

BATH TOWNSHIP

DAYTON REGION, ALLEN COUNTY, OHIO

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2006 – 2005



Mary Taylor, CPA
Auditor of State

Board of Trustees
Bath Township
2880 Ada Road
Lima, Ohio 45801

We have reviewed the *Independent Accountants' Report* of Bath Township, Allen County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2005 through December 31, 2006. 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. Bath Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 3, 2007

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BATH TOWNSHIP
ALLEN COUNTY

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ALLEN COUNTY

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MANNING & ASSOCIATES CPAs, LLC

6105 NORTH DIXIE DRIVE

DAYTON, OHIO 45414

INDEPENDENT ACCOUNTANTS' REPORT

Board of Trustees
Bath Township
Allen County
2880 Ada Road
Lima, Ohio 45801

We have audited the accompanying financial statements of the governmental activities, each major fund and aggregate remaining fund information of Bath Township, Allen County, Ohio, (the Township), as of and for the years ended December 31, 2006 and 2005, which collectively comprised the Township's basic financial statements as listed in the table of contents. 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 audits.

We conducted our audits 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 obtain reasonable assurance about 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 that our audits provide a reasonable basis for our opinion.

As described in Note 2, the Township has prepared these financial statements and notes using the modified cash basis of accounting. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position-modified cash basis of the governmental activities, each major fund and the aggregate remaining fund information of Bath Township, Allen County, Ohio, as of December 31, 2006 and 2005, and the respective changes in financial position-modified cash basis and the respective budgetary comparison for the General Fund, Gasoline Tax Fund, Allen County Sheriff's Department Fund, and Bath Township Fire Department Fund thereof for the year ended December 31, 2006 and General Fund, Gasoline Tax Fund, Road and Bridge Fund, Allen County Sheriff's Department Fund, and Bath Township Fire Department Fund thereof for the year ended December 31, 2005 in conformity with the basis of accounting Note 2 describes.

For the year ended December 31, 2005, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. See Note 3 Change in basis of accounting and restatement of fund equity.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 27, 2007, on our consideration of the Township's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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.

Management's discussion and analysis is not a required part of the basis financial statements but is supplementary information the Government Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquires of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Manning & Associates CPAs, LLC
Dayton, Ohio

June 27, 2007

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Bath Township, Allen County
 Management's Discussion and Analysis
 For the Years Ended December 31, 2006 and 2005
 Unaudited

This discussion and analysis of Bath Township's (The Township) financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2006 and 2005, within the limitations of the Township's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2006 are as follows:

Net assets of governmental activities increased \$958,685, or 40 percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund and the Fire Fund. The General Fund increase in percentage is due to interest earned in the amount of \$135,177 and the Fire Fund cash reserve growth is due to the passage of the 3 mill levy passed in 2004.

The Township's general receipts are primarily property taxes and intergovernmental receipts. These receipts represent respectively \$2,159,694 or 76 percent of the total cash received for governmental activities during the year. Property tax receipts for 2006 changed very little compared to 2005 as development within the Government has slowed.

Beginning 2006, the Township disbanded their contract with the Bath Township Volunteer Firemen's Association and took on the payroll of the volunteer firefighters.

Key highlights for 2005 are as follows:

Net assets of governmental activities increased \$ 660,669, or 38.75 percent, a significant change from the prior year. The funds most affected by the increase in cash and cash equivalents were the General Fund, Gasoline Fund and the Fire Fund. The Gasoline Fund realized an increase due to the gasoline tax increase levied by the legislature and the Fire Fund received additional monies due to a passage of a 3 mill fire levy in November, 2004.

The Township's general receipts are primarily property and intergovernmental receipts. These receipts represent respectively \$1,950,782 and 78 percent of the total cash received for governmental activities during the year. Property and income tax receipts for 2005 increased over 2004 due to the passage of the new mills voted for the fire department.

The Township had significant cost in the purchasing of new equipment in 2005:

Fire Department	Pick up truck	\$30,000
	Ambulance	\$95,825
Road Department	Chipper	\$14,608
Cemetery	Backhoe	\$74,019

The township had significant cost in payroll due to new personnel in the Fire Department:

Fire Department	Paramedics (6)	\$165,000/annual salary
	Chief	\$ 33,000/annual salary

Bath Township, Allen County
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's modified cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Government as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Reporting the Government as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2006 and 2005, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

Bath Township, Allen County
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

Reporting the Government as a Whole (continued)

In the statement of net assets and the statement of activities, we divide the Township has one type of activity:

Governmental Activities – All of the Township's basic services are reported here, including police, fire, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Government as a whole. The Government establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township consist of one category: governmental.

Governmental Funds - All of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds for 2006 are the General Fund, Gasoline Tax Fund, Allen County Sheriff's Department Fund, and Bath Township Fire Department Fund. The Township's major governmental funds for 2005 are the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Allen County Sheriff's Department Fund, and Bath Township Fire Department Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

The Government as a Whole

Table 1 provides a summary of the Township's net assets for 2006 compared to 2005 on a modified cash basis:

(Table 1)
Net Assets

	Governmental Activities	
	2006	2005
Assets		
Cash and Investments	\$3,324,139	\$2,365,454
Total Assets	\$3,324,139	\$2,365,454
Net Assets		
Restricted for:		
Other Purposes	1,980,973	1,474,020
Unrestricted	1,343,166	891,434
Total Net Assets	\$3,324,139	\$2,365,454

Bath Township, Allen County
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

The Government as a Whole (continued)

As mentioned previously, net assets of governmental activities increased \$ 958,685 or 40 percent during 2006. The primary reasons contributing to the decreases in cash balances are as follows:

- The General Fund interest receipt account increased and the Fire levy continued growth.

