



Mary Taylor, CPA
Auditor of State

**BETHLEHEM TOWNSHIP
COSHOCOTON COUNTY**

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Mary Taylor, CPA
Auditor of State

Bethlehem Township
Coshocton County
42541 Bethlehem Township Road 1192
Warsaw, Ohio 43844

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 10, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Bethlehem Township
Coshocton County
42541 Bethlehem Township Road 1192
Warsaw, Ohio 43844

To the Board of Trustees:

We have audited the accompanying financial statements of Bethlehem Township, Coshocton County, Ohio, (the Township) as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 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, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2007 and 2006, or its changes in financial position for the years 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, Coshocton County, Ohio, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

During 2006, the Township changed its financial statement presentation method to conform to presentation methods the Auditor of State prescribes or permits.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2008, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

October 10, 2008

**BETHLEHEM TOWNSHIP
COSHOCOTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Permanent	
Cash Receipts:				
Property and Other Local Taxes	\$51,942	\$38,299	\$0	\$90,241
Charges for Services	44	6,650	0	6,694
Intergovernmental	19,713	111,418	0	131,131
Earnings on Investments	331	324	867	1,522
Miscellaneous	670	4,800	0	5,470
	<u>72,700</u>	<u>161,491</u>	<u>867</u>	<u>235,058</u>
Cash Disbursements:				
Current:				
General Government	60,919	38,931	0	99,850
Public Safety	0	0	125	125
Public Works	31	90,681	0	90,712
Health	3,687	6,650	0	10,337
Capital Outlay	0	7,855	0	7,855
Debt Service:				
Redemption of Principal	0	25,426	0	25,426
Interest and Other Fiscal Charges	0	6,301	0	6,301
	<u>64,637</u>	<u>175,844</u>	<u>125</u>	<u>240,606</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>8,063</u>	<u>(14,353)</u>	<u>742</u>	<u>(5,548)</u>
Excess of Cash Receipts Over / (Under) Cash Disbursements	8,063	(14,353)	742	(5,548)
Fund Cash Balances, January 1	<u>12,492</u>	<u>118,529</u>	<u>23,168</u>	<u>154,189</u>
Fund Cash Balances, December 31	<u>\$20,555</u>	<u>\$104,176</u>	<u>\$23,910</u>	<u>\$148,641</u>

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

**BETHLEHEM TOWNSHIP
COSHOCOTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
Cash Receipts:				
Property and Other Local Taxes	\$47,584	\$38,175	\$0	\$85,759
Charges for Services	0	3,600	0	3,600
Intergovernmental	18,522	104,593	0	123,115
Earnings on Investments	386	281	778	1,445
Miscellaneous	1,193	400	0	1,593
	<u>67,685</u>	<u>147,049</u>	<u>778</u>	<u>215,512</u>
Cash Disbursements:				
Current:				
General Government	70,376	29,910	0	100,286
Public Works	715	90,018	0	90,733
Health	3,669	5,883	0	9,552
Capital Outlay	0	69,376	0	69,376
	<u>74,760</u>	<u>195,187</u>	<u>0</u>	<u>269,947</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(7,075)</u>	<u>(48,138)</u>	<u>778</u>	<u>(54,435)</u>
Other Financing Receipts:				
Debt Proceeds	0	68,585	0	68,585
Sale of Fixed Assets	2,500	0	0	2,500
	<u>2,500</u>	<u>68,585</u>	<u>0</u>	<u>71,085</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements	(4,575)	20,447	778	16,650
Fund Cash Balances, January 1	17,067	98,082	22,390	137,539
Fund Cash Balances, December 31	<u>\$12,492</u>	<u>\$118,529</u>	<u>\$23,168</u>	<u>\$154,189</u>

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

**BETHLEHEM TOWNSHIP
COSHOCTON COUNTY**

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

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, Coshocton County, Ohio, (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 and cemetery maintenance. The Township contracts with the Walhonding Valley Fire District to provide fire services.

