund Balance</i>	(959,839)	(960,200)	306,665	1,266,865
<i>Fund Balance Beginning of Year</i>	<u>984,663</u>	<u>984,663</u>	<u>984,663</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 24,824</u>	<u>\$ 24,463</u>	<u>\$ 1,291,328</u>	<u>\$ 1,266,865</u>

See accompanying notes to the basic financial statements

BETHEL TOWNSHIP
MIAMI COUNTY
Statement of Receipts, Disbursements and Changes in
Fund Balance - Budget and Actual - Budget Basis
Police Levy
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 92,202	\$ 99,825	\$ 99,825	\$ 0
Intergovernmental	<u>10,875</u>	<u>10,479</u>	<u>10,479</u>	<u>0</u>
<i>Total Receipts</i>	<u>\$ 103,077</u>	<u>\$ 110,304</u>	<u>\$ 110,304</u>	<u>\$ 0</u>
Disbursements				
Current:				
General Government	\$ 103,413	\$ 103,413	\$ 92,691	\$ 10,722
Public Safety	<u>62,000</u>	<u>70,423</u>	<u>8,899</u>	<u>61,524</u>
<i>Total Disbursements</i>	<u>\$ 165,413</u>	<u>\$ 173,836</u>	<u>\$ 101,590</u>	<u>\$ 72,246</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(62,336)</u>	<u>(63,532)</u>	<u>8,714</u>	<u>72,246</u>
Other Financing Sources (Uses)	(100,000)	(100,000)	0	100,000
<i>Net Change in Fund Balance</i>	(162,336)	(163,532)	8,714	172,246
<i>Fund Balance Beginning of Year</i>	<u>163,532</u>	<u>163,532</u>	<u>163,532</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 1,196</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 172,246</u></u>	<u><u>\$ 172,246</u></u>

See accompanying notes to the basic financial statements

Bethel Township
Miami County
Statement of Receipts, Disbursements and Changes in
Fund Balance - Budget and Actual - Budget Basis
Fire Levy 1.5 Mil.
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 151,301	\$ 158,899	\$ 158,899	\$ 0
Intergovernmental	18,046	16,555	16,555	0
Miscellaneous	0	10,848	10,918	70
<i>Total Receipts</i>	<u>\$ 169,347</u>	<u>\$ 186,302</u>	<u>\$ 186,372</u>	<u>\$ 70</u>
Disbursements				
Current:				
General Government	\$ 46,379	\$ 63,335	\$ 37,123	\$ 26,212
Public Safety	194,086	194,086	117,725	76,361
<i>Total Disbursements</i>	<u>\$ 240,465</u>	<u>\$ 257,421</u>	<u>\$ 154,848</u>	<u>\$ 102,573</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(71,118)</u>	<u>(71,119)</u>	<u>31,524</u>	<u>102,643</u>
<i>Net Change in Fund Balance</i>	(71,118)	(71,119)	31,524	102,643
<i>Fund Balance Beginning of Year</i>	<u>71,119</u>	<u>71,119</u>	<u>71,119</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 1</u>	<u>\$ 0</u>	<u>\$ 102,643</u>	<u>\$ 102,643</u>

See accompanying notes to the basic financial statements

BETHEL TOWNSHIP
MIAMI COUNTY
Statement of Receipts, Disbursements and Changes in
Fund Balance - Budget and Actual - Budget Basis
Fire Levy 2.0 Mil
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 168,162	\$ 179,294	\$ 179,294	\$ 0
Intergovernmental	<u>19,707</u>	<u>18,074</u>	<u>18,074</u>	<u>0</u>
<i>Total Receipts</i>	<u>\$ 187,869</u>	<u>\$ 197,368</u>	<u>\$ 197,368</u>	<u>\$ 0</u>
Disbursements				
Current:				
General Government	\$ 4,000	\$ 4,000	\$ 2,960	\$ 1,040
Public Safety	<u>419,207</u>	<u>439,530</u>	<u>239,960</u>	<u>199,570</u>
<i>Total Disbursements</i>	<u>\$ 423,207</u>	<u>\$ 443,530</u>	<u>\$ 242,920</u>	<u>\$ 200,610</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(235,338)</u>	<u>(246,162)</u>	<u>(45,552)</u>	<u>200,610</u>
<i>Net Change in Fund Balance</i>	(235,338)	(246,162)	(45,552)	200,610
<i>Fund Balance Beginning of Year</i>	<u>263,746</u>	<u>263,746</u>	<u>263,746</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 28,408</u></u>	<u><u>\$ 17,584</u></u>	<u><u>\$ 218,194</u></u>	<u><u>\$ 200,610</u></u>

