

**BETHLEHEM TOWNSHIP
STARK COUNTY
Regular Audit
December 31, 2009 and 2008**

Perry & Associates
Certified Public Accountants, A.C.



Mary Taylor, CPA

Auditor of State

Board of Trustees
Bethlehem Township
P.O. Box 161
Navarre, Ohio 44662

We have reviewed the *Independent Accountants' Report* of Bethlehem Township, Stark County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2008 through December 31, 2009. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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. Bethlehem Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 6, 2010

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**BETHLEHEM TOWNSHIP
STARK COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

March 16, 2010

Bethlehem Township
Stark County
P.O. Box 161
Navarre, OH 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, 2009 and 2008. 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.

Except as described in paragraph six, 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of the State permits, but does not require Townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2009 and 2008 or their changes in financial position for the year then ended.

Due to inadequate Emergency Medical Services (EMS) records, we were unable to form an opinion regarding the amount for Charges for Services receipts reported in the Special Revenue Fund Type totaling \$54,840 and \$53,283 for 2009 and 2008, nor were we able to satisfy ourselves as to those receipts by other auditing procedures.

Also, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had EMS receipts been susceptible to satisfactory audit tests, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Bethlehem Township, Stark County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2010, 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.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry and Associates
Certified Public Accountants, A.C.

**BETHELHEM 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, 2009**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Permanent Funds</u>	
Cash Receipts:					
Local Taxes	\$ 37,340	\$ 312,473	\$ -	\$ -	\$ 349,813
Intergovernmental	112,378	221,306	-	-	333,684
Special Assessments	-	1,210	-	-	1,210
Charges for Services	-	54,840	-	-	54,840
Licenses, Permits, and Fees	-	2,080	-	-	2,080
Earnings on Investments	751	216	-	25	992
Other Revenue	2,500	656	-	-	3,156
Total Cash Receipts	<u>152,969</u>	<u>592,781</u>	<u>-</u>	<u>25</u>	<u>745,775</u>
Cash Disbursements:					
General Government	110,495	911	-	-	111,406
Public Safety	3,253	149,678	-	-	152,931
Public Works	177	270,700	-	-	270,877
Conservation - Recreation	9,465	-	-	-	9,465
Debt Service:					
Interest and Fiscal Charges	-	-	-	-	-
Capital Outlay	-	154,413	-	-	154,413
Total Cash Disbursements	<u>123,390</u>	<u>575,702</u>	<u>-</u>	<u>-</u>	<u>699,092</u>
Total Cash Receipts Over/(Under) Disbursements	<u>29,579</u>	<u>17,079</u>	<u>-</u>	<u>25</u>	<u>46,683</u>
Other Financing Receipts/(Disbursements):					
Sale of Fixed Assets	-	11,755	-	-	11,755
Transfers-In	493	493	-	-	986
Transfers-Out	-	-	(986)	-	(986)
Other Uses	(265)	-	-	-	(265)
Total Other Financing Receipts/(Disbursements)	<u>228</u>	<u>12,248</u>	<u>(986)</u>	<u>-</u>	<u>11,490</u>
Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	29,807	29,327	(986)	25	58,173
Fund Cash Balances, January 1	<u>81,240</u>	<u>292,529</u>	<u>986</u>	<u>9,219</u>	<u>383,974</u>
Fund Cash Balances, December 31	<u>\$ 111,047</u>	<u>\$ 321,856</u>	<u>\$ -</u>	<u>\$ 9,244</u>	<u>\$ 442,147</u>
Reserve for Encumbrances, December 31	<u>\$ -</u>	<u>\$ 33</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33</u>

