

**BETHLEHEM TOWNSHIP
STARK COUNTY
Regular Audit
December 31, 2007 and 2006**



Mary Taylor, CPA

Auditor of State

Board of Trustees
Bethlehem Township
8600 Blough Avenue SW
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, 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.

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

April 25, 2008

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**BETHLEHEM TOWNSHIP
STARK COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

March 28, 2008

Bethlehem Township
Stark County
8600 Blough Avenue, SW
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, 2007 and 2006. 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 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.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2007 and 2006. Instead of the combined funds the accompanying financial statements present for 2007 and 2006, the revisions require presenting entity wide statements and also to present it'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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since the Township does not use GAAP to measure financial statement amounts, 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, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006 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, 2007 and 2006 or their changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of Bethlehem Township, Stark County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2007 and 2006. 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 28, 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.

Respectfully Submitted,

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, 2007**

	<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	\$ 16,715	\$ 291,299	\$ 76,450	\$ -	\$ -	\$ 384,464
Intergovernmental	91,959	189,181	-	-	-	281,140
Special Assessments	-	1,115	-	-	-	1,115
Licenses, Permits, and Fees	-	49,680	-	-	-	49,680
Earnings on Investments	17,353	5,504	-	-	442	23,299
Other Revenue	2,608	1,342	-	-	-	3,950
Total Cash Receipts	<u>128,635</u>	<u>538,121</u>	<u>76,450</u>	<u>-</u>	<u>442</u>	<u>743,648</u>
Cash Disbursements:						
General Government	102,028	4,180	-	-	-	106,208
Public Safety	3,125	139,529	-	-	-	142,654
Public Works	117	326,264	-	-	-	326,381
Health	8,189	-	-	-	-	8,189
Conservation - Recreation	7,393	-	-	6,844	-	14,237
Debt Service:						
Redemption of Principal	-	-	70,862	-	-	70,862
Interest and Fiscal Charges	-	-	5,588	-	-	5,588
Capital Outlay	-	46,904	-	25	-	46,929
Total Cash Disbursements	<u>120,852</u>	<u>516,877</u>	<u>76,450</u>	<u>6,869</u>	<u>-</u>	<u>721,048</u>
Total Cash Receipts Over/(Under) Disbursements	<u>7,783</u>	<u>21,244</u>	<u>-</u>	<u>(6,869)</u>	<u>442</u>	<u>22,600</u>
Other Financing Receipts and (Disbursements):						
Transfers-In	-	-	-	48,000	-	48,000
Transfers-Out	(48,000)	-	-	-	-	(48,000)
Other Sources	701	-	-	-	-	701
Total Other Financing Receipts/(Disbursements)	<u>(47,299)</u>	<u>-</u>	<u>-</u>	<u>48,000</u>	<u>-</u>	<u>701</u>
Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(39,516)	21,244	-	41,131	442	23,301
Fund Cash Balances, January 1	127,888	315,218	-	-	8,535	451,641
Fund Cash Balances, December 31	<u>\$ 88,372</u>	<u>\$ 336,462</u>	<u>\$ -</u>	<u>\$ 41,131</u>	<u>\$ 8,977</u>	<u>\$ 474,942</u>
Reserve for Encumbrances, December 31	<u>\$ -</u>	<u>\$ 92,746</u>	<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ -</u>	<u>\$ 94,246</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, 2006**

	<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	\$ 16,039	\$ 246,800	\$ 76,450	\$ -	\$ 339,289
Intergovernmental	116,156	174,566	-	-	290,722
Special Assessments	-	1,143	-	-	1,143
Licenses, Permits, and Fees	-	41,627	-	-	41,627
Earnings on Investments	17,626	6,520	-	406	24,552
Other Revenue	2,359	1,933	-	-	4,292
	<u>152,180</u>	<u>472,589</u>	<u>76,450</u>	<u>406</u>	<u>701,625</u>
Cash Disbursements:					
General Government	113,915	1,330	-	-	115,245
Public Safety	2,436	124,902	-	-	127,338
Public Works	-	249,526	-	-	249,526
Health	1,495	-	-	-	1,495
Conservation - Recreation	13,313	-	-	-	13,313
Debt Service:					
Redemption of Principal	-	-	67,083	-	67,083
Interest and Fiscal Charges	-	-	9,367	-	9,367
Capital Outlay	-	163,204	-	-	163,204
	<u>131,159</u>	<u>538,962</u>	<u>76,450</u>	<u>-</u>	<u>746,571</u>
Total Cash Receipts Over/(Under) Disbursements	<u>21,021</u>	<u>(66,373)</u>	<u>-</u>	<u>406</u>	<u>(44,946)</u>
Other Financing Receipts and (Disbursements):					
Transfers-In	-	23,500	-	-	23,500
Transfers-Out	(23,500)	-	-	-	(23,500)
	<u>(23,500)</u>	<u>23,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(2,479)	(42,873)	-	406	(44,946)
Fund Cash Balances, January 1	<u>130,367</u>	<u>358,091</u>	<u>-</u>	<u>8,129</u>	<u>496,587</u>
Fund Cash Balances, December 31	<u>\$ 127,888</u>	<u>\$ 315,218</u>	<u>\$ -</u>	<u>\$ 8,535</u>	<u>\$ 451,641</u>
Reserve for Encumbrances, December 31	<u>\$ 60</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60</u>

The accompanying notes are integral to the basic financial statements

**BETHLEHEM TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

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. 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.

