

***BETHLEHEM TOWNSHIP***

**STARK COUNTY, OHIO**

**AUDIT REPORT**

**For the Years Ended December 31, 2015 and 2014**







# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of Bethlehem Township, Stark County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2014 through December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. 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

June 30, 2016

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**BETHLEHEM TOWNSHIP  
STARK COUNTY, OHIO  
For the Years Ending December 31, 2015 and 2014**

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**INDEPENDENT AUDITORS' REPORT**

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

To the Board of Trustees:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Bethlehem Township, Stark County, (the Township) as of and for the years ended December 31, 2015 and 2014.

***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2015 and 2014, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Bethlehem Township, Stark County as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Emphasis of Matter***

As discussed in Note 9 to the financial statements, the Township had a prior period adjustment related to a reclassification of the zoning fund, from a Special Revenue fund to the General fund.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2016, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



**CHARLES E. HARRIS & ASSOCIATES, INC.**  
April 22, 2016



**Bethlehem Township**  
*Stark County, Ohio*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2015*

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 41,901	\$ 379,238	\$ -	\$ -	\$ 421,139
Charges for Services	-	70,565	-	-	70,565
Licenses, Permits and Fees	3,528	-	-	-	3,528
Intergovernmental	37,658	146,247	-	-	183,905
Special Assessments	-	1,177	-	-	1,177
Earnings on Investments	247	44	-	9	300
Miscellaneous	62,877	30,501	-	-	93,378
<i>Total Cash Receipts</i>	146,211	627,772	-	9	773,992
<b>Cash Disbursements</b>					
Current:					
General Government	97,999	1,819	-	-	99,818
Public Safety	27,186	248,222	-	-	275,408
Public Works	33,355	256,225	-	-	289,580
Health	274	-	-	-	274
Conservation-Recreation	6,532	-	-	-	6,532
Capital Outlay	-	88,139	190,000	-	278,139
<i>Total Cash Disbursements</i>	165,346	594,405	190,000	-	949,751
<i>Excess of Receipts Over (Under) Disbursements</i>	(19,135)	33,367	(190,000)	9	(175,759)
<b>Other Financing Receipts (Disbursements)</b>					
Transfers In	-	57,192	-	-	57,192
Transfers Out	(8,757)	(48,435)	-	-	(57,192)
<i>Total Other Financing Receipts (Disbursements)</i>	(8,757)	8,757	-	-	-
<i>Net Change in Fund Cash Balances</i>	(27,892)	42,124	(190,000)	9	(175,759)
<i>Fund Cash Balances, January 1</i>	82,138	627,564	190,000	9,273	908,975
<b>Fund Cash Balances, December 31</b>					
Nonspendable	-	-	-	9,270	9,270
Restricted	-	664,963	-	12	664,975
Committed	-	4,725	-	-	4,725
Unassigned	54,246	-	-	-	54,246
<i>Fund Cash Balances, December 31</i>	\$ 54,246	\$ 669,688	\$ -	\$ 9,282	\$ 733,216

See accompanying Notes to the Financial Statements.

**Bethlehem Township**  
*Stark County, Ohio*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances*  
**All Governmental Fund Types**  
*For the Year Ended December 31, 2014*

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Permanent	
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 36,028	\$ 325,689	\$ -	\$ -	\$ 361,717
Charges for Services	-	56,479	-	-	56,479
Licenses, Permits and Fees	1,234	-	-	-	1,234
Intergovernmental	34,466	195,887	-	-	230,353
Special Assessments	-	1,082	-	-	1,082
Earnings on Investments	106	28	-	3	137
Miscellaneous	2,770	-	-	-	2,770
<i>Total Cash Receipts</i>	74,604	579,165	-	3	653,772
<b>Cash Disbursements</b>					
Current:					
General Government	95,822	2,907	-	-	98,729
Public Safety	2,249	190,116	-	-	192,365
Public Works	222	217,203	-	-	217,425
Health	-	510	-	-	510
Conservation-Recreation	6,017	-	-	-	6,017
Capital Outlay	95	21,947	-	-	22,042
Debt Service:					
Interest and Fiscal Charges	48	-	-	-	48
<i>Total Cash Disbursements</i>	104,453	432,683	-	-	537,136
<i>Excess of Receipts Over (Under) Disbursements</i>	(29,849)	146,482	-	3	116,636
<b>Other Financing Receipts (Disbursements)</b>					
Advances In	17,500	17,500	-	-	35,000
Advances Out	(17,500)	(17,500)	-	-	(35,000)
<i>Total Other Financing Receipts (Disbursements)</i>	-	-	-	-	-
<i>Net Change in Fund Cash Balances</i>	(29,849)	146,482	-	3	116,636
<i>Fund Cash Balances, January 1-Restated (See Note 9)</i>	111,987	481,082	190,000	9,270	792,339
<b>Fund Cash Balances, December 31</b>					
Nonspendable	-	-	-	9,270	9,270
Restricted	-	622,839	-	3	622,842
Committed	-	4,725	-	-	4,725
Assigned	-	-	190,000	-	190,000
Unassigned	82,138	-	-	-	82,138
<i>Fund Cash Balances, December 31</i>	\$ 82,138	\$ 627,564	\$ 190,000	\$ 9,273	\$ 908,975