Table 2 reflects the changes in net assets on a modified cash basis in 2006 and 2005 for governmental activities.

(Table 2)
Changes in Net Assets

	Governmental Activities	
	2006	2005
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$309,331	\$172,522
Operating Grants and Contributions	155,054	138,913
Capital Grants and Contributions	44,505	119,610
Total Program Receipts	<u>508,890</u>	<u>431,045</u>
General Receipts:		
Property and Other Local Taxes	1,624,868	1,522,384
Grants and Entitlements Not Restricted to Specific Programs	534,826	428,397
Sale of Assets	4,705	0
Interest	135,177	64,450
Miscellaneous	29,255	59,427
Total General Receipts	<u>2,328,831</u>	<u>2,074,658</u>
Total Receipts	<u>2,837,721</u>	<u>2,505,703</u>
Disbursements:		
General Government	356,881	337,818
Public Safety	909,249	708,002
Public Health Services	70,793	74,991
Leisure Time Activities	72	1,489
Public Works	357,824	330,048
Other	3,628	2,665
Capital Outlay	180,589	390,021
Total Disbursements	<u>1,879,036</u>	<u>1,845,034</u>
Increase (Decrease) in Net Assets	958,685	660,669
Net Assets, January 1	2,365,454	1,704,785
Net Assets, December 31	<u>\$3,324,139</u>	<u>\$2,365,454</u>

Program receipts are only 18 percent and 17 percent of total receipts for 2006 and 2005, respectively. They are primarily comprised of charges for service receipts such as EMS charges.

General receipts represent 82 percent and 83 percent of the Township's total receipts for 2006 and 2005, respectively. Local taxes represent 70 percent and 74 percent of the general receipts. State and federal grants and entitlements make up the significant balance of the general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Bath Township, Allen County
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

The Government as a Whole (continued)

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Government activities. These include the costs of the Township Trustees and the Township Fiscal Officer as well as internal services such as payroll and purchasing.

Public Safety is the costs of Police and Fire Protection; Public Works is the cost of maintaining the roads.

Governmental Activities

If you look at the Statement of Activities on pages 12 and 21, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Government that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2006	2006	2005	2005
General Government	\$356,881	\$16,015	\$337,818	\$64,806
Public Safety	909,249	902,849	708,002	696,602
Public Health Services	70,793	60,244	74,991	58,271
Leisure Time Activities	72	72	1,489	1,489
Public Works	357,824	212,918	330,048	206,385
Other	3,628	(2,541)	2,665	(3,585)
Capital Outlay	180,589	180,589	390,021	390,021
Total Expenses	<u>\$1,879,036</u>	<u>\$1,370,146</u>	<u>\$1,845,034</u>	<u>\$1,413,989</u>

The dependence upon property and income tax receipts is apparent as over 73 percent and 77 percent of governmental activities are supported through these general receipts in 2006 and 2005, respectively.

The Township's Funds

Total governmental funds had receipts of \$2,837,721 and \$2,505,704 for 2006 and 2005, and disbursements of \$1,879,036 and \$1,845,035 for 2006 and 2005, respectively. The greatest change within governmental funds occurred within the General Fund and the Fire Fund. The fund balance of the General Fund increased \$451,732 as the result of increased property and inter-governmental tax receipts. The other two contributing factors are interest earned and a zoning certificate for Procter and Gamble's new distribution center slated to open 2007. The increase in the fire fund is due to the continued property tax collection of the new millage.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

During 2006 and 2005, the Township did not amend its budget but it is noted that the projected miscellaneous receipts was below projected amounts in 2006 and the tax received for MVL and Gas were below projected amounts in 2005.

Bath Township, Allen County
Management's Discussion and Analysis
For the Years Ended December 31, 2006 and 2005
Unaudited

General Fund Budgeting Highlights (continued)

Final disbursements for 2006 were budgeted at \$4,031,808 while actual disbursements were \$1,879,036. Final disbursements for 2005 were budgeted at \$3,852,567 while actual disbursements were \$1,845,035. Township disbursed 47% and 48% of the budget for 2006 and 2005, respectively.

Capital Assets and Debt Administration

Capital Assets

The Government does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2006, the Township's outstanding debt included \$ 428,509 in the Country Club Hills Reconstruction OPWC Program.

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking funding. We rely heavily on local taxes and have a number of industries to support the tax base. However, with the phasing out of the personal property tax, it is unknown what the actual impact will be on the Township. We reviewed our sources of revenue and determined that increases were unlikely. We then reviewed the disbursement history of the Government.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Ruth F. Hollenbacher (Fiscal Officer), 2880 Ada Road, Lima, Ohio 45801.