See accompanying notes to the basic financial statements

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BETHEL TOWNSHIP

MIAMI COUNTY

Notes to the Financial Statements

For the Years Ended December 31, 2007 and 2006

Note 1 – Reporting Entity

Bethel Township, Miami County, Ohio (the Township), is a body politic and corporate established in 1807 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an appointed Township Fiscal Officer. The township also employs a full-time administrator for the day-to-day management of the township office, a full time Planning and Zoning Inspector and a full time Road & Maintenance Supervisor along with one full time Road Department employee.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township provides its own fire protection. Police protection is provided by the Miami County Sheriff. The Township has a supplemental contract with the Miami County Sheriff for additional police coverage in the community.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township.

In 2005, the Board of Trustees of Bethel Township was instrumental in the establishment of the Bethel Township Community Improvement Corporation. The Bethel Township Community Improvement Corporation is a 501 (c) 6 tax-exempt organization and was chartered on March 31, 2005. Currently, one trustee, the fiscal officer and the township administrator serve on the Board of Governors of the Bethel Township Community Improvement Corporation.

Separately-audited statements for the Bethel Township Community Improvement Corporation are available from: Kate Reagan, Interim Vice-President, 8735 South Second Street, Tipp City, Ohio 45371.

BETHEL TOWNSHIP
MIAMI COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 1 – Reporting Entity (continued)

C. Joint Ventures

The Board of Trustees has no joint ventures with any other entity.

The Township participates in the Ohio Township Association Risk Management Association, a public entity risk pool. Notes to the financial statements provide additional information for these entities. These organizations are:

Public Entity Risk Pool:

*Ohio Township Association Risk Management Authority
c/o Burnham and Flower of Ohio, Inc.
6797 North High Street, Ste. 131
Worthington, OH 43085*

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Township does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include all financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

BETHEL TOWNSHIP

MIAMI COUNTY

Notes to the Financial Statements

For the Years Ended December 31, 2007 and 2006

Note 2 – Summary of Significant Accounting Policies (continued)

A. Basis of Presentation (continued)

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

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds for 2007 are the General, Gasoline Tax, Fire Levy 1.5 Mil, and Fire Levy 2.0 Mil funds. The Township's major governmental funds for 2006 are the General, Police Levy, Fire Levy 1.5 Mil, and Fire Levy 2.0 Mil funds.

General Fund – This Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Police Levy – This fund accounts for a 1.0 Mil continuing levy and is used to pay for extra police protection from the Miami County Sheriff's office.

BETHEL TOWNSHIP
MIAMI COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 2 – Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

Governmental Funds (continued)

Fire Levy 1.5 Mil – This fund accounts for a 1.5 mil continuing levy and is used to fund fire department operations.

Fire Levy 2.0 Mil – This fund accounts for a 2.0 mil 5 year Replacement levy which was passed in November 2006 and is used to support the needs of the Township's fire department.

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

C. Basis of Accounting

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

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

D. Budgetary Process

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

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

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

BETHEL TOWNSHIP

MIAMI COUNTY

Notes to the Financial Statements

For the Years Ended December 31, 2007 and 2006

Note 2 – Summary of Significant Accounting Policies (continued)

D. Budgetary Process (continued)

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

E. Cash and Investments

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

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

During 2007 and 2006, the Township invested in U. S. Treasury and Agency Securities (Federal Home Loan Mortgage Corporation) and a money market fund. The Township’s Money Market Account is recorded at the amount reported by Fifth Third bank at year end.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2007 was \$106,247, with another \$28,925 assigned to other Township funds. Interest receipts credited to the General Fund during 2006 was \$71,773, with another \$15,524 assigned to other Township funds.

F. Restricted Assets

Cash, cash equivalents, and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

G. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

BETHEL TOWNSHIP
MIAMI COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 2 – Summary of Significant Accounting Policies (continued)

I. Accumulated Leave

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

J. Employer Contributions to Cost-Sharing Pension Plans

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

K. Long-Term Obligations

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

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for those purposes under which they are collected. For example, funds collected in the Road and Bridge Fund can only be expended for Road and Bridge Maintenance. Other large funds with specific purposes include the Police Levy Fund, both Fire Levy Funds, and the Cemetery Bequest Funds.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

M. Fund Balance Reserves

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

BETHEL TOWNSHIP
MIAMI COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 2 – Summary of Significant Accounting Policies (continued)

N. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Accountability and Compliance

Ohio Revised Code Section 5705.41 (D) states no order or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis is presented for the General, Gasoline Tax, Fire Levy 1.5 Mil, and Fire Levy 2.0 Mil funds in 2007. The same Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis is presented for the General, Police Levy, Fire Levy 1.5 Mil, and Fire Levy 2.0 Mil funds in 2006.

