

**BETHLEHEM TOWNSHIP
STARK COUNTY
Regular Audit
December 31, 2005 and 2004**



**Auditor of State
Betty Montgomery**

Board of Trustees
Bethlehem Township
8600 Blough Ave, S.W
P.O. Box 161
Navarre, Ohio 44662

We have reviewed the *Independent Accountants' Report* of Bethlehem Township, Stark County, prepared by Perry and Associates, Certified Public Accountants, A.C., for the audit period January 1, 2004 through December 31, 2005. 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 "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

August 24, 2006

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**BETHLEHEM TOWNSHIP
STARK COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report	1-2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental and Fiduciary Fund Types - For the Year Ended December 31, 2005	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental and Fiduciary Fund Types - For the Year Ended December 31, 2004	4
Notes to the Financial Statements	5-12
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13-14
Schedule of Prior Audit Findings	15

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Certified Public Accountants, A.C.

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INDEPENDENT ACCOUNTANTS' REPORT

June 30, 2006

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, 2005 and 2004. 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, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present it's larger (i.e. major) funds separately beginning in 2004. 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, 2005 and 2004 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, 2005 and 2004 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 of Bethlehem Township, Stark County, as of December 31, 2005 and 2004, 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, 2005 and 2004. The Government 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 June 30, 2006, 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 AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Fiduciary Funds</u>	
Cash Receipts:					
Local Taxes	\$15,462	\$223,901	\$76,450	\$0	\$315,813
Intergovernmental	56,477	154,560			211,037
Special Assessments		1,052			1,052
Licenses, Permits, and Fees		69,056			69,056
Earnings on Investments	10,608	3,836		246	14,690
Other Revenue	2,100	199			2,299
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	84,647	452,604	76,450	246	613,947
Cash Disbursements:					
General Government	97,055	1,075			98,130
Public Safety	1,734	152,067			153,801
Public Works		239,905			239,905
Health	326				326
Conservation - Recreation	7,627				7,627
Debt Service:					
Redemption of Principal			64,974		64,974
Interest and Fiscal Charges			11,476		11,476
Capital Outlay		14,740			14,740
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	106,742	407,787	76,450	0	590,979
Total Cash Receipts Over/(Under) Disbursements	(22,095)	44,817	0	246	22,968
Other Financing Receipts and (Disbursements):					
Sale of Fixed Assets	8,100				8,100
Transfers-In		23,500			23,500
Transfers-Out	(23,500)				(23,500)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(15,400)	23,500	0	0	8,100
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(37,495)	68,317	0	246	31,068
Fund Cash Balances, January 1	167,862	289,774	0	7,883	465,519
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$130,367</u>	<u>\$358,091</u>	<u>\$0</u>	<u>\$8,129</u>	<u>\$496,587</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 AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>					Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Funds</u>	
Cash Receipts:						
Local Taxes	\$15,710	\$238,034	\$43,493	\$0	\$0	\$297,237
Intergovernmental	143,073	143,868				286,941
Special Assessments	0	861				861
Licenses, Permits, and Fees	0	48,280				48,280
Earnings on Investments	4,272	1,399		548	89	6,308
Other Revenue	2,615	2,929				5,544
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	165,670	435,371	43,493	548	89	645,171
Cash Disbursements:						
General Government	104,321	3,289				107,610
Public Safety	1,691	128,252				129,943
Public Works		206,740				206,740
Health	101					101
Conservation - Recreation	7,647					7,647
Debt Service:						
Redemption of Principal			36,891			36,891
Interest and Fiscal Charges			10,116			10,116
Capital Outlay	3,500	81,924		332,624		418,048
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Total Cash Disbursements	117,260	420,205	47,007	332,624	0	917,096
Total Cash Receipts Over/(Under) Disbursements	48,410	15,166	(3,514)	(332,076)	89	(271,925)
Other Financing Receipts and (Disbursements):						
Note Proceeds				106,187		106,187
Transfers-In		23,500	3,514			27,014
Transfers-Out	(23,500)			(3,514)		(27,014)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(23,500)	23,500	3,514	102,673	0	106,187
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	24,910	38,666	0	(229,403)	89	(165,738)
Fund Cash Balances, January 1	142,952	251,108	0	229,403	7,794	631,257
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$167,862</u>	<u>\$289,774</u>	<u>\$0</u>	<u>\$0</u>	<u>\$7,883</u>	<u>\$465,519</u>

The accompanying notes are integral to the basic financial statements

**BETHLEHEM TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

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, 2005 AND 2004
(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.