See accompanying Notes to the Financial Statements.

BETHLEHEM TOWNSHIP  
STARK COUNTY, OHIO

Notes to the Financial Statements  
For the Years Ended December 31, 2015 and 2014

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Bethlehem Township, Stark County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, zoning services and cemetery maintenance services. The Township contracts with Bethlehem Township Fire and Rescue, Inc. to provide fire protection and ambulance 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 accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**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.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

**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 accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Special Revenue Funds**

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

BETHLEHEM TOWNSHIP  
STARK COUNTY, OHIO

Notes to the Financial Statements  
For the Years Ended December 31, 2015 and 2014

**1. Summary of Significant Accounting Policies (continued)**

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

Fire District Fund – This fund receives property tax money for the purpose of providing fire protection for the residents of the Township.

Road District Fund - This fund receives property tax money for the purpose of road maintenance.

**3. Capital Project Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant Capital Project fund:

Capital Project Fire Truck Fund – This fund contains funds for the purpose of purchasing a new fire truck.

**4. Permanent Funds**

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting the Township's programs (for the benefit of the Township or its citizenry).

Sheplar Cemetery Trust Fund – This fund receives interest earned on nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

Sherman Cemetery Fund – This fund receives interest earned on nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

**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 or 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.

BETHLEHEM TOWNSHIP  
STARK COUNTY, OHIO

Notes to the Financial Statements  
For the Years Ended December 31, 2015 and 2014

**1. Summary of Significant Accounting Policies (continued)**

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2015 and 2014 budgetary activity appears in Note 3.

**F. Fund Balance**

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.

**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.

BETHLEHEM TOWNSHIP  
STARK COUNTY, OHIO

Notes to the Financial Statements  
For the Years Ended December 31, 2015 and 2014

**1. Summary of Significant Accounting Policies (continued)**

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.

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**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:

	2015	2014
Demand deposits	\$514,139	\$690,131
Total deposits	514,139	690,131
STAR Ohio	219,077	218,844
Total investments	219,077	218,844
Total deposits and investments	\$733,216	\$908,975

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

**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, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$127,007	\$146,211	\$19,204
Special Revenue	608,160	684,964	76,804
Capital Projects	0	0	0
Permanent	0	9	9
Total	\$735,167	\$831,184	\$96,017

BETHLEHEM TOWNSHIP  
STARK COUNTY, OHIO

Notes to the Financial Statements  
For the Years Ended December 31, 2015 and 2014

**3. Budgetary Activity (continued)**

2015 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$208,010	\$174,103	\$33,907
Special Revenue	1,232,392	642,840	589,552
Capital Projects	190,000	190,000	0
Permanent	7	0	7
Total	<u>\$1,630,409</u>	<u>\$1,006,943</u>	<u>\$623,466</u>

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$66,585	\$74,604	\$8,019
Special Revenue	564,048	579,165	15,117
Capital Projects	0	0	0
Permanent	0	3	3
Total	<u>\$630,633</u>	<u>\$653,772</u>	<u>\$23,139</u>

2014 Budgeted vs. Actual Budgetary Basis Disbursements			
Fund Type	Appropriation Authority	Budgetary Disbursements	Variance
General	\$176,536	\$104,453	\$72,083
Special Revenue	1,031,204	432,683	598,521
Capital Projects	190,000	0	190,000
Permanent	0	0	0
Total	<u>\$1,397,740</u>	<u>\$537,136</u>	<u>\$860,604</u>

**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 pay semiannually, 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.