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Bath Township, Allen County
Statement of Net Assets - Modified Cash Basis
December 31, 2006

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Investments	\$ 3,324,139
<i>Total Assets</i>	<u>\$ 3,324,139</u>
Net Assets	
Restricted for:	
Other Purposes	\$ 1,980,973
Unrestricted	1,343,166
<i>Total Net Assets</i>	<u>\$ 3,324,139</u>

See accompanying notes to the basic financial statements

Bath Township, Allen County
Statement of Activities - Modified Cash Basis
December 31, 2006

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$ 356,881	\$ 295,782	\$ 579	\$ 44,505	\$ (16,015)
Public Safety	909,249	3,000	3,400	0	(902,849)
Public Works	357,824	0	144,906	0	(212,918)
Health	70,793	10,549	0	0	(60,244)
Conservation-Recreation	72	0	0	0	(72)
Other	3,628	0	6,169	0	2,541
Capital Outlay	180,589	0	0	0	(180,589)
<i>Total Governmental Activities</i>	<u>1,879,036</u>	<u>309,331</u>	<u>155,054</u>	<u>44,505</u>	<u>(1,370,146)</u>
General Receipts					
Property Taxes				\$ 1,533,562	
Other Taxes				91,306	
Grants and Entitlements not Restricted to Specific Programs				534,826	
Sale of Assets				4,705	
Earnings on Investments				135,177	
Miscellaneous				29,255	
<i>Total General Receipts</i>				<u>2,328,831</u>	
Change in Net Assets					958,685
<i>Net Assets Beginning of Year</i>					<u>2,365,454</u>
<i>Net Assets End of Year</i>				\$	<u><u>3,324,139</u></u>

See accompanying notes to the basic financial statements

Bath Township, Allen County
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

	General Fund	Gasoline Tax Fund	Allen County Sheriff's Department Fund	Bath Township Fire Department Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Investments	\$1,343,166	\$288,328	\$196,486	\$953,871	\$542,288	\$3,324,139
<i>Total Assets</i>	<u>\$1,343,166</u>	<u>\$288,328</u>	<u>\$196,486</u>	<u>\$953,871</u>	<u>\$542,288</u>	<u>\$3,324,139</u>
Fund Balances						
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	\$1,343,166	\$0	\$0	\$0	\$0	\$1,343,166
Special Revenue Fund	0	288,328	196,486	953,871	542,288	1,980,973
<i>Total Fund Balances</i>	<u>\$1,343,166</u>	<u>\$288,328</u>	<u>\$196,486</u>	<u>\$953,871</u>	<u>\$542,288</u>	<u>\$3,324,139</u>

See accompanying notes to the basic financial statements

Bath Township, Allen County
Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	General Fund	Gasoline Tax Fund	Allen County Sheriff's Department Fund	Bath Township Fire Department Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 323,766	\$ 0	\$ 206,640	\$ 953,009	\$ 141,453	\$ 1,624,868
Charges for Services	3,000	0	0	0	184,296	187,296
Licenses, Permits and Fees	84,145	0	0	0	7,724	91,869
Fines and Forfeitures	8,455	0	0	0	0	8,455
Intergovernmental	314,733	123,975	36,376	165,426	87,706	728,216
Special Assessments	0	0	0	0	12,836	12,836
Earnings on Investments	119,450	14,645	0	0	1,082	135,177
Miscellaneous	8,488	0	0	8,460	18,372	35,320
Total Receipts	862,037	138,620	243,016	1,126,895	453,469	2,824,037
Disbursements						
Current:						
General Government	356,881	0	0	0	0	356,881
Public Safety	0	0	206,874	654,389	47,986	909,249
Public Works	0	199,855	0	0	157,969	357,824
Health	59,924	0	0	0	10,869	70,793
Conservation-Recreation	72	0	0	0	0	72
Other	0	0	0	0	3,628	3,628
Capital Outlay	2,406	0	35,146	66,499	76,538	180,589
Total Disbursements	419,283	199,855	242,020	720,888	296,990	1,879,036
Excess of Receipts Over (Under) Disbursements	442,754	(61,235)	996	406,007	156,479	945,001
Sale of Assets	0	0	0	4,705	0	4,705
Other Financing Sources	8,979	0	0	0	0	8,979
Total Other Financing Sources	8,979	0	0	4,705	0	13,684
Net Change in Fund Balances	451,733	(61,235)	996	410,712	156,479	958,685
Fund Balances Beginning of Year	891,433	349,563	195,490	543,159	385,809	2,365,454
Fund Balances End of Year	\$ 1,343,166	\$ 288,328	\$ 196,486	\$ 953,871	\$ 542,288	\$ 3,324,139

