



Dave Yost • Auditor of State

**BATH TOWNSHIP
GREENE COUNTY
DECEMBER 31, 2016 AND 2015**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements and Changes in Fund Balances - (Regulatory Cash Basis) - All Governmental Fund Types For the Year Ended December 31, 2016	5
Notes to the Financial Statements - For the Year Ended December 31, 2016	7
Combined Statement of Receipts, Disbursements and Changes in Fund Balances - (Regulatory Cash Basis) - All Governmental Fund Types For the Year Ended December 31, 2015	13
Notes to the Financial Statements - For the Year Ended December 31, 2015.....	15
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	21

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Bath Township
Greene County
1006 Yellow Springs-Fairfield Road
Fairborn, Ohio 45324

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Bath Township, Greene County, Ohio (the Township) as of and for the years ended December 31, 2016 and 2015.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2016 and 2015, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of, Bath Township, Greene County as of December 31, 2016 and 2015, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during 2015, the Township revised its financial presentation from that comparable to the requirements of Governmental Accounting Standard No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments to a format Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2018, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

March 29, 2018

This page intentionally left blank.

**Bath Township
Greene County**

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2016*

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts				
Property and Other Local Taxes	\$197,463	\$781,252		\$978,715
Licenses, Permits and Fees	20,885	293,053		313,938
Intergovernmental	90,574	256,516		347,090
Special Assessments	788			788
Earnings on Investments	5,572	504		6,076
Miscellaneous	16,176	106,090		122,266
Total Cash Receipts	<u>331,458</u>	<u>1,437,415</u>		<u>1,768,873</u>
Cash Disbursements				
Current:				
General Government	193,140			193,140
Public Safety	1,423	654,036		655,459
Public Works	73,919	330,684		404,603
Health	19,383	307,018		326,401
Human Services	4,700			4,700
Conservation-Recreation	32,999			32,999
Capital Outlay	771	70,635		71,406
Total Cash Disbursements	<u>326,335</u>	<u>1,362,373</u>		<u>1,688,708</u>
Excess of Receipts Over Disbursements	<u>5,123</u>	<u>75,042</u>		<u>80,165</u>
Other Financing Receipts				
Sale of Capital Assets	13,001			13,001
Total Other Financing Receipts	<u>13,001</u>			<u>13,001</u>
Special Item	754			754
Net Change in Fund Cash Balances	18,878	75,042		93,920
Fund Cash Balances, January 1	<u>301,066</u>	<u>1,342,953</u>	<u>\$612,000</u>	<u>2,256,019</u>
Fund Cash Balances, December 31				
Restricted		1,254,206		1,254,206
Committed		163,789	612,000	775,789
Assigned	31,103			31,103
Unassigned	288,841			288,841
Fund Cash Balances, December 31	<u>\$319,944</u>	<u>\$1,417,995</u>	<u>\$612,000</u>	<u>\$2,349,939</u>

See accompanying notes to the financial statement

This page intentionally left blank.

Bath Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 1 – Reporting Entity

Bath Township, Greene County, (the Township) as a body corporate and politic established the 3rd of March, 1807 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 Fiscal Officer.

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, including maintenance of Township roads and cemeteries. The Township contracts with the City of Fairborn for EMS and fire protection. Police protection is provided by the Greene County Sheriff. The Township has no component units which are legally separate organizations for which a township is financially accountable.

The Township participates in a public entity risk pool, Ohio Plan Risk Management. Note 6 to the financial statements provides additional information for this entity. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

Fund Accounting

The Township uses funds 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. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported 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.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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

Fire Fund The Fire Fund receives property tax money from an operating levy to provide fire related functions plus ambulance and other emergency services to the Township.

Cemetery Fund The Cemetery Fund is financed from the sales of lots and services to provide maintenance of the cemetery and related cemetery services.

Bath Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Byron Cemetery Perpetual Care Fund The Byron Cemetery Perpetual Care Fund receives 10% of all sales of lots and services at Byron Cemetery for the future maintenance of Byron Cemetery when it is no longer self-supporting.

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

Mausoleum Fund The Mausoleum Fund receives transfers from the Cemetery Fund for the installation of a mausoleum.

