

BATH TOWNSHIP

ALLEN COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007



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, 2007 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Bath Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 18, 2009

88 E. Broad St. / Fifth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us

This Page is Intentionally Left Blank.

**BATH TOWNSHIP
ALLEN COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report	1 - 2
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances – All Governmental Fund Types - For the Year Ended December 31, 2008	4
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances – All Governmental Fund Types - For the Year Ended December 31, 2007	5
Notes to the Financial Statements	6 - 12
Independent Accountants' Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Required By <i>Government Auditing Standards</i>	14 - 15
Schedule of Audit Findings	16 - 17
Schedule of Prior Audit Findings	18

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

INDEPENDENT ACCOUNTANTS' REPORT

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

We have audited the accompanying financial statements of Bath Township, Allen County, (the Township) as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2008 and 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Bath Township, Allen County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

For the years ended December 31, 2008 and 2007, the Township revised its financial presentation comparable to the regulatory format presentation as prescribed by the Auditor of State of Ohio. See Note 9 Change in basis of accounting and restatement of fund equity.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2009, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Manning & Associates CPAs, LLC
Dayton, Ohio

April 6, 2009

This page intentionally left blank

**BATH TOWNSHIP
ALLEN COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008

GOVERNMENTAL FUND TYPES				
	General	Special Revenue	Capital Projects	Total (Memorandum Only)
Cash Receipts:				
Property & Other Local Taxes	\$ 171,073	\$ 1,126,654	\$ 0	\$ 1,297,727
Charges for Services	0	175,573	0	175,573
Licenses, Permits and Fees	11,151	5,935	0	17,086
Fines and Forfeitures	6,163	0	0	6,163
Intergovernmental Receipts	338,476	615,128	117,774	1,071,378
Special Assessments	0	7,752	0	7,752
Earnings on Investments	80,861	4,473	0	85,334
Miscellaneous	23,817	16,751	0	40,568
	631,541	1,952,266	117,774	2,701,581
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	389,745	0	0	389,745
Public Safety	0	910,486	0	910,486
Public Works	36,862	436,283	0	473,145
Health	58,234	3,548	0	61,782
Conservation/Recreation	3,332	0	0	3,332
Other	0	3,775	0	3,775
Debt Service: Redemption of Principal	0	26,782		
Capital Outlay	300	180,471	117,774	298,545
	488,473	1,561,345	117,774	2,167,592
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	143,068	390,921	0	533,989
Fund Cash Balances, January 1	1,685,857	2,377,110	0	4,062,967
Fund Cash Balances, December 31	\$ 1,828,925	\$ 2,768,031	\$ 0	\$ 4,596,956

The Notes to the Financial Statements are an integral part of this statement.

**BATH TOWNSHIP
ALLEN COUNTY**

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

GOVERNMENTAL FUND TYPES				Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property & Other Local Taxes	\$ 254,518	\$ 1,690,957	\$ 0	\$ 1,945,475
Charges for Services	0	188,332	0	188,332
Licenses, Permits and Fees	14,652	5,806	0	20,458
Fines and Forfeitures	10,283	0	0	10,283
Intergovernmental Receipts	268,602	495,336	29,795	793,733
Special Assessments	0	7,614	0	7,614
Earnings on Investments	162,146	11,031	0	173,177
Miscellaneous	23,874	15,387	0	39,261
Total Cash Receipts	734,075	2,414,463	29,795	3,178,333
Cash Disbursements:				
Current:				
General Government	351,707	0	0	351,707
Public Safety	0	986,847	0	986,847
Public Works	0	399,244	0	399,244
Health	57,165	6,541	0	63,706
Conservation/Recreation	3,638	0	0	3,638
Other	0	3,825	0	3,825
Debt Service: Redemption of Principal	0	40,171	0	40,171
Capital Outlay	2,074	581,698	29,795	613,567
Total Cash Disbursements	414,584	2,018,326	29,795	2,462,705
Total Receipts Over/(Under) Disbursements	319,491	396,137	0	715,628
Other Financing Receipts/(Disbursements):				
Sale of Fixed Assets	23,200	0	0	23,200
Total Other Financing Receipts	23,200	0	0	23,200
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	342,691	396,137	0	738,828
Fund Cash Balances, January 1	1,343,166	1,980,973	0	3,324,139
Fund Cash Balances, December 31	\$ 1,685,857	\$ 2,377,110	\$ 0	\$ 4,062,967

The Notes to the Financial Statements are an integral part of this statement.

**BATH TOWNSHIP
ALLEN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Bath Township of Allen County, (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 Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Bath Township Volunteer Fire Department to provide fire protection.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

The Township's accounting basis includes investments as assets. The basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains and losses at the time of sale as receipts of disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

General Fund:

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**BATH TOWNSHIP
ALLEN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Special Revenue Funds:

These funds are used to account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

Gasoline Tax Fund – This fund receives gasoline money for constructing, maintaining and repairing Township roads.

Fire Fund – This fund receives property tax revenue for providing fire protection within the Township.

Capital Projects Funds:

These funds account for receipts restricted to acquiring or constructing major capital projects. The Township had the following significant capital projects funds:

Issue II Fund – The Township received a grant from the State of Ohio to perform road work.

Community Development Block Grant Fund (CDBG) – The Township received a grant from Allen County to improve drainage within the Township

E. 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 fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year-end.

Estimated Resources

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

**BATH TOWNSHIP
ALLEN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

Encumbrances

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

A summary of 2007 and 2008 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Township maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments.