See accompanying notes to the basic financial statements

Bath Township, Allen County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 308,000	\$ 308,000	\$ 323,766	\$ 15,766
Charges for Services	2,400	2,400	3,000	600
Licenses, Permits and Fees	16,000	16,000	84,145	68,145
Fines and Forfeitures	6,847	6,847	8,455	1,608
Intergovernmental	238,949	238,949	314,733	75,784
Earnings on Investments	56,000	56,000	119,450	63,450
Miscellaneous	44,000	44,000	8,488	(35,512)
<i>Total receipts</i>	<u>672,196</u>	<u>672,196</u>	<u>862,037</u>	<u>189,841</u>
Disbursements				
Current:				
General Government	648,500	648,500	356,881	291,619
Public Safety	10,000	10,000	0	10,000
Public Works	40,000	40,000	0	40,000
Health	110,000	110,000	59,924	50,076
Conservation-Recreation	17,000	17,000	72	16,928
Capital Outlay	141,000	141,000	2,406	138,594
<i>Total Disbursements</i>	<u>966,500</u>	<u>966,500</u>	<u>419,283</u>	<u>547,217</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(294,304)</u>	<u>(294,304)</u>	<u>442,754</u>	<u>737,058</u>
Other Financing Sources (Uses)				
Other Financing Sources	21,000	21,000	8,979	(12,021)
<i>Total Other Financing Sources (Uses)</i>	<u>21,000</u>	<u>21,000</u>	<u>8,979</u>	<u>(12,021)</u>
<i>Net Change in Fund Balance</i>	(273,304)	(273,304)	451,733	725,037
<i>Fund Balance Beginning of Year</i>	<u>891,433</u>	<u>891,433</u>	<u>891,433</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 618,129</u>	<u>\$ 618,129</u>	<u>\$ 1,343,166</u>	<u>\$ 725,037</u>

See accompanying notes to the basic financial statements

Bath Township, Allen County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$ 105,000	\$ 105,000	\$ 123,975	\$ 18,975
Earnings on Investments	10,000	10,000	14,645	4,645
<i>Total receipts</i>	<u>115,000</u>	<u>115,000</u>	<u>138,620</u>	<u>23,620</u>
Disbursements				
Current:				
Public Works	464,563	464,563	199,855	264,708
<i>Total Disbursements</i>	<u>464,563</u>	<u>464,563</u>	<u>199,855</u>	<u>264,708</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(349,563)</u>	<u>(349,563)</u>	<u>(61,235)</u>	<u>288,328</u>
<i>Net Change in Fund Balance</i>	(349,563)	(349,563)	(61,235)	288,328
<i>Fund Balance Beginning of Year</i>	<u>349,563</u>	<u>349,563</u>	<u>349,563</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 288,328</u>	<u>\$ 288,328</u>

See accompanying notes to the basic financial statements

Bath Township, Allen County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Allen County Sheriff's Department Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 193,318	\$ 193,318	\$ 206,640	\$ 13,322
Intergovernmental	28,635	28,635	36,376	7,741
<i>Total receipts</i>	<u>221,953</u>	<u>221,953</u>	<u>243,016</u>	<u>2,453</u>
Disbursements				
Current:				
Public Safety	280,000	280,000	206,874	97,973
Capital Outlay	60,000	60,000	35,146	6,702
<i>Total Disbursements</i>	<u>340,000</u>	<u>340,000</u>	<u>242,020</u>	<u>97,980</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(118,047)</u>	<u>(118,047)</u>	996	<u>119,043</u>
<i>Net Change in Fund Balance</i>	(118,047)	(118,047)	996	119,043
<i>Fund Balance Beginning of Year</i>	<u>195,490</u>	<u>195,490</u>	<u>195,490</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 77,443</u>	<u>\$ 77,443</u>	<u>\$ 196,486</u>	<u>\$ 119,043</u>

See accompanying notes to the basic financial statements

Bath Township, Allen County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Bath Township Fire Department Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 896,111	\$ 896,111	\$ 953,009	\$ 56,898
Intergovernmental	140,088	140,088	165,426	25,338
Miscellaneous	6,250	7,985	8,460	475
<i>Total receipts</i>	<u>1,042,449</u>	<u>1,044,184</u>	<u>1,126,895</u>	<u>82,711</u>
Disbursements				
Current:				
Public Safety	1,170,000	1,170,000	654,389	515,611
Capital Outlay	350,000	350,000	66,499	283,501
<i>Total Disbursements</i>	<u>1,520,000</u>	<u>1,520,000</u>	<u>720,888</u>	<u>799,112</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(477,551)</u>	<u>(475,816)</u>	<u>406,007</u>	<u>881,823</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets	0	0	4,705	4,705
Transfers In	1,735	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>1,735</u>	<u>0</u>	<u>4,705</u>	<u>4,705</u>
<i>Net Change in Fund Balance</i>	(475,816)	(475,816)	410,712	886,528
<i>Fund Balance Beginning of Year</i>	<u>543,159</u>	<u>543,159</u>	<u>543,159</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 67,343</u>	<u>\$ 67,343</u>	<u>\$ 953,871</u>	<u>\$ 886,528</u>

See accompanying notes to the basic financial statements

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Bath Township, Allen County
Statement of Net Assets - Modified Cash Basis
December 31, 2005

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Investments	\$ 2,365,454
<i>Total Assets</i>	<u><u>\$ 2,365,454</u></u>
Net Assets	
Restricted for:	
Other Purposes	\$ 1,474,020
Unrestricted	891,434
<i>Total Net Assets</i>	<u><u>\$ 2,365,454</u></u>

See accompanying notes to the basic financial statements

Bath Township, Allen County
Statement of Activities - Modified Cash Basis
December 31, 2005