B. Accounting Basis

During 2005, the Township followed the modified cash basis of accounting. However, its financial statement presentation format and disclosures conformed with generally accepted accounting principles applicable to the modified cash accounting basis.

During 2007 and 2006, the Township continued to use the modified cash accounting basis, but revised its financial statement presentation format to follow the accounting basis the Auditor of State prescribes or permits. The Township 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 Auditor of State prescribes or permits.

C. Cash 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.

The Township maintains a checking account and holds two certificates of deposits, which are valued at cost.

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
COSHOCKTON COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

These funds 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 Fund:

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

3. 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:

Prairie Chapel - Cemetery Endowment Fund – This fund receives interest earned on the 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.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 2007 and 2006 budgetary activity appears in Note 3.

**BETHLEHEM TOWNSHIP
COSHOCTON COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

F. 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 Cash and Investments

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

	2007	2006
Demand deposits	\$127,641	\$133,189
Certificates of deposit	21,000	21,000
Total deposits	\$148,641	\$154,189

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

3. Budgetary Activity

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

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$69,534	\$72,700	\$3,166
Special Revenue	152,951	161,491	8,540
Permanent	0	867	867
Total	\$222,485	\$235,058	\$12,573

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$85,562	\$64,637	\$20,925
Special Revenue	268,022	175,844	92,178
Permanent	23,089	125	22,964
Total	\$376,673	\$240,606	\$136,067

**BETHLEHEM TOWNSHIP
COSHOCTON COUNTY**

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

3. Budgetary Activity (Continued)

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$61,749	\$70,185	\$8,436
Special Revenue	147,043	215,634	68,591
Permanent	376	778	402
Total	\$209,168	\$286,597	\$77,429

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$82,353	\$74,760	\$7,593
Special Revenue	241,588	195,187	46,401
Permanent	22,766	0	22,766
Total	\$346,707	\$269,947	\$76,760

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.

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, 2007 was as follows:

	Principal	Interest Rate
Capital Lease Purchase Agreement	\$43,159	5.05%

The Township entered into a capital lease purchase agreement with Chase Equipment Financing in January 2006 for the purchase of a CAT backhoe in the amount of \$68,585.

**BETHLEHEM TOWNSHIP
COSHOCKTON COUNTY**

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

5. Debt (Continued)

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

Year ending December 31:	Capital Lease Purchase Agreement
2008	\$15,863
2009	15,863
2010	15,863
Total	\$47,589

7. Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OPERS members contributed 9.5 and 9%, respectively, of their gross salaries and the Township contributed an amount equaling 13.85 and 13.7%, respectively, of participants' gross salaries. The Township paid all contributions required through December 31, 2007.

8. Risk Pool Membership

The Township belongs 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 over 550 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except the Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

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
COSHOCKTON COUNTY**

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

8. Risk Pool Membership (Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

	2007	2006
Assets	\$11,136,455	\$9,620,148
Liabilities	(4,273,553)	(3,329,620)
Members' Equity	\$6,862,902	\$6,290,528

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.



Mary Taylor, CPA

Auditor of State

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

Bethlehem Township
Coshocton County
42541 Bethlehem Township Road 1192
Warsaw, Ohio 43844

To the Township Board of Trustees:

We have audited the financial statements of Bethlehem Township, Coshocton County, Ohio, (the Township) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated October 10, 2008, wherein we noted the Township changed its financial statement presentation to the accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider Finding Numbers 2007-001 and 2007-002 described in the accompanying Schedule of Findings to be significant deficiencies in internal control and financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies, and accordingly, would not necessary disclose all significant deficiencies that are also material weaknesses. However, we believe Finding Numbers 2007-001 and 2007-002 are also material weaknesses.

We also noted certain matters that we reported to the Township's management in a separate letter dated October 10, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2007-001 and 2007-002.

We also noted certain noncompliance or other matters that we reported to the Township's management in a separate letter dated October 10, 2008.

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.

