



**BETHLEHEM TOWNSHIP  
STARK COUNTY**

**REGULAR AUDIT**

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



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

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**STATE OF OHIO**



BETHLEHEM TOWNSHIP  
STARK COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Bethlehem Township  
Stark County  
8600 Blough Avenue, SW  
Navarre, Ohio 44662

To the Board of Trustees:

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Township as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2002 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Bethlehem Township  
Stark County  
Report of Independent Accountants  
Page 2

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

**Jim Petro**  
Auditor of State

March 18, 2002

**BETHLEHEM TOWNSHIP  
STARK COUNTY**

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

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$10,537	\$277,643	\$47,007		\$335,187
Intergovernmental	113,350	97,642		\$14,821	225,813
Special Assessments		3,789			3,789
Licenses, Permits, and Fees		26,305			26,305
Earnings on Investments	10,159	5,157		5,766	21,082
Other	3,333	207			3,540
<b>Total Cash Receipts</b>	<u>137,379</u>	<u>410,743</u>	<u>47,007</u>	<u>20,587</u>	<u>615,716</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	81,298	1,754			83,052
Public Safety	1,476	118,797			120,273
Public Works		249,037			249,037
Health	76				76
Conservation - Recreation	7,717				7,717
Debt Service:					
Redemption of Principal	76,401		27,775		104,176
Interest and Fiscal Charges			19,232		19,232
Capital Outlay	16	611		89,392	90,019
<b>Total Cash Disbursements</b>	<u>166,984</u>	<u>370,199</u>	<u>47,007</u>	<u>89,392</u>	<u>673,582</u>
<b>Total Cash Receipts Over/(Under) Cash Disbursements</b>	<u>(29,605)</u>	<u>40,544</u>	<u>0</u>	<u>(68,805)</u>	<u>(57,866)</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Sale of Fixed Assets	76,401				76,401
Transfers-In		1,900		65,000	66,900
Transfers-Out	(1,900)	(65,000)			(66,900)
Other Sources	871	1,596			2,467
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>75,372</u>	<u>(61,504)</u>	<u>0</u>	<u>65,000</u>	<u>78,868</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>45,767</u>	<u>(20,960)</u>		<u>(3,805)</u>	<u>21,002</u>
<b>Fund Cash Balances, January 1</b>	<u>62,560</u>	<u>278,896</u>		<u>175,649</u>	<u>517,105</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$108,327</u></u>	<u><u>\$257,936</u></u>	<u><u>\$0</u></u>	<u><u>\$171,844</u></u>	<u><u>\$538,107</u></u>

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

**BETHLEHEM TOWNSHIP  
STARK COUNTY**

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

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$29,936	\$289,268		\$319,204
Intergovernmental	121,494	97,175		218,669
Special Assessments		3,950		3,950
Licenses, Permits, and Fees		30,417		30,417
Earnings on Investments	16,268	6,889	\$13,117	36,274
Other	3,861	893		4,754
	<u>171,559</u>	<u>428,592</u>	<u>13,117</u>	<u>613,268</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	99,566	4,229		103,795
Public Safety		109,879		109,879
Public Works		179,294		179,294
Health	2,888			2,888
Conservation - Recreation	11,499			11,499
Capital Outlay	1,013	18,804	516,333	536,150
	<u>114,966</u>	<u>312,206</u>	<u>516,333</u>	<u>943,505</u>
Total Cash Disbursements	<u>114,966</u>	<u>312,206</u>	<u>516,333</u>	<u>943,505</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>56,593</u>	<u>116,386</u>	<u>(503,216)</u>	<u>(330,237)</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Proceeds of Notes			350,000	350,000
Transfers-In			137,155	137,155
Transfers-Out	(67,155)	(70,000)		(137,155)
Other Sources	40	18,354		18,394
	<u>(67,115)</u>	<u>(51,646)</u>	<u>487,155</u>	<u>368,394</u>
Total Other Financing Receipts/(Disbursements)	<u>(67,115)</u>	<u>(51,646)</u>	<u>487,155</u>	<u>368,394</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(10,522)	64,740	(16,061)	38,157
Fund Cash Balances, January 1	<u>73,082</u>	<u>214,156</u>	<u>191,710</u>	<u>478,948</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$62,560</b></u>	<u><b>\$278,896</b></u>	<u><b>\$175,649</b></u>	<u><b>\$517,105</b></u>

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



BETHLEHEM TOWNSHIP  
STARK COUNTY

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - NONEXPENDABLE TRUST FUND  
FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000

	<u>2001</u>	<u>2000</u>
<b>Operating Cash Receipts</b>		
Earnings on Investments	<u>\$301</u>	<u>\$438</u>
Fund Cash Balances, January 1	<u>7,270</u>	<u>6,832</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$7,571</b></u>	<u><b>\$7,270</b></u>

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

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**BETHLEHEM TOWNSHIP  
STARK COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

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

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

**B. Basis of Accounting**

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

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

**C. Cash and Investments**

Investments are included in the fund cash balances. 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 and disbursements, respectively.