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$ 337,818	\$ 153,402	\$ 0	\$ 119,610	\$ (64,806)
Public Safety	708,002	2,400	9,000	0	(696,602)
Public Works	330,048	0	123,663	0	(206,385)
Health	74,991	16,720	0	0	(58,271)
Conservation-Recreation	1,489	0	0	0	(1,489)
Other	2,665	0	6,250	0	3,585
Capital Outlay	390,021	0	0	0	(390,021)
<i>Total Governmental Activities</i>	<u>1,845,034</u>	<u>172,522</u>	<u>138,913</u>	<u>119,610</u>	<u>(1,413,989)</u>
General Receipts					
Property Taxes				\$ 1,451,199	
Other Taxes				71,185	
Grants and Entitlements not Restricted to Specific Programs				428,397	
Earnings on Investments				64,450	
Miscellaneous				59,427	
<i>Total General Receipts</i>				<u>2,074,658</u>	
Change in Net Assets					660,669
<i>Net Assets Beginning of Year</i>					<u>1,704,785</u>
<i>Net Assets End of Year</i>				\$	<u><u>2,365,454</u></u>

See accompanying notes to the basic financial statements

Bath Township, Allen County
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2005

	General Fund	Gasoline Tax Fund	Road and Bridge Fund	Allen County Sheriff's Department Fund	Bath Township Fire Department Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Investments	\$891,433	\$349,563	\$94,425	\$195,490	\$543,159	\$291,384	\$2,365,454
<i>Total Assets</i>	<u>\$891,433</u>	<u>\$349,563</u>	<u>\$94,425</u>	<u>\$195,490</u>	<u>\$543,159</u>	<u>\$291,384</u>	<u>\$2,365,454</u>
Fund Balances							
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	\$891,433	\$0	\$0	\$0	\$0	\$0	\$891,433
Special Revenue Funds	0	349,563	94,425	195,490	543,159	291,384	1,474,021
<i>Total Fund Balances</i>	<u>\$891,433</u>	<u>\$349,563</u>	<u>\$94,425</u>	<u>\$195,490</u>	<u>\$543,159</u>	<u>\$291,384</u>	<u>\$2,365,454</u>

See accompanying notes to the basic financial statements

Bath Township, Allen County
Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	General Fund	Gasoline Tax Fund	Road and Bridge Fund	Allen County Sheriff's Department Fund	Bath Township Fire Department Fund	Other Governmental Funds	Total
Receipts							
Property and Other Local Taxes	\$ 299,798	\$ 0	\$ 133,157	\$ 193,318	\$ 896,111	\$ 0	\$ 1,522,384
Charges for Services	2,400	0	0	0	0	110,966	113,366
Licenses, Permits and Fees	17,572	0	0	0	0	8,545	26,117
Fines and Forfeitures	6,606	0	0	0	0	0	6,606
Intergovernmental	249,443	102,614	76,444	28,635	202,485	21,049	680,670
Special Assessments	0	0	0	0	0	12,533	12,533
Earnings on Investments	55,294	8,759	0	0	0	397	64,450
Miscellaneous	41,467	0	0	0	7,986	9,508	58,961
Total Receipts	672,580	111,373	209,601	221,953	1,106,582	162,998	2,485,087
Disbursements							
Current:							
General Government	337,818	0	0	0	0	0	337,818
Public Safety	0	0	0	162,026	519,399	26,577	708,002
Public Works	4,416	70,191	243,726	0	0	11,715	330,048
Health	60,936	0	0	0	0	14,055	74,991
Conservation-Recreation	1,489	0	0	0	0	0	1,489
Other	0	0	0	0	0	2,665	2,665
Capital Outlay	10,438	0	38,886	48,298	112,316	180,083	390,021
Total Disbursements	415,097	70,191	282,612	210,324	631,715	235,095	1,845,034
Excess of Receipts Over (Under) Disbursements	257,483	41,182	(73,011)	11,629	474,867	(72,097)	640,053
Other Financing Sources	20,616	0	0	0	0	0	20,616
Net Change in Fund Balances	278,099	41,182	(73,011)	11,629	474,867	(72,097)	660,669
Fund Balances Beginning of Year	613,334	308,381	167,436	183,861	68,292	363,481	1,704,785
Fund Balances End of Year	\$ 891,433	\$ 349,563	\$ 94,425	\$ 195,490	\$ 543,159	\$ 291,384	\$ 2,365,454

See accompanying notes to the basic financial statements

Bath Township, Allen County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		Actual	(Optional)
	<u>Original</u>	<u>Final</u>		Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 291,900	\$ 291,900	\$ 299,798	\$ 7,898
Charges for Services	2,400	2,400	2,400	0
Licenses, Permits and Fees	21,000	21,000	17,572	(3,428)
Fines and Forfeitures	8,000	8,000	6,606	(1,394)
Intergovernmental	196,361	196,361	249,443	53,082
Earnings on Investments	13,400	13,400	55,294	41,894
Miscellaneous	6,900	6,900	41,467	34,567
<i>Total receipts</i>	<u>539,961</u>	<u>539,961</u>	<u>672,580</u>	<u>132,619</u>
Disbursements				
Current:				
General Government	594,000	594,000	337,818	256,182
Public Safety	10,000	10,000	0	10,000
Public Works	40,000	40,000	4,416	35,584
Health	110,000	110,000	60,936	49,064
Conservation-Recreation	17,000	17,000	1,489	15,511
Capital Outlay	136,000	136,000	10,438	125,562
<i>Total Disbursements</i>	<u>907,000</u>	<u>907,000</u>	<u>415,097</u>	<u>491,903</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(367,039)</u>	<u>(367,039)</u>	<u>257,483</u>	<u>624,522</u>
Other Financing Sources (Uses)				
Transfers Out	(50,000)	(50,000)	0	50,000
Advances Out	(100,000)	(100,000)	0	100,000
Other Financing Sources	9,000	9,000	20,616	11,616
<i>Total Other Financing Sources (Uses)</i>	<u>(141,000)</u>	<u>(141,000)</u>	<u>20,616</u>	<u>161,616</u>
<i>Net Change in Fund Balance</i>	(508,039)	(508,039)	278,099	786,138
<i>Fund Balance Beginning of Year</i>	<u>613,334</u>	<u>613,334</u>	<u>613,334</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 105,295</u>	<u>\$ 105,295</u>	<u>\$ 891,433</u>	<u>\$ 786,138</u>