The accompanying notes are integral to the basic financial statements

**BETHELHEM 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, 2008**

	<u>Governmental Fund Types</u>					Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent Funds</u>	
Cash Receipts:						
Local Taxes	\$ 30,417	\$ 283,850	\$ 47,442	\$ -	\$ -	\$ 361,709
Intergovernmental	98,187	202,342	-	-	-	300,529
Special Assessments	-	1,016	-	-	-	1,016
Charges for Services	-	53,283	-	-	-	53,283
Licenses, Permits, and Fees	-	1,264	-	-	-	1,264
Earnings on Investments	7,231	2,417	-	-	242	9,890
Other Revenue	2,715	315	-	-	-	3,030
Total Cash Receipts	<u>138,550</u>	<u>544,487</u>	<u>47,442</u>	<u>-</u>	<u>242</u>	<u>730,721</u>
Cash Disbursements:						
General Government	111,705	3,318	-	-	-	115,023
Public Safety	2,582	153,988	-	-	-	156,570
Public Works	143	294,440	-	-	-	294,583
Conservation - Recreation	29,486	-	-	1,500	-	30,986
Debt Service:						
Redemption of Principal	-	-	44,633	-	-	44,633
Interest and Fiscal Charges	-	-	1,823	-	-	1,823
Capital Outlay	-	150,342	-	91,761	-	242,103
Total Cash Disbursements	<u>143,916</u>	<u>602,088</u>	<u>46,456</u>	<u>93,261</u>	<u>-</u>	<u>885,721</u>
Total Cash Receipts Over/(Under) Disbursements	<u>(5,366)</u>	<u>(57,601)</u>	<u>986</u>	<u>(93,261)</u>	<u>242</u>	<u>(155,000)</u>
Other Financing Receipts/(Disbursements):						
Sale of Fixed Assets	-	13,668	-	-	-	13,668
Transfers-In	-	-	-	1,766	-	1,766
Transfers-Out	(1,766)	-	-	-	-	(1,766)
Other Sources	-	-	-	50,364	-	50,364
Total Other Financing Receipts/(Disbursements)	<u>(1,766)</u>	<u>13,668</u>	<u>-</u>	<u>52,130</u>	<u>-</u>	<u>64,032</u>
Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(7,132)</u>	<u>(43,933)</u>	<u>986</u>	<u>(41,131)</u>	<u>242</u>	<u>(90,968)</u>
Fund Cash Balances, January 1	<u>88,372</u>	<u>336,462</u>	<u>-</u>	<u>41,131</u>	<u>8,977</u>	<u>474,942</u>
Fund Cash Balances, December 31	<u>\$ 81,240</u>	<u>\$ 292,529</u>	<u>\$ 986</u>	<u>\$ -</u>	<u>\$ 9,219</u>	<u>\$ 383,974</u>

The accompanying notes are integral to the basic financial statements

**BETHLEHEM TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Bethlehem Township, Stark County, (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 Bethlehem Township Fire and Rescue, Inc. to provide fire protection and for 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. Deposits 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.

**BETHLEHEM TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Township has the following significant Special Revenue Funds:

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

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.

Road District Fund - This fund receives revenues from real estate tax settlements for the purpose of road maintenance.

3. Debt Service Funds

These funds are used to accumulate resources for the payment of note indebtedness. The Township has the following Debt Service Funds:

General Note Retirement Fund – This fund receives property tax revenue to pay principal and interest due on the general obligation note towards the garage project.

Fire Truck Note Retirement Fund – This fund receives property tax revenue to pay principal and interest due on the general obligation note towards the Township's fire truck.

4. Capital Projects Funds

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

Capital Projects Park Fund – This fund was established to account for the planned renovation to Navarre-Bethlehem Park Pavilion.

**BETHLEHEM TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

5. Permanent Funds

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Township's programs. The Township had the following significant Permanent Funds:

The Shepler Cemetery Bequest Fund and the Sherman Cemetery Nonexpendable Trust Fund are used to account for monies donated for the perpetual care of the Cemeteries. The amount received is 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 and encumbrances) may not exceed appropriations at the fund, function, and object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year-end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered 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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated in the subsequent year.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

**BETHLEHEM TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	<u>2009</u>	<u>2008</u>
Demand deposits	\$ 124,228	\$ 46,945
STAR Ohio	<u>317,919</u>	<u>337,029</u>
Total deposits and investments	<u>\$ 442,147</u>	<u>\$ 383,974</u>

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Township; or collateralized by the financial institution's public entity deposit pool.

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
DECEMBER 31, 2009 AND 2008
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 157,727	\$ 153,462	\$ (4,265)
Special Revenue	562,602	605,029	42,427
Permanent	210	25	(185)
Total	\$ 720,539	\$ 758,516	\$ 37,977

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 178,872	\$ 123,655	\$ 55,217
Special Revenue	854,636	575,735	278,901
Debt Service	986	986	-
Permanent	210	-	210
Total	\$ 1,034,704	\$ 700,376	\$ 334,328

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 136,447	\$ 138,550	\$ 2,103
Special Revenue	585,248	558,155	(27,093)
Debt Service	47,442	47,442	-
Capital Projects	52,130	52,130	-
Permanent	430	242	(188)
Total	\$ 821,697	\$ 796,519	\$ (25,178)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 224,819	\$ 145,682	\$ 79,137
Special Revenue	828,965	602,088	226,877
Debt Service	47,442	46,456	986
Capital Projects	91,761	93,261	(1,500)
Permanent	430	-	430
Total	\$ 1,193,417	\$ 887,487	\$ 305,930

**BETHLEHEM TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

4. DEBT

A promissory note for the Township offices and garage project was issued in 2000 for \$422,239 with an interest rate of 5.98%. The Township made a semiannual payment on the note in the amount of \$17,014 in 2008. The note was paid in full as of December 31, 2008.