Dump Truck 2021 Fund The Dump Truck 2021 Fund receives transfers from the General Fund for the purchase of a dump truck in 2021.

Dump Truck 2024 Fund The Dump Truck 2024 Fund receives transfers from the General Fund for the purchase of a dump truck in 2024.

Tanker Fund The Tanker Fund receives transfers from the Fire Fund for the purchase of a tanker in 2022.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Bath Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

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

A summary of 2016 budgetary activity appears in Note 3.

Deposits and Investments

The Township has no investments. A summary of deposits appears in Note 4.

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The Township maintains an Accumulated Vacation/Sick Leave Termination Benefit Fund to cover accumulated leave that exceeds the current year.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

Bath Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$321,927	\$345,213	\$23,286
Special Revenue	1,412,544	1,437,415	24,871
Capital Projects	37,250		(37,250)
Total	\$1,771,721	\$1,782,628	\$10,907

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$404,708	\$357,438	\$47,270
Special Revenue	1,555,302	1,390,040	165,262
Total	\$1,960,010	\$1,747,478	\$212,532

Note 4 – Deposits and Investments

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

	2016
Demand deposits	\$2,349,939

Deposits

Deposits up to \$250,000 are insured by the Federal Deposit Insurance Corporation; and the balance is collateralized by the financial institution's public entity deposit pool.

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Bath Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Public utilities are also taxed on personal and real property located within the Township.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

Note 6 – Risk Management

The Government belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016.

	<u>2016</u>
Assets	\$14,765,712
Liabilities	<u>(9,531,506)</u>
Members' Equity	<u>\$ 5,234,206</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Bath Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Health Insurance

The Township provides health insurance benefits to its full-time employees. There is also a Health Reimbursement Account that reimburses an employee portion of the deductible up to \$3,500/\$7,000 for family coverage.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Except for zoning board members, all employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

Social Security

The Township's zoning board members contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

These employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2016.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016.

Note 9 – Contractual Commitments

The Township has a five-year contract with the City of Fairborn for EMS and Fire protection that will expire December 31, 2017. The cost of these services in 2016 was \$640,505.

Note 10 – Subsequent Events

The voters of the Township approved an additional five-year Road and Bridge Fund levy in November 2016. The township will begin to receive these receipts in 2017, and the levy is expected to generate \$200,000 annually.

**Bath Township
Greene County**

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2015*

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts				
Property and Other Local Taxes	\$194,658	\$775,513		\$970,171
Licenses, Permits and Fees	22,116	283,545		305,661
Intergovernmental	100,779	264,257		365,036
Special Assessments	289			289
Earnings on Investments	1,312	90		1,402
Miscellaneous	15,542	109,367		124,909
Total Cash Receipts	<u>334,696</u>	<u>1,432,772</u>		<u>1,767,468</u>
Cash Disbursements				
Current:				
General Government	195,042			195,042
Public Safety	1,440	720,285		721,725
Public Works	109,598	314,895		424,493
Health	22,027	306,348		328,375
Human Services	4,000			4,000
Conservation-Recreation	25,209			25,209
Capital Outlay	79,217	140,068	\$118,750	338,035
Total Cash Disbursements	<u>436,533</u>	<u>1,481,596</u>	<u>118,750</u>	<u>2,036,879</u>
Excess of Receipts (Under) Disbursements	<u>(101,837)</u>	<u>(48,824)</u>	<u>(118,750)</u>	<u>(269,411)</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	25			25
Transfers In			337,250	337,250
Transfers Out	(321,250)	(16,000)		(337,250)
Total Other Financing Receipts (Disbursements)	<u>(321,225)</u>	<u>(16,000)</u>	<u>337,250</u>	<u>25</u>
Special Item	656			656
Net Change in Fund Cash Balances	(422,406)	(64,824)	218,500	(268,730)
Fund Cash Balances, January 1	<u>723,472</u>	<u>1,407,777</u>	<u>393,500</u>	<u>2,524,749</u>
Fund Cash Balances, December 31				
Nonspendable	20			20
Restricted		1,213,367		1,213,367
Committed		129,586	612,000	741,586
Assigned	82,781			82,781
Unassigned	218,265			218,265
Fund Cash Balances, December 31	<u>\$301,066</u>	<u>\$1,342,953</u>	<u>\$612,000</u>	<u>\$2,256,019</u>

See accompanying notes to the financial statement

This page intentionally left blank.