See accompanying notes to the basic financial statements

Bath Township, Allen County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$ 87,000	\$ 87,000	\$ 102,614	\$ 15,614
Earnings on Investments	5,000	5,000	8,759	3,759
<i>Total receipts</i>	<u>92,000</u>	<u>92,000</u>	<u>111,373</u>	<u>19,373</u>
Disbursements				
Current:				
Public Works	305,000	305,000	70,191	234,809
Capital Outlay	99,888	99,888	0	99,888
<i>Total Disbursements</i>	<u>404,888</u>	<u>404,888</u>	<u>70,191</u>	<u>334,697</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(312,888)</u>	<u>(312,888)</u>	<u>41,182</u>	<u>354,070</u>
<i>Net Change in Fund Balance</i>	(312,888)	(312,888)	41,182	354,070
<i>Fund Balance Beginning of Year</i>	<u>308,381</u>	<u>308,381</u>	<u>308,381</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ (4,507)</u>	<u>\$ (4,507)</u>	<u>\$ 349,563</u>	<u>\$ 354,070</u>

See accompanying notes to the basic financial statements

Bath Township, Allen County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 140,000	\$ 140,000	\$ 133,157	\$ (6,843)
Intergovernmental	77,146	77,146	76,444	(702)
<i>Total receipts</i>	<u>217,146</u>	<u>217,146</u>	<u>209,601</u>	<u>(7,545)</u>
Disbursements				
Current:				
Public Works	310,000	310,000	243,726	66,274
Capital Outlay	74,000	74,000	38,886	35,114
<i>Total Disbursements</i>	<u>384,000</u>	<u>384,000</u>	<u>282,612</u>	<u>101,388</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(166,854)</u>	<u>(166,854)</u>	<u>(73,011)</u>	<u>93,843</u>
<i>Net Change in Fund Balance</i>	(166,854)	(166,854)	(73,011)	93,843
<i>Fund Balance Beginning of Year</i>	<u>167,436</u>	<u>167,436</u>	<u>167,436</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 582</u>	<u>\$ 582</u>	<u>\$ 94,425</u>	<u>\$ 93,843</u>

See accompanying notes to the basic financial statements

Bath Township, Allen County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Allen County Sheriff's Department Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 200,960	\$ 200,960	\$ 193,318	\$ (7,642)
Intergovernmental	18,040	18,040	28,635	10,595
Miscellaneous	500	500	0	(500)
<i>Total receipts</i>	<u>219,500</u>	<u>219,500</u>	<u>221,953</u>	<u>2,453</u>
Disbursements				
Current:				
Public Safety	260,000	260,000	162,026	97,973
Capital Outlay	55,000	55,000	48,298	6,702
<i>Total Disbursements</i>	<u>315,000</u>	<u>315,000</u>	<u>210,324</u>	<u>104,676</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(95,500)</u>	<u>(95,500)</u>	<u>11,629</u>	<u>107,129</u>
<i>Net Change in Fund Balance</i>	(95,500)	(95,500)	11,629	107,129
<i>Fund Balance Beginning of Year</i>	<u>183,861</u>	<u>183,861</u>	<u>183,861</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 88,361</u>	<u>\$ 88,361</u>	<u>\$ 195,490</u>	<u>\$ 107,129</u>

See accompanying notes to the basic financial statements

Bath Township, Allen County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Bath Township Fire Department Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget
	Original	Final		Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 936,294	\$ 936,294	\$ 896,111	\$ (40,183)
Intergovernmental	158,850	158,850	202,485	43,635
Miscellaneous	17,597	17,597	7,986	(9,611)
<i>Total receipts</i>	<u>1,112,741</u>	<u>1,112,741</u>	<u>1,106,582</u>	<u>(6,159)</u>
Disbursements				
Current:				
Public Safety	822,000	822,000	519,399	302,601
Capital Outlay	263,000	263,000	112,316	150,684
<i>Total Disbursements</i>	<u>1,085,000</u>	<u>1,085,000</u>	<u>631,715</u>	<u>453,285</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>27,741</u>	<u>27,741</u>	<u>474,867</u>	<u>447,126</u>
<i>Net Change in Fund Balance</i>	27,741	27,741	474,867	447,126
<i>Fund Balance Beginning of Year</i>	<u>68,292</u>	<u>68,292</u>	<u>68,292</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 96,033</u>	<u>\$ 96,033</u>	<u>\$ 543,159</u>	<u>\$ 447,126</u>

See accompanying notes to the basic financial statements

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Bath Township, Allen County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 1 – Reporting Entity

Bath Township, Allen County, Ohio, (the Township) is a body politic and corporate established on March 2, 1829 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 also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, fire protection, and cemetery maintenance. The Township contracts with the Allen County Sheriff's Department for Police Protection.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township.