The Township invests in STAR Ohio (the State Treasurer's investment pool). Investments in STAR Ohio are recorded as share values reported by the State Treasurer.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

**BETHLEHEM TOWNSHIP  
STARK COUNTY**

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

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

Fire District Fund - This fund receives semi-annual tax settlements for the purpose of providing fire protection for the residents of the Township.

**3. Debt Service Fund**

The Debt Service Fund is used to accumulate resources for the payment of the note indebtedness. The Township's only Debt Service Fund is the General Note Retirement Fund which is used to accumulate resources for the payment of principal and interest on the Township's New Township Hall note.

**4. Capital Projects Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant Capital Projects Fund:

Land/Building Capital Projects Fund - This fund was established to account for the construction of the New Township Hall.

**5. Fiduciary Funds (Trust Funds)**

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

The Shepler Cemetery Nonexpendable Trust Fund and the Sherman Cemetery Nonexpendable Trust Fund are used to account for monies donated for the perpetual care of the Cemeteries. The amounts received are held as permanent funds, but the interest received from the investment of these monies are used to care for the Cemeteries.

**E. Budgetary Process**

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

**1. Appropriations**

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

**BETHLEHEM TOWNSHIP  
STARK COUNTY**

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

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

**E. Budgetary Process (Continued)**

**2. Estimated Resources**

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

**3. Encumbrances**

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

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

**F. Property, Plant and Equipment**

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

**G. Accumulated Leave**

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

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

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

	<u>2001</u>	<u>2000</u>
Demand deposits	\$16,236	\$41,731
STAR Ohio	<u>529,442</u>	<u>482,644</u>
Total deposits and investments	<u><u>\$545,678</u></u>	<u><u>\$524,375</u></u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**BETHLEHEM TOWNSHIP  
STARK COUNTY**

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended 2001 and 2000 was as follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$195,717	\$214,651	\$18,934
Special Revenue	488,195	414,239	(73,956)
Debt Service	47,080	47,007	(73)
Capital Projects	72,500	85,587	13,087
Fiduciary	350	301	(49)
Total	<u>\$803,842</u>	<u>\$761,785</u>	<u>(\$42,057)</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$206,454	\$168,884	\$37,570
Special Revenue	765,192	435,199	329,993
Debt Service	47,008	47,007	1
Capital Projects	183,149	89,392	93,757
Fiduciary	7,620	0	7,620
Total	<u>\$1,209,423</u>	<u>\$740,482</u>	<u>\$468,941</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$158,712	\$171,599	\$12,887
Special Revenue	572,063	446,946	(125,117)
Capital Projects	492,355	500,272	7,917
Fiduciary	334	438	104
Total	<u>\$1,223,464</u>	<u>\$1,119,255</u>	<u>\$104,209</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$231,796	\$182,121	\$49,675
Special Revenue	786,219	382,206	404,013
Capital Projects	684,066	516,333	167,733
Fiduciary	7,166	0	7,166
Total	<u>\$1,709,247</u>	<u>\$1,080,660</u>	<u>\$628,587</u>

**BETHLEHEM TOWNSHIP  
STARK COUNTY**

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

**4. PROPERTY TAX**

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

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

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

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

**5. DEBT**

The Township has a \$245,825, 5.98% interest rate, Promissory Note outstanding at December 31, 2001. The Promissory Note relates to the Township offices and garage project. The note will be repaid in semiannual installments of \$23,504, over 7 years.

Amortization of the above debt, including interest, is scheduled as follows:

<u>Year ending December 31:</u>	<u>Promissory Note</u>
2002	\$47,008
2003	47,008
2004	47,008
2005	47,008
2006	47,008
2007	<u>63,793</u>
Total	<u><u>\$298,833</u></u>

**6. RETIREMENT SYSTEM**

The Township's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

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

**BETHLEHEM TOWNSHIP  
STARK COUNTY**

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

**7. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Public official's liability

The Township also provides health insurance to full-time employees through the Ohio Township Association Hospitalization Program.





**STATE OF OHIO  
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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

Bethlehem Township  
Stark County  
8600 Blough Avenue, SW  
Navarre, Ohio 44662

To the Board of Trustees:

We have audited the accompanying financial statements of Bethlehem Township, Stark County, Ohio, (the Township) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated March 18, 2002. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

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

However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 18, 2002.

**Internal Control Over Financial Reporting**

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

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 18, 2002.

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

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

**Jim Petro**  
Auditor of State

March 18, 2002



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**BETHLEHEM TOWNSHIP**

**STARK COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 18, 2002**