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



Mary Taylor, CPA
Auditor of State

**BETHLEHEM TOWNSHIP
COSHOCKTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2007-001

Material Weakness/Material Non-Compliance

Ohio Rev. Code 505.24 (C) sets forth the method by which Township trustees' compensation should be allocated. This section states that the amount of the annual salary approved by the board shall be no more than the maximum amount that could be received annually by a trustee if the trustee were paid on a per diem basis as specified in this division, and shall be paid only from the Township general fund or from funds in proportions as the Board may specify by resolution.

In addition, **2004 Op. Att'y Gen. No. 2004-036** requires the trustees to establish administrative procedures to document the proportionate amount chargeable to other Township funds based on the kinds of services rendered when trustee salaries are not paid from the general fund. The "administrative procedures" can be timesheets or a similar method of record keeping, as long as the trustees document all time spent on Township business and the type of service performed, in a manner similar to trustees' paid per diem compensation. If trustees do not document their time, then no part of salaries may be paid from these other funds.

During 2006, the Township paid 100% of the Trustee's salaries from the General Fund. During 2007, the Township began allocating a portion of the Trustee's salaries to the Gas Fund; however, the Township did not pass a resolution as required or maintain supporting documentation to justify the wages in the amount of \$10,615 paid from the Gas Fund for the Trustee's wages. Since documentation was not maintained, the entire Trustee's salaries should have been paid from the General Fund.

The client has agreed to the adjustment and the financial statements were adjusted accordingly to reclassify \$10,615 from the Special Revenue Gas Fund to the General Fund as of December 31, 2007.

Official's Response: No response was received for this Finding.

FINDING NUMBER 2007-002

Material Weakness/Material Non-Compliance

Finding for Recovery

Ohio Rev. Code Section 505.602 allows a Board of Trustees to procure and pay all or any part of the cost of group life insurance to insure the lives of officers and full-time employees of the Township. The amount of group life insurance coverage provided by the Board of Trustees to insure the lives of officers of the Township shall not exceed fifty thousand dollars per officer.

FINDING NUMBER 2007-002 (Continued)

Finding for Recovery (Continued)

Ohio Rev. Code Section 505.602 (Continued)

Although the life insurance policies are set at fifty thousand dollars per officer for Trustee Lyman McCurdy, Trustee William Randles, and Fiscal Officer Tammy Pope, the coverage for Trustee William Varns' life insurance policy was \$100,000. Additionally, these life insurance policies were not procured by the Township. As stated above, the Township may procure its own Township Plan for group life insurance; however, it has no authority to reimburse officers or employees for this type of insurance. As a result, the reimbursements of life insurance premiums in 2007 and 2006 for Trustee Lyman McCurdy, Trustee William Randles, Trustee William Varns, and Fiscal Officer Tammy Pope in the amounts of \$551.20, \$448.24, \$4,215, and \$289.50, respectively, are not allowable per Ohio Rev. Code Section 505.602.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Trustee Lyman McCurdy, Trustee William Randles, Trustee William Varns, Fiscal Officer Tammy Pope, and their bonding company Ohio Government Risk Management Plan in the corresponding amounts listed above. Each is primarily liable for the amount received in overpayment.

Additionally, under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex. Rel. Village of Linddale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are secondarily liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att'y Gen. No. 80-074.

Therefore, because all Township Officers signed the warrants resulting in improper payments, the following are jointly and severally liable for the entire amount of \$5,503.94: Trustee Lyman McCurdy, Trustee William Randles, Trustee William Varns, Fiscal Officer Tammy Pope, and their bonding company Ohio Township Association Risk Management. This recovery is in favor of Bethlehem Township's General Fund.

Official's Response: We have acquired group life insurance quotes for the Fiscal Officer and Trustees that are higher than the individual life insurance premiums currently procured by each Township Officer. Therefore, it does not seem prudent for the Township to procure group life insurance when the Township would financially benefit paying for the individual premiums.



Mary Taylor, CPA
Auditor of State

BETHLEHEM TOWNSHIP

COSHOCTON 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
DECEMBER 16, 2008**