A second promissory note for a fire truck was issued in 2005 for \$106,187 with an interest rate of 4.89%. The Township made an annual payment on the note in the amount of 29,442 in 2008. The note was paid in full as of December 31, 2008.

The notes were backed by the full faith and credit of the Township.

5. PROPERTY TAX

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

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.

6. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2009 and 2008, members of PERS contributed 10% of their gross salaries. The Township contributed an amount equal to 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2009.

**BETHLEHEM TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

7. RISK MANAGEMENT

Risk Pool Membership

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2008, OTARMA retained \$350,000 for casualty claims and \$100,000 for property claims.

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

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, 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$40,737,740	\$43,210,703
Liabilities	<u>(12,981,818)</u>	<u>(13,357,837)</u>
Net Assets	<u>\$27,755,922</u>	<u>\$29,852,866</u>

**BETHLEHEM TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

7. RISK MANAGEMENT (Continued)

Financial Position (Continued)

At December 31, 2008 and 2007, respectively, liabilities above include approximately \$12.1 and \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.9 and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2008 and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$2,643.

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.

8. TRANSFERS

The Township transferred \$493 from the General Note Retirement Fund to both the General and Road and Bridge Funds in 2009 to transfer out the remaining balance left in the fund after the General Note was paid off in full. This transfer was determined to be appropriate and in compliance with Ohio Revised Code Section 5705.14.

Perry & Associates
Certified Public Accountants, A.C.

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

March 16, 2010

Bethlehem Township
Stark County
P.O. Box 161
Navarre, OH 44662

To the Board of Trustees:

We have audited the financial statements of **Bethlehem Township, Stark County, Ohio** (the Township) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated March 16, 2010, wherein we qualified our opinion on Charges for Services due to inadequate EMS records. Wherein we also noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. Except as discussed above, 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness and another deficiency we consider to be a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-001 described in the accompanying schedule of findings to be a material weakness.

Internal Control over Financial Reporting (Continued)

A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2009-02 described in the accompanying schedule of findings to be a significant deficiency.

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 no instances of noncompliance or other matters that we must report under *Government Auditing Standard*.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated March 16, 2010.

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

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

**BETHLEHEM TOWNSHIP
STARK COUNTY**

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

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

FINDING NUMBER 2009-001

Material Weakness

EMS Charges for Services

The Township has entered into an agreement with Bethlehem Fire and Rescue, Inc. (BFR) for the provision of emergency medical services (EMS) to Township residents. Under the agreement, the Township establishes fees to be charged residents and BFR is responsible for billing, collection, and remittance fees. BFR has appointed an EMS Squad Captain to oversee the provision of these services to the Township. The agreement further provides the Township will periodically remit 100% of such fees back to BFR in payment for its services. BFR has further contracted with a third party (Ohio Billing) to provide billing services.

Ohio Billing provides a Monthly Aging Report, Monthly Credit Report and Daily Posting Register to the EMS Squad Captain; however, evidence did not exist to support these reports were reviewed by the Township Trustees or Fiscal Officer for errors or irregularities nor reconciled to the BFR's Squad Run Activity Reports for completeness and accuracy.

We recommend the Trustees and Fiscal Officer should obtain and review copies of the Monthly Aging Report, Monthly Credit Report and Daily Posting Registers and initial and date the reports as evidence those reports were reviewed for errors and irregularities and reconciled to the Squad Run Reports.

Management's Response – We did not receive a response to this finding from management.

FINDING NUMBER 2009-002

Significant Deficiency

Posting Receipts

Receipts should be posted to the fund and line item accounts as established by Ohio Administrative Code Section 117-7-01.

During 2009 and 2008, several receipts were not posted into accurate classifications based on the source of the receipt. The following posting errors were noted:

- ODNR receipts were recorded as Miscellaneous instead of Intergovernmental in 2008
- Zoning fees were recorded to the Fire District Fund instead of the Zoning Fund in 2009
- EMS receipts were recorded as Licenses, Permits, and Fees instead of Charges for Services

Not posting revenues accurately resulted in the financial statements requiring several reclassifications. The financial statements reflect all reclassifications and adjustments.

Management's Response – We did not receive a response to this finding from management.



Mary Taylor, CPA
Auditor of State

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
MAY 18, 2010**