These statements are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances and are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) and outstanding year end advances are treated as another financing sources or uses (budgetary basis) rather than as an interfund receivable or payable (cash basis). Encumbrances outstanding at year end 2007 were; \$8,808 for the General fund, \$30,200 for the Gasoline Tax fund, \$1,260 for the Fire Levy 1.5 Mil, and \$4,400 for all other governmental funds. Encumbrances outstanding at year end 2006 were; \$2,149 for the General fund, \$766 for the Fire Levy 1.5 Mil fund, \$362 for the Fire Levy 2.0 Mil fund, and \$700 for all other governmental funds.

BETHEL TOWNSHIP
MIAMI COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 5 – Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

BETHEL TOWNSHIP
MIAMI COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 5 – Deposits and Investments (continued)

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledged to the Township by the financial institution, or by a collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Township or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the Township had no cash on hand which would be included as part of "Equity in Pooled Cash and Cash Equivalents."

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements."

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2007, the carrying amounts of the Township's deposits were \$2,726,198 and the bank balance was \$2,805,351. Of the bank balance \$2,605,351 was exposed to custodial risk, and \$200,000 was covered by Federal Deposit Insurance Corporation. At December 31, 2006, the carrying amounts of the Township's deposits were \$2,387,589 and the bank balance was \$2,436,973. Of the bank balance \$2,236,973 was exposed to custodial risk, and \$200,000 was covered by Federal Deposit Insurance Corporation.

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

BETHEL TOWNSHIP
MIAMI COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2007 and 2006

Note 5 – Deposits and Investments (continued)

Investments

As of December 31, 2006 and 2007, the Township had the following investments:

	Carrying Value 2007	Carrying Value 2006
FHLMC	\$ 99,952	\$ 99,952
FHLB	0	49,863
	\$ 99,952	\$ 149,815

Investments have a maturity of \$50,000 in October 2008 and remainder in December 2009.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the Township's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The Township's investments, except for the repurchase agreement as discussed above and STAR Ohio, were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAA money market rating.

Concentration of Credit Risk: The Township places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Township at December 31, 2007 and 2006:

	2007		2006	
	Carrying Value	% of Total	Carrying Value	% of Total
FHLMC	\$ 99,952	100.0%	\$ 99,952	66.7%
FHLB	-	-	49,863	33.3%
	\$ 99,952	100.0%	\$ 149,815	100.0%

Reconciliation of Cash and Investment to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of December 31, 2007 and 2006:

<u>Cash and Investments per footnote</u>	<u>2007</u>	<u>2006</u>
Carrying amount of Deposits	\$ 2,726,198	\$ 2,387,589
Investments	99,952	149,815
Total	\$ 2,826,150	\$ 2,539,404
<u>Cash and Investments per Statement of Net Assets</u>		
Governmental Activities	\$ 2,826,150	\$ 2,537,404

BETHEL TOWNSHIP

MIAMI COUNTY

Notes to the Financial Statements

For the Years Ended December 31, 2007 and 2006

Note 6 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due January 20; if paid semiannually, the first payment is due January 20, with the remainder payable by July 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2007 and 2006 represent the collection of 2006 and 2005 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2006, were levied after October 1, 2006, and are collected with real property taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 2005, and are collected with real property taxes.

Tangible personal property tax receipts received in 2007 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the years ended December 31, 2007 and 2006, was \$9.40 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 and 2006 property tax receipts were based are as follows:

	2007	2006
Real Property		
Residential & Agricultural	\$ 99,454,430	\$ 99,787,090
Commercial/Industrial/Mineral	9,249,340	8,794,850
Public Utility Property		
Tangible Personal Property	4,142,390	5,170,670
Personal	6,160,930	6,342,000
Total Assessed Value	<u>\$ 119,007,090</u>	<u>\$ 119,094,610</u>

BETHEL TOWNSHIP

MIAMI COUNTY

Notes to the Financial Statements

For the Years Ended December 31, 2007 and 2006

Note 7 – Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2006 and 2007, the Township contracted with the Ohio Township Risk Management Authority (OTARMA), a risk sharing pool available to Townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP) Member townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles. Coverage provided by OTARMA is as follows:

Legal Liability	\$2,000,000	Per Occurrence
Automobile Liability	\$2,000,000	Per Occurrence
Wrongful Acts	\$2,000,000	Per Occurrence
Property	\$2,620,347	Total Coverage
Boiler and Machinery	\$300,000	Limit

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years.