Bath Township has no Component units.

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a *modified* cash basis of accounting. This *modified* cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the *modified* cash basis of accounting. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

Bath Township, Allen County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 2 – Summary of Significant Accounting Policies (continued)

The statement of net assets presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a *modified* cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. All of the Township's funds are categorized as governmental.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major funds are General Fund, Gasoline Tax Fund, Allen County Sheriff's Department Fund, and Bath Township Fire Department Fund for 2006 and General Fund, Gasoline Tax Fund, Road and Bridge Fund, Allen County Sheriff's Department Fund, and Bath Township Fire Department Fund for 2005. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

The Gasoline Tax Fund is used to account for gasoline tax money which can be only used to pay for constructing, maintaining, and repairing Township roads. The Bath Township Fire Department Fund is used for providing fire/EMS protection and addressing safety issues in the Township. The Allen County Sheriff's Department Fund receives property tax revenue for providing additional deputies for sole duty in the Township. The Road and Bridge Fund is used to account for constructing, maintaining, and repairing Township roads and bridges.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

Bath Township, Allen County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 2 – Summary of Significant Accounting Policies (continued)

C. Basis of Accounting

The Township's financial statements are prepared using the *modified* cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this *modified* cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. 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 or negative receipts, respectively. The Township invests in STAR Ohio.

Bath Township, Allen County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 2 – Summary of Significant Accounting Policies (continued)

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2006 and 2005.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2006 and 2005 was \$119,450 and \$55,294. Gasoline tax fund \$14,465 and \$8,759 for 2006 and 2005, respectively.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Township did not report any restricted assets at December 31, 2006 or 2005.

G. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

I. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's *modified* cash basis of accounting.

J. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 11 and 12, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Long-Term Obligations

The Township's *modified* cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception.

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for road

Bath Township, Allen County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 2 – Summary of Significant Accounting Policies (continued)

construction and security of persons and property.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

M. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. The Township does not have any fund balance reserves.

N. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Compliance

Contrary to Ohio law, appropriations exceeded estimated resources in 2005. In 2005, the Motor Vehicle Tax Fund, and Gasoline Tax Fund appropriations exceeded estimated resources in amounts of \$6,929, and \$4,507, respectively.

Note 4 – Change in Basis of Accounting and Restatement of Fund Equity

During 2004 the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. During 2005 the Township has implemented the *modified* cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type. There was no restatement of equity due to this change.

Note 5 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Gasoline Tax, Sheriff, Fire, and Road and Bridge funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The difference(s) between the budgetary basis and the *modified* cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (*modified* cash basis) and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (*modified* cash basis). There were no outstanding encumbrances at year end (budgetary basis) December 31, 2006 and 2005.

Bath Township, Allen County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 6 – Deposits and Investments

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Protection of Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by Surety Company bonds deposited with the Township by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity.

Bath Township, Allen County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 6 – Deposits and Investments (continued)

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Township or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The Township’s investments are required to be categorized to give an indication of the level of risk assumed by the Township at year-end. Category 1 includes investments that are insured or registered or for which the Township or its agent in the Township’s name holds the securities. Investments in STAR Ohio and the money market mutual fund are not classified since they are not evidenced by securities that exist in physical or book-entry form.

A. Deposits

At year-ended December 31, 2006, the carrying amount of the Township’s deposits was \$3,324,139, and the bank balance was \$3,386,252. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures” \$3,286,252, was exposed to custodial risk as discussed below, while \$100,000 was covered by federal depository insurance corporation. At year-ended December 31, 2005, the carrying amount of the Township’s deposits was \$2,355,454, and the bank balance was \$2,457,063. Of the bank balance \$2,357,063 was exposed to custodial risk as discussed below, while \$100,000 was covered by federal depository insurance corporation.

Custodial credit risk is the risk that in the event of bank failure, the Township’s deposits may not be returned. All deposits are collateralized with eligible securities in the amounts equal to at least 105% of carrying value of the deposits. Such collateral, as permitted by the Ohio revised code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name or the respective depository bank and pledged as a poll of collateral against all the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Township.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

As of December 31, 2006 and 2005, the Township had the following Cash and Cash Equivalents:

	2006	2005
Demand Deposits	\$ 2,980,887	\$ 2,038,517
STAR Ohio	343,252	326,937
Total Cash and Cash Equivalents	\$ 3,324,139	\$ 2,365,454

B. Investments

Interest rate risk arises because the fair value of investments changes as interest rates change. The Township’s investment policy addresses interest rate risk by requiring that the Township’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments

Bath Township, Allen County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 6 – Deposits and Investments (continued)

STAR Ohio carries a rating of AAAm by Standard and Poor's. The Township's investment policy is limited to requiring compliance with state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