Bath Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2015

Note 1 – Reporting Entity

Bath Township, Greene County, (the Township) as a body corporate and politic established the 3rd of March, 1807 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 Fiscal Officer.

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, including maintenance of Township roads and cemeteries. The Township contracts with the City of Fairborn for EMS and fire protection. Police protection is provided by the Greene County Sheriff. The Township has no component units which are legally separate organizations for which a township is financially accountable.

The Township participates in a public entity risk pool, Ohio Plan Risk Management. Note 6 to the financial statements provides additional information for this entity. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types.

Fund Accounting

The Township uses funds 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. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported 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.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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

Fire Fund The Fire Fund receives property tax money from an operating levy to provide fire related functions plus ambulance and other emergency services to the Township.

Cemetery Fund The Cemetery Fund is financed from the sales of lots and services to provide maintenance of the cemetery and related cemetery services.

Bath Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2015
(Continued)

Byron Cemetery Perpetual Care Fund The Byron Cemetery Perpetual Care Fund receives 10% of all sales of lots and services at Byron Cemetery for the future maintenance of Byron Cemetery when it is no longer self-supporting.

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

Mausoleum Fund The Mausoleum Fund receives transfers from the Cemetery Fund for the installation of a mausoleum.

Dump Truck 2021 Fund The Dump Truck 2021 Fund receives transfers from the General Fund for the purchase of a dump truck in 2021.

Dump Truck 2024 Fund The Dump Truck 2024 Fund receives transfers from the General Fund for the purchase of a dump truck in 2024.

Tanker Fund The Tanker Fund receives transfers from the Fire Fund for the purchase of a tanker in 2022.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

Bath Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2015
(Continued)

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

A summary of 2015 budgetary activity appears in Note 3.

Deposits and Investments

The Township has no investments. A summary of deposits appears in Note 4.

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The Township maintains an Accumulated Vacation/Sick Leave Termination Benefit Fund to cover accumulated leave that exceeds the current year.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

Bath Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2015
(Continued)

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$304,246	\$335,377	\$31,131
Special Revenue	1,348,575	1,432,772	84,197
Capital Projects	37,250	337,250	300,000
Total	\$1,690,071	\$2,105,399	\$415,328

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$844,235	\$462,944	\$381,291
Special Revenue	1,688,657	1,602,495	86,162
Capital Projects	118,750	118,750	
Total	\$2,651,642	\$2,184,189	\$467,453

Note 4 – Deposits and Investments

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

	2015
Demand deposits	\$2,256,019

Deposits

Deposits up to \$250,000 are insured by the Federal Deposit Insurance Corporation; and the balance is collateralized by the financial institution’s public entity deposit pool.

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Bath Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2015
(Continued)

Public utilities are also taxed on personal and real property located within the Township.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

Note 6 – Risk Management

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2014, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 772 members as of December 31, 2015 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2015.

	2015
Assets	<u>\$14,643,667</u>
Liabilities	<u>(9,112,030)</u>
Members' Equity	<u>\$5,531,637</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Bath Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2015
(Continued)

Health Insurance

The Township provides health insurance benefits to its full-time employees. There is also a Health Reimbursement Account that reimburses an employee portion of the deductible up to \$3,500/\$7,000 for family coverage.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Except for zoning board members, all employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

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

Social Security

The Township's zoning board members contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

These employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2015.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2015.

Note 9 – Contractual Commitments

The Township has a five-year contract with the City of Fairborn for EMS and Fire protection that will expire December 31, 2017. The cost of these services in 2015 was \$708,345.



Dave Yost • Auditor of State

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

Bath Township
Greene County
1006 Yellow Springs-Fairfield Road
Fairborn, Ohio 45324

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Bath Township, Greene County, (the Township) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated March 29, 2018 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We noted the Township revised its financial presentation from that comparable to the requirements of Governmental Accounting Standard No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments to a format Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

March 29, 2018



Dave Yost • Auditor of State

BATH TOWNSHIP

GREENE 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
APRIL 19, 2018**