**BETHLEHEM TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(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

The debt service fund is used to accumulate resources for the payment of note indebtedness. The Township has the following Debt Service Fund:

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, 2007 AND 2006
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

5. Permanent Funds (Trust Funds)

These 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 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 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 2007 and 2006 budgetary activity appears in Note 3.

**BETHLEHEM TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(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. Unpaid is not reflected as a liability under Township's basis of accounting.

2. EQUITY IN POOLED CASH

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

	2007	2006
Demand deposits	\$ 12,703	\$ 27,565
STAR Ohio	<u>462,239</u>	<u>424,076</u>
Total deposits and investments	<u>\$ 474,942</u>	<u>\$ 451,641</u>

Deposits are insured by the Federal Deposit Insurance Corporation.

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, 2007 AND 2006
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 57,035	\$ 129,336	\$ 72,301
Special Revenue	547,727	538,121	(9,606)
Debt Service	76,450	76,450	-
Capital Projects	48,000	48,000	-
Permanent	285	442	157
Total	\$ 729,497	\$ 792,349	\$ 62,852

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 184,923	\$ 168,852	\$ 16,071
Special Revenue	862,945	609,623	253,322
Debt Service	76,450	76,450	-
Capital Projects	48,000	8,369	39,631
Permanent	8,820	-	8,820
Total	\$ 1,181,138	\$ 863,294	\$ 317,844

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 121,429	\$ 152,180	\$ 30,751
Special Revenue	519,160	496,089	(23,071)
Debt Service	76,454	76,450	(4)
Permanent	285	406	121
Total	\$ 717,328	\$ 725,125	\$ 7,797

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 251,796	\$ 154,719	\$ 97,077
Special Revenue	853,752	538,962	314,790
Debt Service	76,454	76,450	4
Permanent	8,414	-	8,414
Total	\$ 1,190,416	\$ 770,131	\$ 420,285

**BETHLEHEM TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

4. DEBT

Debt outstanding at December 31, 2007 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Promissory Note – Building	\$ 16,562	5.98 %
Promissory Note – Fire Truck	\$ 28,070	4.89 %
Total Outstanding Notes	\$ <u>44,632</u>	

The promissory note for Township offices and garage project was issued in 2000 for \$422,239. The Township makes semiannual payments on the note in the amount of \$23,504.

The second note for a fire truck was issued in 2005 for \$106,187. The Township makes annual payments on the note in the amount of 29,442.38.

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

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

Year ending December 31:	<u>Promissory Notes</u>
2008	\$ 46,088

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.

**BETHLEHEM TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

6. RETIREMENT SYSTEMS

The Township's officials 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.

The Ohio Revised Code also prescribes contribution rates. For 2007 members of PERS contributed 9.5% and for 2006 members of PERS contributed 9% of their gross salaries. The Township contributed an amount equal to 13.85% in 2007 and 13.7% in 2006 of participants' gross salaries. The Township has paid all contributions required through December 31, 2007.

7. RISK MANAGEMENT

Risk Pool Membership

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

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. Townships 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.

**BETHLEHEM TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

7. RISK MANAGEMENT (Continued)

Risk Pool Membership (Continued)

Property Coverage (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. It provides 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 aggregate stop-loss limit for 2006 was \$1,901,127.

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, 2006 and 2005. (The most recent years available.)

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$32,031,312	\$30,485,638
Liabilities	<u>(11,443,952)</u>	<u>(12,344,576)</u>
Retained earnings	<u>\$20,587,360</u>	<u>\$18,141,062</u>

<u>Property Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$10,010,963	\$9,177,796
Liabilities	<u>(676,709)</u>	<u>(1,406,031)</u>
Retained earnings	<u>\$9,334,254</u>	<u>\$7,771,765</u>

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$10.8 million and \$11.6 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$10.8 million and \$11.6 million of unpaid claims to be billed to approximately 958 member townships in the future, as of December 31, 2006 and 2005, respectively.

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 28, 2008

Bethlehem Township
Stark County
8600 Blough Avenue, SW
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, 2007 and 2006, and have issued our report thereon dated March 28, 2008, wherein we noted the financial statements for the period ended December 31, 2007 and 2006 the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 opinions 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.

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 a 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.

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.

Internal Control Over Financial Reporting (Continued)

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted two internal control matters that we reported to the Township's management in a separate letter dated March 28, 2008.

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*.

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

Respectfully Submitted,

Perry and Associates
Certified Public Accountants, A.C.



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 8, 2008**