The carrying amount of cash and investments at December 31 was as follows:

	<u>2008</u>	<u>2007</u>
Demand Deposits	\$ 1,619,769	\$ 2,439,689
STAR Ohio	<u>2,977,187</u>	<u>1,623,278</u>
Total Deposits	<u>\$ 4,596,956</u>	<u>\$ 4,062,967</u>

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

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**BATH TOWNSHIP
ALLEN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2008 was as follows:

2008 Budgeted vs. Actual Receipts

Fund Type	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 754,850	\$ 631,541	\$ (123,309)
Special Revenue	2,414,578	1,952,266	(462,312)
Capital Projects	164,266	117,774	(46,492)
Total	<u>\$ 3,333,694</u>	<u>\$ 2,701,581</u>	<u>\$ (632,113)</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 1,042,000	\$ 488,473	\$ 553,527
Special Revenue	4,084,400	1,561,345	2,523,055
Capital Projects	164,266	117,774	46,492
Total	<u>\$ 5,290,666</u>	<u>\$ 2,167,592</u>	<u>\$ 3,123,074</u>

Budgetary activity for the year ending December 31, 2007 was as follows:

2007 Budgeted vs. Actual Receipts

Fund Type	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 726,000	\$ 757,275	\$ (31,275)
Special Revenue	2,067,830	2,414,463	(346,633)
Capital Projects	30,000	29,795	205
Total	<u>\$ 2,823,830</u>	<u>\$ 3,201,533</u>	<u>\$ (377,703)</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 1,007,000	\$ 414,584	\$ 592,416
Special Revenue	3,872,000	2,018,326	1,853,674
Capital Projects	30,000	29,795	205
Total	<u>\$ 4,909,000</u>	<u>\$ 2,462,705</u>	<u>\$ 2,446,295</u>

**BATH TOWNSHIP
ALLEN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

3. BUDGETARY COMPLIANCE

Contrary to Ohio Law, ORC Section 5705.336 allow all subdivisions to request a reduced amended certificate upon determination that revenue collected will be less than the amount of the official certificate of estimated resources. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current appropriation. In 2008 estimated resources exceeded actual in the motor vehicle, ambulance & EMS, and Issue II funds and in 2007, the motor vehicle, gasoline, street lighting, and CDBG funds by \$873, \$12,752, \$46,491 and \$873, \$5,194, \$5,716, and \$205, respectively.

4. PROPERTY TAX

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. DEBT

Debt outstanding at December 31, 2008 is as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loan	<u>\$361,556</u>	<u>0.0%</u>

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 reconstruction project.

Amortization of the above debt is scheduled as follows:

<u>Year Ending December 31,</u>	<u>OPWC Loan</u>
2009	\$13,391
2010	26,782
2011	26,782
2012	26,782
2013	26,782
2014-2018	133,909
2019-2023	<u>107,128</u>
Total	<u>\$361,556</u>

**BATH TOWNSHIP
ALLEN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

6. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10 percent and 9.5 percent, respectively, of their gross salaries and the Township contributed an amount equaling 14 percent and 13.85 percent, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2008.

7. 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.

**BATH TOWNSHIP
ALLEN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

8. CONTINGENT LIABILITIES

A. Landfill

The Township purchased a 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.

B. Grants

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.

8. CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY

This year the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. Last year the Township had implemented the modified cash basis of accounting, which included fund financial statements presenting 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.

For the year ended December 31, 2007 and 2008, the Township revised its financial presentation comparable to the regulatory basis of accounting as prescribed by the State Auditor's Office.

This page intentionally left blank

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***

Bath Township
Allen County
2880 Ada Road
Lima, Ohio 45801

To the Board of Trustees:

We have audited the financial statements of Bath Township, Allen County, (the Township) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated April 6, 2009 wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

We consider the following deficiencies described in the accompanying schedule of findings to be a significant deficiencies in internal control over financial reporting: 2008-001 and 2008-002

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 and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiencies described above are not material weaknesses.

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 grants agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance that we must report under *Government Auditing Standard*, which are described in the accompanying schedule of findings as items 2008-001 and 2008-002.

The Township's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

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

Manning & Associates CPAs, LLC
Dayton, Ohio

April 6, 2009

**BATH TOWNSHIP
ALLEN COUNTY**

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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

FINDING NUMBER 2008-001

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 2008 and 2007, 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.

Response: Fiscal Officer will review purchase order types for proper certification of funds.

FINDING NUMBER 2008-002

Ohio Rev. Code Section 5705.36 allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below that current level of appropriation.

The following funds were determined to have estimated receipts in excess of actual receipts:

<u>Fund Name</u>	<u>Estimated Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
2008			
Motor Vehicle Fund	\$21,127	\$20,254	(873)
Ambulance & EMS	188,332	175,580	(12,752)
Issue II	87,226	40,774	(46,491)

**BATH TOWNSHIP
ALLEN COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

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

FINDING NUMBER 2008-002, continued

<u>Fund Name</u>	<u>Estimated Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
2007			
Motor Vehicle Fund	22,000	21,127	(873)
Gasoline Fund	138,000	132,806	(5,194)
Street Lighting Funds	13,330	7,614	(5,716)
CDBG	30,000	29,795	(205)

Response: Amended certificates will be requested in the future, the Township did not expend more than what was received, ie no negative fund balance occurred.

**BATH TOWNSHIP
ALLEN COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Correction Action Taken; or Finding No Longer Valid; Explain
2006-001	ORC 5705.41 (D) - Improper use of Super Blanket Purchase Orders	No	reissue as finding 2008-001



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
MAY 28, 2009**