The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Casualty Coverage

For an occurrence prior to January 1, 2006 OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

BETHEL TOWNSHIP

MIAMI COUNTY

Notes to the Financial Statements

For the Years Ended December 31, 2007 and 2006

Note 7 – Risk Management (continued)

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provide aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit.

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 township.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006 (the latest information available):

<u>Casualty Coverage</u>	<u>2007</u>	<u>2006</u>
Assets	\$ 43,210,703	\$ 42,042,275
Liabilities	<u>(13,357,837)</u>	<u>(29,120,661)</u>
Retained Earnings	\$ <u>29,852,866</u>	\$ <u>29,921,614</u>

At December 31, 2007 and 2006, respectively, casualty coverage liabilities noted above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$39,712. This payable includes the subsequent year's contribution due if the Township terminates participation as described in the last paragraph below.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

The Township's contributions to OTARMA for the past two years are as follows:

<u>Contributions to OTARMA</u>	
2007	\$19,856
2006	\$23,598

BETHEL TOWNSHIP

MIAMI COUNTY

Notes to the Financial Statements

For the Years Ended December 31, 2007 and 2006

Note 7 – Risk Management (continued)

After completing one year of membership, member may withdraw on each anniversary of the date they joined OTARMA provided the give written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 8 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

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

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

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

The members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9.5 percent and 9.0 percent of their annual covered salaries for 2007 and 2006, respectively. The Township's contribution rate for pension benefits was 13.85 percent and 13.70 percent for 2007 and 2006, respectively. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$33,258, \$44,256, and \$19,955 respectively. The full amount has been contributed for 2007 and 2006.

BETHEL TOWNSHIP

MIAMI COUNTY

Notes to the Financial Statements

For the Years Ended December 31, 2007 and 2006

Note 8 – Defined Benefit Pension Plan (continued)

B. Ohio Police and Fire Pension Fund

The Township contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Township is required to contribute 24 percent for firefighters. Contributions are authorized by State statute. The Township began making contributions to OP&F on behalf of the Fire Chief in 2007. Total contributions for 2007 were \$12,005.

Note 9 – Post employment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for funding postretirement health care based on authority granted by State statute. The 2007 and 2006 local government employer contribution rate was 13.85 and 13.70 percent, respectively of covered payroll; 5.0 percent (January 1 through June 30) and 6.0 percent (July 1 through December 31) for 2007 and 4.5 percent for 2006, of covered payroll was used to fund health care in 2007 and 2006, respectively.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2007, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .5 to 5 percent annually for the next eight years and 4.0 percent annually after eight years.

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

The number of active contributing participants in the traditional and combined plans was 374,979. The actuarial value of OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

BETHEL TOWNSHIP

MIAMI COUNTY

Notes to the Financial Statements

For the Years Ended December 31, 2007 and 2006

Note 9 – Post employment Benefits (continued)

A. Ohio Public Employees Retirement System (continued)

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which will allow additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis.

The total firefighter contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2006 and 2007. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

Note 10 – Related Party Transactions

In 2007 the Township purchased chemicals for \$284 from Saunders Seed Company, which is owned by Trustee Clifford Wray.

Note 11 – Related Organizations

The Township fully participates and cooperates with the Bethel Township Community Improvement Corporation. Currently, a member of the Board of Trustees, the Township Fiscal Officer and the Township Administrator constitute over half of the Board of Governors of the Bethel Township Community Improvement Corporation. Information requests regarding the Bethel Township Community Improvement Corporation may be sent to:

*Kate Reagan, Interim Vice-President
Bethel Township Community Improvement Corporation
8735 South Second Street
Tipp City, OH 45371*

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MANNING & ASSOCIATES CPAS, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414

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

Bethel Township
Miami County
8735 South Second Street
Tipp City, Ohio 45371

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bethel Township, Miami County, Ohio (the Township), as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Township's basic financial statements and have issued our report thereon dated July 29, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify deficiencies in internal control over financial reporting that might be significant deficiencies material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying Schedule of Findings to be a significant deficiencies in internal control over financial reporting: 2007-002 through 2007-003.