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, OHIO

Notes to the Financial Statements  
For the Years Ended December 31, 2015 and 2014

**5. Retirement Systems**

The Township's elected officials and other employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2015.

**6. Risk Management**

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as 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 is legally separate from its member governments.

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.

OPRM coverage programs 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 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 783 members as of December 31, 2013 and 2014, respectively.

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.



BETHLEHEM TOWNSHIP  
STARK COUNTY, OHIO

Notes to the Financial Statements  
For the Years Ended December 31, 2015 and 2014

**6. Risk Management (continued)**

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2013 and 2014 (the latest information available).

	<b>2013</b>	<b>2014</b>
Assets	\$13,774,304	\$14,830,185
Liabilities	(7,968,395)	(8,942,504)
Members' Equity	\$5,805,909	\$5,887,681

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**7. Transfers**

In 2015, the District had transfers as follows:

	<u>Transfers From:</u>	<u>Transfers To:</u>
General	\$ 8,757	
Special Revenue:		
Road and Bridge		\$ 8,757
Fire District	42,000	6,435
Ambulance and EMS	6,435	42,000
Special Revenue total	\$ 48,435	\$ 57,192

All transfers are made in accordance with the Ohio Revised Code.

**8. Subsequent Events**

Management believes there are no pending claims or lawsuits.

**9. Prior Period Adjustment**

An adjustment of prior period fund balances was necessary due to a reclassification of the zoning fund from special revenue to general fund.

	<u>General</u>	<u>Special Revenue</u>
Fund Cash Balance, Reported at December 31, 2013	\$108,626	\$484,443
Adjustment	\$3,361	(\$3,361)
Fund Cash Balance, January 1, 2014	\$111,987	\$481,082

**Charles E. Harris & Associates, Inc.**  
*Certified Public Accountants*

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

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

To the Board of Trustees:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Bethlehem Township, Stark County (Township) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated April 22, 2016, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the Township had a prior period adjustment to their fund balances between the Special Revenue funds and the General fund.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. 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.

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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. 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 2015-001 described in the accompanying schedule of findings to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining 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 we must report under *Government Auditing Standards*.

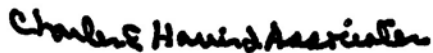
We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated April 22, 2016.

***Entity's Response to Finding***

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



***CHARLES E. HARRIS & ASSOCIATES, INC.***

April 22, 2016

**BETHLEHEM TOWNSHIP  
STARK COUNTY**

**SCHEDULE OF FINDINGS  
December 31, 2015 and 2014**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Finding Number 2015-001 - Material Weakness**

Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources in governmental funds. The Statement also provides for additional clarification as restricted, committed, assigned and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

During 2015 and 2014, the Township recorded several fund balances and one fund incorrectly as per below:

- The Zoning fund was classified as Special Revenue fund rather than in the General fund.
- The Sick Leave fund was classified as Assigned rather than Committed.
- The Permanent fund was classified as committed rather than divided between Nonspendable and Restricted.
- The Capital Projects Fire Truck fund was classified as Restricted rather than Assigned.

Adjustments were made in the financial statements and the Township's records to reflect the proper presentation.

The Ohio Township Handbook, the UAN manual and GASB 54 provide suggested fund and fund balance classifications. Using these classifications and the aforementioned accounting records will provide the Township with the proper presentation of the respective fund balances.

We recommend that the Township refer to the Ohio Township Handbook, UAN manual and GASB 54 to properly classify its funds and fund balances.

**Management Response:**

We will review GASB 54 and our 2012-2013 audit report and make any adjustments in the future.

BETHLEHEM TOWNSHIP  
STARK, OHIO

SCHEDULE OF PRIOR AUDIT FINDINGS  
December 31, 2015 and 2014

FINDING NUMBER	FUNDING SUMMARY	FULLY CORRECTED?	Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2013-001	EMS Charges for Services – no evidence of a review of Ohio Billing reports by fiscal officer or trustees.	Yes	Finding No Longer Valid
2013-002	Posting Receipts and Disbursements – improper classification of receipts and disbursements.	Yes	Finding No Longer Valid

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# 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  
JULY 12, 2016**