

**BETHLEHEM TOWNSHIP
STARK COUNTY
Regular Audit
For the Years Ended December 31, 2011 and 2010**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • 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, 2010 through December 31, 2011. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 24, 2012

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**BETHLEHEM TOWNSHIP
STARK COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

May 14, 2012

Bethlehem Township
Stark County
P.O. Box 161
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, 2011 and 2010. 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, 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, 2011 and 2010 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, 2011 and 2010 or its changes in financial position for the years 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 \$47,829 and \$45,723 for 2011 and 2010, 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 as of December 31, 2011 and 2010 of Bethlehem Township, Stark County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 Bethlehem Township, Stark County, adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2012, 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.

**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, 2011**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	
Cash Receipts:					
Property and Other Local Taxes	\$ 39,002	\$ 329,241	\$ -	\$ -	\$ 368,243
Intergovernmental	91,697	202,118	-	-	293,815
Special Assessments	-	1,123	-	-	1,123
Charges for Services	-	47,829	-	-	47,829
Licenses, Permits and Fees	-	2,165	-	-	2,165
Earnings on Investments	330	34	-	6	370
Miscellaneous	4,855	1,070	-	-	5,925
Total Cash Receipts	<u>135,884</u>	<u>\$583,580</u>	<u>-</u>	<u>6</u>	<u>719,470</u>
Cash Disbursements:					
Current:					
General Government	119,295	304	-	-	119,599
Public Safety	3,369	149,824	-	-	153,193
Public Works	110,243	225,250	-	-	335,493
Health	-	300	-	-	300
Conservation - Recreation	11,168	-	-	-	11,168
Capital Outlay	5,000	1,145	-	-	6,145
Debt Service:					
Redemption of Principal	-	20,640	-	-	20,640
Interest and Fiscal Charges	-	2,463	-	-	2,463
Total Cash Disbursements	<u>249,075</u>	<u>399,926</u>	<u>-</u>	<u>-</u>	<u>649,001</u>
Excess of Receipts Over (Under) Disbursements	<u>(113,191)</u>	<u>183,654</u>	<u>-</u>	<u>6</u>	<u>70,469</u>
Fund Cash Balances, January 1	<u>283,519</u>	<u>190,357</u>	<u>120,000</u>	<u>9,253</u>	<u>603,129</u>
Nonspendable	-	-	-	9,259	9,259
Restricted	-	374,011	-	-	374,011
Committed	-	-	120,000	-	120,000
Unassigned	170,328	-	-	-	170,328
Fund Cash Balances, December 31	<u>\$ 170,328</u>	<u>\$ 374,011</u>	<u>\$ 120,000</u>	<u>\$ 9,259</u>	<u>\$ 673,598</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, 2010**

	<u>Governmental Fund Types</u>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	
Cash Receipts:					
Property and Other Local Taxes	\$ 39,091	\$ 330,317	\$ -	\$ -	\$ 369,408
Intergovernmental	122,659	210,733	-	-	333,392
Special Assessments	-	1,069	-	-	1,069
Charges for Services	-	45,723	-	-	45,723
Licenses, Permits and Fees	-	1,336	-	-	1,336
Earnings on Investments	381	103	-	9	493
Miscellaneous	247,500	170	-	-	247,670
	<u>409,631</u>	<u>589,451</u>	<u>-</u>	<u>9</u>	<u>999,091</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
General Government	121,477	345	-	-	121,822
Public Safety	4,686	155,401	-	-	160,087
Public Works	75,631	421,484	-	-	497,115
Health	-	392	-	-	392
Conservation - Recreation	21,956	-	-	-	21,956
Capital Outlay	13,409	225	-	-	13,634
Debt Service:					
Redemption of Principal	-	19,210	-	-	19,210
Interest and Fiscal Charges	-	3,893	-	-	3,893
	<u>237,159</u>	<u>600,950</u>	<u>-</u>	<u>-</u>	<u>838,109</u>
Total Cash Disbursements					
Excess of Receipts Over (Under) Disbursements	<u>172,472</u>	<u>(11,499)</u>	<u>-</u>	<u>9</u>	<u>160,982</u>
Other Financing Receipts/(Disbursements):					
Transfers-In	-	-	120,000	-	120,000
Transfers-Out	-	(120,000)	-	-	(120,000)
	<u>-</u>	<u>(120,000)</u>	<u>120,000</u>	<u>-</u>	<u>-</u>
Total Other Financing Receipts (Disbursements)					
Net Change in Fund Cash Balances	172,472	(131,499)	120,000	9	160,982
Fund Cash Balances, January 1	<u>111,047</u>	<u>321,856</u>	<u>-</u>	<u>9,244</u>	<u>442,147</u>
Fund Cash Balances, December 31	<u>\$ 283,519</u>	<u>\$ 190,357</u>	<u>\$ 120,000</u>	<u>\$ 9,253</u>	<u>\$ 603,129</u>