Internal Control over Financial Reporting, continued

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe of the significant deficiencies described above, finding number 2007-003, is also a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2007-001.

The Township's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the management and the Board of Trustees. We intend it for no one other than these specified parties.

Manning & Associates CPAs, LLC
Dayton, Ohio

July 29, 2008

BETHEL TOWNSHIP
MIAMI COUNTY
Schedule of Findings
For the Years Ended December 31, 2007 AND 2006

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2007-001

Ohio Rev. Code Section 5705.41 (D) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41 (D) (1) and 5705.41 (D) (3), respectively, of the Ohio Revised Code.

1. **"Then and Now" certificate** – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval or expenditures by the Township.

2. **Blanket certificate** – Fiscal officers may prepare "blanket" certificates not exceeding \$5,000 (an amount established by resolution or ordinance adopted by the legislative authority, effective September 26, 2003) against any specific line item account over a period exceeding three months (three month limitation was eliminated effective September 26, 2003) or running beyond the current year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super blanket certificate** – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any one line item appropriation.

BETHEL TOWNSHIP
MIAMI COUNTY
Schedule of Findings
For the Years Ended December 31, 2007 AND 2006

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2007-001, continued

Unless the exception noted above is used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend that the Township's Fiscal Officer certify that the funds are or will be available prior to the obligation by the Township. When prior certification is not possible, "then and now" certification should be used

The Township had issued purchase orders after the incurrence of an expense without certifying the purchase order as a "Then and Now." In 2007, 17.5 percent and in 2006, 40 percent of the expenditures tested were not properly certified or exceeded the \$3,000 limit for then and now.

Response: The Township implemented procedures to ensure the purchase orders are properly completed prior to incurring obligations. The Township will continue to improve and decrease the percentage each year and strive to reach the goal of zero percent for noncompliance.

FINDING NUMBER 2007-002

Township Books and Records

Ohio Admin Code Section 117-2 provides that the Township Fiscal Officer shall keep the books of the Township; exhibit accurate statements of all monies received and expended, and maintain records of all property owned by the Township and income derived. In addition, Ohio Admin Code Section 117-2-02(A) states that all public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets and liabilities, document compliance with finance relate legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the administrative code. The following was items were noted:

- During 2007 and 2006 items posted to other financing sources were for property taxes or other miscellaneous items. This resulted in reclassification entries being made on the financial statements.
- Budgetary information reported on the annual report did not match what was filed with the County Auditor. In addition, unencumbered balances reported to the County did not agree with reconciled cash balances less encumbrances at year end.
- Misposting of insurance check into incorrect fund.
- Errors noted in preparation of 941's and or W-2's

The Fiscal Officer should reconcile the year end budgetary data with the approved amounts to ensure the budgetary activity is being reported accurately. These financial statements have been adjusted to reflect the approved and reported amounts.

BETHEL TOWNSHIP
MIAMI COUNTY
Schedule of Findings
For the Years Ended December 31, 2007 AND 2006

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2007-002, continued

Failure to provide accurate and complete financial information limits management's resources for decision making and can provide a false perception of the Township's financial position. Failure to accurately prepare and reconcile the accounting records reduces the accountability over Township funds, reduces the Trustees ability to monitor financial activity, increases the likelihood that monies will be misappropriated and not detected and increases likelihood that the Township's financial statements will be misstated.

Response: The Fiscal Officer will classify other financing sources to miscellaneous or the appropriate account. The adjustment has been made to the record the insurance check to the proper fund.

FINDING NUMBER 2007-003

Monitoring of EMS Receipts – Internal Control

Certain deficiencies were noted in the monitoring of EMS billing and subsequent deposits. The Township utilizes a third party provider (TPA) to handle EMS billing and collections. The provider makes the deposits directly to the bank and provides the Township with reports as to what deposits were made. In 2007, the first half of the year deposits were made to a closed bank account.

If monitoring procedures were in place the lack of deposits into the bank account would have been discovered more timely. Once discovered the Township notified the TPA of the error and corrections and rebillings were done.

Response: Effective monitoring procedures have been implemented in comparing reports to deposits.

BETHEL TOWNSHIP
MIAMI COUNTY
Schedule of Prior Audit Findings
For the Years Ended December 31, 2007 and 2006

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2005-001	ORC Section 5705.41 (D) Expenditures Not Properly Certified	No	Reissued as 2007-001



Mary Taylor, CPA
Auditor of State

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
NOVEMBER 20, 2008**