Ambulance and EMS Fund - This fund receives revenues from charges for services for providing emergency medical services for the residents of the Township

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.

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:

Land/Building Capital Project Fund – This fund was established to account for the construction of the new Township Hall.

**BETHLEHEM TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

5. Fiduciary 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 Fiduciary 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. Special Revenue Funds

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 2005 and 2004 budgetary activity appears in Note 3.

**BETHLEHEM TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(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:

	<u>2005</u>	<u>2004</u>
Demand deposits	\$ 8,443	\$ 9,675
STAR Ohio	<u>488,144</u>	<u>445,844</u>
Total deposits and investments	<u>\$ 496,587</u>	<u>\$ 465,519</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, 2005 AND 2004
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$67,739	\$92,747	\$25,008
Special Revenue	474,219	476,104	1,885
Debt Service	76,450	76,450	0
Capital Project	60	246	186
Total	\$618,468	\$645,547	\$27,079

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$235,601	\$130,242	\$105,359
Special Revenue	740,493	407,787	332,706
Debt Service	76,450	76,450	0
Capital Project	7,943	0	7,943
Total	\$1,060,487	\$614,479	\$446,008

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$154,885	\$165,670	\$10,785
Special Revenue	417,207	458,871	41,664
Debt Service	47,007	47,007	0
Capital Projects	109,878	106,735	(3,143)
Fiduciary	58	89	31
Total	\$729,035	\$778,372	\$49,337

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$297,807	\$140,760	\$157,047
Special Revenue	668,474	420,205	248,269
Debt Service	47,007	47,007	0
Capital Projects	339,282	336,138	3,144
Fiduciary	7,852	0	7,852
Total	\$1,360,422	\$944,110	\$416,312

**BETHLEHEM TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

4. DEBT

Debt outstanding at December 31, 2005 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Promissory Note – Building	\$ 102,232	5.98 %
Promissory Note – Fire Truck	<u>\$ 80,345</u>	4.89 %
Total Outstanding Notes	<u>\$ 182,577</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>
2006	\$ 76,450
2007	93,226
2008	<u>29,442</u>
Total	<u>\$ 199,118</u>

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, 2005 AND 2004
(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 2005 and 2004, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 2005.

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

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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.

**BETHLEHEM TOWNSHIP
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

7. RISK MANAGEMENT (Continued)

Risk Pool Membership (Continued)

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, 2004 and 2003 (the latest information available):

<u>Casualty Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$30,687,203	\$27,792,223
Liabilities	(13,640,962)	(11,791,300)
Retained earnings	<u>\$17,046,241</u>	<u>\$16,000,923</u>

<u>Property Coverage</u>	<u>2004</u>	<u>2003</u>
Assets	\$7,799,073	\$6,791,060
Liabilities	(753,906)	(750,956)
Retained earnings	<u>\$7,045,167</u>	<u>\$6,040,104</u>

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***

June 30, 2006

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, (the Township) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated June 30, 2006, 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. 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Township's management dated June 30, 2006, we reported one matter involving internal control over financial reporting we did not deem a reportable condition.

Bethlehem Township
Stark County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

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 that are required to be reported under *Government Auditing Standard*.

We intend this report solely for the information and use of management and Township Trustees. It is not intended for anyone other than these specified parties.

Perry and Associates
Certified Public Accountants, A.C.

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2005 AND 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2003-001	A reportable condition/material weakness was reposted pertaining to charges for services EMS receipts.	Yes	N/A



**Auditor of State
Betty Montgomery**

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BETHLEHEM TOWNSHIP

STARK COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 5, 2006**