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

**BETHLEHEM TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

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 emergency medical services.

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

B. Accounting Basis

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 the Auditor of State prescribes or permits.

C. Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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 reports all financial resources except those required to be accounted for in another fund.

**BETHLEHEM TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

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

Gasoline Tax Fund – This fund receives gasoline tax money to pay 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. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Project Fund:

Capital Project Fire Truck Fund – This fund receives transfers from the Fire District Fund to be used for the future purchase of a new fire truck.

4. 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 Fund:

The Sheplar Cemetery Bequest Fund and the Sherman Cemetery Bequest 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 is used to care for the Cemeteries.

**BETHLEHEM TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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. 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 canceled, and reappropriated in the subsequent year.

A summary of 2011 and 2010 budgetary activity appears in Note 3.

F. Fund Balance

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**BETHLEHEM TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance (Continued)

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2011	2010
Demand deposits	\$ 455,084	\$ 284,815
Total deposits	455,084	284,815
STAR Ohio	218,514	318,314
Total investments	218,514	318,314
Total deposits and investments	\$ 673,598	\$ 603,129

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

**BETHLEHEM TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS (Continued)

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 88,789	\$ 135,884	\$ 47,095
Special Revenue	605,657	583,580	(22,077)
Permanent	35	6	(29)
Total	<u>\$ 694,481</u>	<u>\$ 719,470</u>	<u>\$ 24,989</u>

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 372,078	\$ 249,075	\$ 123,003
Special Revenue	796,014	399,926	396,088
Permanent	210	-	210
Total	<u>\$ 1,168,302</u>	<u>\$ 649,001</u>	<u>\$ 519,301</u>

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 404,345	\$ 409,631	\$ 5,286
Special Revenue	579,984	589,451	9,467
Capital Projects	120,000	120,000	-
Permanent	210	9	(201)
Total	<u>\$ 1,104,539</u>	<u>\$ 1,119,091</u>	<u>\$ 14,552</u>

2010 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 345,392	\$ 237,159	\$ 108,233
Special Revenue	901,840	720,950	180,890
Permanent	210	-	210
Total	<u>\$ 1,247,442</u>	<u>\$ 958,109</u>	<u>\$ 289,333</u>

**BETHLEHEM TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include Homestead and rollback amounts the State pays 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.

5. DEBT

Debt outstanding at December 31, 2011 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
2009 Case Backhoe Loader	<u>\$21,837</u>	5.75%
Total	<u><u>\$21,837</u></u>	

The prior audit report did not disclose the acquisition of a Case Loader and the subsequent debt in the amount of \$61,687 from Kansas State Bank in 2009. At December 31, 2009 the principal balance was \$61,687. The loan will be paid off in equal annual installments of \$23,103, including interest. The first payment was made April 1, 2010. The final payment is due May 1, 2012.

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

	<u>2009 Case Backhoe Loader</u>
Year ending December 31:	
2012	<u>\$23,103</u>
Total	<u><u>\$23,103</u></u>

**BETHLEHEM TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

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 2011 and 2010, 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, 2011.

