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

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Bethlehem Township  
Stark County  
PO Box 161  
Navarre, OH 44662

MANAGEMENT LETTER

To the Board of Trustees:

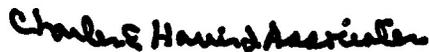
In accordance with *Government Auditing Standards* applicable to financial audits, we have audited the financial statements of Bethlehem Township, Stark County, Ohio (the Township) as of and for the years ended December 31, 2021 and 2020 and have issued our report thereon dated July 10, 2022.

*Government Auditing Standards* requires us to report significant internal control deficiencies, fraud (including noncompliance with laws and regulations), and also abuse and noncompliance with contracts and grant agreements that could directly and materially affect the determination of financial statement amounts. We have issued the required report dated July 10, 2022 for the years ended December 31, 2021 and 2020.

We are also submitting the following comments for your consideration regarding the Township's compliance with applicable laws, regulations, grant agreements, contract provisions and internal control. These comments reflect matters that do not require inclusion in the report *Government Auditing Standards* requires. Nevertheless, these comments represent matters for which we believe improvements in compliance or internal controls or operating efficiencies might be achieved. Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing these recommendations. However, these comments reflect our continuing desire to assist the Township. If you have any questions or concerns regarding these comments, please do not hesitate to contact us.

We would like to thank the Fiscal Officer and her staff for their assistance during the audit.

We intend this report for the information and use of the Board of Trustees, management and the audit committee.



***Charles E. Harris & Associates, Inc.***  
July 10, 2022

**Ohio Revised Code Noncompliance:**

**Certification of Expenditures**

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making a contract or ordering any expenditure of money unless a certificate signed by a fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now Certificates" – If the fiscal officer can certify that both at the time that contract or order was made ("then") and at the time that the fiscal officer was completing the certification ("now"), that sufficient funds were available or in the process of collection, to credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

2. Blanket Certificates - Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution adopted by a majority of members of the legislative authority against any specific line item amount over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificates – The Township may also make expenditures and contracts for any amount for a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most profession services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Township did not make the proper certification of funds for 7% of 2020 disbursements tested and 16% of 2021 disbursements tested. Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval.

To improve controls over disbursements and to help reduce the possibility of the Township's expenditures exceeding budgetary spending limitations, we recommend that the Township certify expenditures prior to incurring the liability. Also, we recommend the Township only use "then and now" certificates for items under \$3,000 and to have all certificates approved by the Board of Trustees. This will assist in keeping adequate controls over disbursements and encumbrances.

### **Public Records Policy**

Ohio Revised Code Section 149.43 requires that all public entities adopt a public records policy. The Township has not formulated a policy or instituted procedures on the availability of public records. A policy outlining the procedures needed to obtain Township records that are available to the general public and the Board in resolution form should approve the cost incurred for the copy of these records. The lack of such a policy could result in the public records requests not being treated equally in all cases.

We recommend the Township seek guidance from the Prosecuting Attorney in this matter and that the Township approve a resolution, which outlines the policy and procedure of the availability of public records.

### **Management Recommendation:**

#### **Audit Adjustments**

During 2020 and 2021, the Township erroneously recorded several transactions. The more significant items are as follows:

- In 2020, the Township erroneously recorded a \$10,000 grant as Other Financing Sources instead of Miscellaneous.
- In 2021, the principal and interest amounts paid were adjusted to reflect actual principal and interest amounts paid.
- For both 2020 and 2021, changes were made to the client prepared notes to the financial statements to ensure the proper disclosures were presented accurately.

Sound financial reporting is the responsibility of the Township and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. We recommend the Township adopt policies and procedures to identify and correct errors and omissions in a timely manner. Management can use the Ohio Township Handbook, the Uniform Accounting Network Manual and other Auditor of State guidance to aid in properly identifying account classifications and preparing annual financial statements. Management can also use the footnote templates on the Auditor of State website to assist in the preparation of the notes to the financial statements.