Note 7 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2005 became a lien on December 31, 2005, were levied after October 1, 2005, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2006 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2006 and 2005, was \$6.35 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 and 2005 property tax receipts were based are as follows:

Real Property	2006	2005
Residential	\$ 124,281,380	\$ 114,374,950
Agricultural	5,322,310	5,021,040
Commercial/Industrial/Mineral	49,488,240	48,892,800
Public Utility Personal Property		
Real	231,040	241,120
Personal	16,646,610	16,175,110
Tangible Personal Property		
Personal	53,889,815	74,746,185
Total Assessed Value	<u>\$ 249,859,395</u>	<u>\$ 259,451,205</u>

Bath Township, Allen County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 8 – Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township contracted with Arch Insurance through the Webb Insurance Agency to provide property and casualty coverage with coverage as follows:

Type of Coverage	Amount of Coverage
Legal Liability	\$1,000,000
Automobile Liability	1,000,000
Law Enforcement Operations	1,000,000
Wrongful Acts	1,000,000
Property	1,800,000
Umbrella	3,000,000

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

The Township is self insured for a portion of the health insurance. In order to get better rates from Aetna, the Township opted for a higher deductible. The township in turn self funds the deductible for employees.

Note 9 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2006 and 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9 and 8.5 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2006 was 13.7 and 9.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for years ended December 31, 2006, 2005 and 2004 were \$71,710.37, \$68,527.87, and \$68,905.85, respectively. The full amounts has been contributed for 2006, 2005 and 2004.

Bath Township, Allen County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 10 – Post-employment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Post employment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 and 2005 local government employer contribution rate was 13.7 percent of covered payroll; 4.50 and 4.0 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was \$379,109. The actuarial value of OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.1 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

Note 11 – Debt

The Township's long-term debt activity for the year ended December 31, 2006, was as follows:

	Interest Rate	Balance December 31, 2005	Additions	Reductions	Balance December 31, 2006	Due Within One Year
<u>Governmental Activities</u>						
OPWC Loan - 2002 \$535,637						
Original Amount	0%	\$455,291	0	\$26,782	\$428,509	\$26,782

Bath Township, Allen County
Notes to the Financial Statements
For the Years Ended December 31, 2006 and 2005

Note 11 – Debt (continued)

During the year 2002, a loan was obtained from the Ohio Public Works Commission in the amount of \$535,637 with a 0% interest rate for the Country Club Hills Phase II road construction project.

The following is a summary of the Township's future annual debt service requirements:

Year	OPWC Principal
2007	26,782
2008	26,782
2009	26,782
2010	26,782
2011-2015	133,910
2016-2020	133,910
2021-2022	53,561
Totals	<u>\$428,509</u>

Note 12 – Contingent Liabilities

Landfill – the Township purchased an inactive, closed landfill during 1986. The landfill had stopped accepting waste during 1975; however, it was not properly closed in accordance with the EPA regulations prior to the Township's purchase. The Township was unaware of the closure deficiencies at the time of the purchase. The Township has engaged a consultant and is working closely with the Ohio EPA to assess the closure and post-closure care costs; however, an estimate on those costs is not reasonably possible at this time.

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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MANNING & ASSOCIATES CPAs, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414

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

Board of Trustees
Bath Township
2880 Ada Road
Lima, Ohio 45801

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bath Township, Allen County, Ohio, (the Township), as of and for the years ended December 31, 2006 and 2005, which collectively comprise the Township's basic financial statements and have issued our report thereon dated June 27, 2007, wherein, we note the Township prepares its financial statements on the modified cash basis of accounting, a comprehensive accounting basis other 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* issued by.

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.

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 a misstatement of the Township's internal control will not be prevent or detect a more-than-inconsequential financial statement misstatement.

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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

We noted other matters that we have reported to management in a separate letter dated June 27, 2007.

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 such an opinion. The results of our tests disclosed an instance of noncompliance that we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2006 – 001.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 27, 2007.

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 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.

Manning & Associates CPAs, LLC
Dayton, Ohio

June 27, 2007

**BATH TOWNSHIP
ALLEN COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

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

FINDING NUMBER 2006-001

Ohio Rev. Code Section 5705.41 (D) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the 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.

In 2006 and 2005, it was noted that 100% of expenditures were certified using a "Super Blanket" certificate, but the certificates did not always meet the criteria for being specific and reasonably predictable operating expenses.

"Super Blanket" Certificate can only be used for expenditures and contracts from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense.

The Township should review the Ohio Rev. Code Section 5704.41(D) and implement appropriate procedures for the certification of funds. Also, in order to utilize the "Super Blanket" certificates, procedures should be implemented to ensure their proper use for a specific and predictable obligations.

**BATH TOWNSHIP
ALLEN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEAR END DECEMBER 31, 2006 AND 2005**

FINDING NUMBER	FINDING SUMMARY	FULLY CORRECTED?	NOT CORRECTED, PARTIALLY CORRECTED; SIGNIFICANTLY DIFFERENT CORRECTIVE ACTION TAKEN; OR FINDING NO LONGER VALID; <i>EXPLAIN:</i>
2004-001	Ohio Rev Code Section 5705.41(D) Prior certification of funds	Partially	Reissued as 2006 - 001



Mary Taylor, CPA
Auditor of State

BATH TOWNSHIP

ALLEN 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 18, 2007**