7. RISK MANAGEMENT

Risk Pool Membership

Prior to 2009, the Township belonged to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 and 725 members as of December 31, 2010 and 2009 respectively. The Township participates in this coverage.

**BETHLEHEM TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

(Continued)

7. RISK MANAGEMENT (Continued)

Risk Pool Membership (Continued)

The Plan formed the Ohio Plan Healthcare Consortium (“OPHC”), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member’s healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of-pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and 2009 respectively. The Township does not participate in this coverage.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009 (the latest information available), and include amounts for both OPRM and OPHC.

	2010		2009	
	OPRM	OPHC	OPRM	OPHC
Assets	\$12,036,541	\$1,355,131	\$11,176,186	\$1,358,802
Liabilities	(4,845,056)	(1,055,096)	(4,852,485)	(1,253,617)
Members’ Equity	<u>\$7,191,485</u>	<u>\$300,035</u>	<u>\$6,323,701</u>	<u>\$105,185</u>

You can read the complete audited financial statements for OPRM and OPHC at the Plan’s website, www.ohioplan.org.

**BETHLEHEM TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

8. TRANSFERS

During 2010 the following transfer was made from Special Revenue Funds:

Transfer from the Special Revenue Fire District Fund to:	
Capital Project Fire Truck Fund	<u>\$120,000</u>
Total Transfers from the Special Revenue Fire District Fund	<u><u>\$120,000</u></u>

Transfers were made in 2010 from the Special Revenue Fire District fund to the Capital Project Fire Truck fund to provide funds for a future purchase of a new fire truck.

Transfers to the above mentioned Fund was determined to be allowable and in compliance with Ohio Revised Code.

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

May 14, 2012

Bethlehem Township
Stark County
P.O. Box 161
Navarre, Ohio 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, 2011 and 2010, and have issued our report thereon dated May 14, 2012, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America and has adopted Governmental Accounting Standards Board Statement No. 54. 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 audit findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 findings 2011-01 and 2011-02 described in the accompanying schedule of audit findings to be material weaknesses.

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 Standards.

We did note certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated May 14, 2012.

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

Respectfully Submitted,

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

Perry and Associates
Certified Public Accountants, A.C.

**BETHLEHEM TOWNSHIP
STARK COUNTY**

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2011-001

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 from officials to this finding.

FINDING NUMBER 2011-002

Material Weakness

Posting Receipts and Disbursements

Receipts and disbursements should be posted to the fund and line item accounts as established by Ohio Administrative Code.

During 2011 and 2010, several receipts and disbursements were not posted into accurate classifications based on the source of the receipt or disbursement. The following posting errors were noted:

- EMS Billing receipts were recorded as Licenses, Permits and Fees instead of Charges for Services in the Ambulance and EMS Fund in 2011 and 2010.
- Rollback tax receipts were recorded as Property and Other Local Taxes instead of Intergovernmental in the General Fund in 2011 and 2010.
- Debt payments were recorded as Public Works instead of Redemption of Principal and Interest and Fiscal Charges in 2011 and 2010.
- The Township's portion of a walking path was recorded as Other Financing Uses instead of Capital Outlay in 2011.
- Intergovernmental Tax receipt was recorded in the Gas Tax Fund instead of the General Fund.

**BETHLEHEM TOWNSHIP
STARK COUNTY**

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010**

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

FINDING NUMBER 2011-002 (Continued)

Not posting revenues and disbursements accurately resulted in the financial statements requiring several reclassifications and adjustments. The Township has made all adjustments to its accounting system, and the financial statements reflect all reclassifications and adjustments.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and disbursements are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Township Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements.

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

**BETHLEHEM TOWNSHIP
STARK COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	EMS Charges for Services	No	Not Corrected; Repeated as Finding 2011-001
2009-002	Posting Receipts	No	Not Corrected; Repeated as Finding 2011-002



Dave Yost • 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
AUGUST 07, 2012**