



**BATH TOWNSHIP  
SUMMIT COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



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## REPORT OF INDEPENDENT ACCOUNTANTS

Bath Township  
Summit County  
3864 West Bath Road  
PO Box 1188  
Bath, Ohio 44210-1188

To the Board of Trustees:

We have audited the accompanying financial statements of Bath Township, Summit County, Ohio, (the Township) as of and for the year ended December 31, 1999. 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township as of December 31, 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2000 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 grants.

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

**Jim Petro**  
Auditor of State

June 9, 2000

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**BATH TOWNSHIP**  
**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN**  
**FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES**  
**FOR THE YEAR ENDED DECEMBER 31, 1999**

|   | <u>Governmental Fund Types</u> |                            |                         |                             | <b>Totals<br/>(Memorandum<br/>Only)</b> |
|---|--------------------------------|----------------------------|-------------------------|-----------------------------|---|
|   | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Debt<br/>Service</u> | <u>Capital<br/>Projects</u> |   |
| <b>Cash Receipts:</b>   |                                |                            |                         |                             |   |
| Local Taxes   | \$938,821                      | \$3,374,188                | \$270,736               | \$0                         | \$4,583,745                             |
| Intergovernmental   | 866,900                        | 584,442                    | 32,485                  |                             | 1,483,827                               |
| Special Assessments   |                                | 133                        |                         |                             | 133                                     |
| Charges for Services  |                                | 247,204                    |                         |                             | 247,204                                 |
| Licenses, Permits, and Fees   | 43,033                         | 37,825                     |                         |                             | 80,858                                  |
| Fines, Forfeitures, and Penalties   | 19,138                         | 1,323                      |                         |                             | 20,461                                  |
| Earnings on Investments   | 168,404                        | 1,874                      | 3,372                   | 5,204                       | 178,854                                 |
| Other Revenue   | 35,100                         | 107,500                    |                         |                             | 142,600                                 |
| <b>Total Cash Receipts</b>  | <u>2,071,396</u>               | <u>4,354,489</u>           | <u>306,593</u>          | <u>5,204</u>                | <u>6,737,682</u>                        |
| <b>Cash Disbursements:</b>  |                                |                            |                         |                             |   |
| Current:  |                                |                            |                         |                             |   |
| General Government  | 458,770                        | 30,396                     |                         |                             | 489,166                                 |
| Public Safety   | 432,468                        | 2,579,893                  |                         |                             | 3,012,361                               |
| Public Works  | 308,920                        | 1,247,136                  |                         |                             | 1,556,056                               |
| Health  | 135,144                        |                            |                         |                             | 135,144                                 |
| Conservation - Recreation   | 10,977                         | 97,556                     |                         | 1,250                       | 109,783                                 |
| Miscellaneous   |                                |                            | 3,747                   |                             | 3,747                                   |
| Debt Service:   |                                |                            |                         |                             |   |
| Redemption of Principal   |                                |                            | 145,000                 |                             | 145,000                                 |
| Interest and Fiscal Charges   |                                |                            | 168,322                 |                             | 168,322                                 |
| Capital Outlay  | 47,205                         | 523,124                    |                         | 266,293                     | 836,622                                 |
| <b>Total Cash Disbursements</b>   | <u>1,393,484</u>               | <u>4,478,105</u>           | <u>317,069</u>          | <u>267,543</u>              | <u>6,456,201</u>                        |
| <b>Total Cash Receipts Over/(Under) Cash Disbursements</b>  | <u>677,912</u>                 | <u>(123,616)</u>           | <u>(10,476)</u>         | <u>(262,339)</u>            | <u>281,481</u>                          |
| <b>Other Financing Receipts/(Disbursements):</b>  |                                |                            |                         |                             |   |
| Transfers-In  |                                |                            |                         | 259,999                     | 259,999                                 |
| Transfers-Out   | (259,999)                      |                            |                         |                             | (259,999)                               |
| Other Sources   |                                | 750                        |                         |                             | 750                                     |
| <b>Total Other Financing Receipts/(Disbursements)</b>   | <u>(259,999)</u>               | <u>750</u>                 | <u>0</u>                | <u>259,999</u>              | <u>750</u>                              |
| <b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b> | <u>417,913</u>                 | <u>(122,866)</u>           | <u>(10,476)</u>         | <u>(2,340)</u>              | <u>282,231</u>                          |
| <b>Fund Cash Balances, January 1</b>  | <u>1,526,711</u>               | <u>968,399</u>             | <u>65,849</u>           | <u>356,813</u>              | <u>2,917,772</u>                        |
| <b>Fund Cash Balances, December 31</b>  | <u><b>\$1,944,624</b></u>      | <u><b>\$845,533</b></u>    | <u><b>\$55,373</b></u>  | <u><b>\$354,473</b></u>     | <u><b>\$3,200,003</b></u>               |
| <b>Reserve for Encumbrances, December 31</b>  | <u><b>\$283,569</b></u>        | <u><b>\$306,173</b></u>    | <u><b>\$0</b></u>       | <u><b>\$310,000</b></u>     | <u><b>\$899,742</b></u>                 |

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

**BATH TOWNSHIP  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
 FUND CASH BALANCES - NONEXPENDABLE TRUST FUND  
 FOR THE YEAR ENDED DECEMBER 31, 1999**

|  | <b>Fiduciary<br/>Fund Types</b> |
|--|---------------------------------|
|  | <b>Nonexpendable<br/>Trust</b>  |
| <b>Operating Cash Receipts:</b>        |                                 |
| Earnings on Investments                | \$5,909                         |
| Fund Cash Balances, January 1          | 116,249                         |
| <b>Fund Cash Balances, December 31</b> | <b>\$122,158</b>                |
| Reserve for Encumbrances, December 31  | \$0                             |

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



**BATH TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Bath Township, Summit County, Ohio, (the Township) is a body corporate and politic established 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 provides general governmental services, including road and bridge maintenance, cemetery maintenance, police and fire protection, emergency medical services, park facilities and solid waste collection.

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 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 prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Certificates of deposit are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

Investments are included in the fund cash balances. 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 disbursements, respectively.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

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

**BATH TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999**  
**(Continued)**

**2. Special Revenue Funds (Continued)**

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

Police District Fund - This fund receives tax revenues from special levies and accounts for police services provided to Township residents.

Fire District Fund - This fund receives tax revenues from special levies and accounts for fire services provided to Township residents.

**3. Debt Service Funds**

The Debt Service fund is used to accumulate resources for the payment of bonds and note indebtedness. The Township had the following significant Debt Service Fund:

Nature Preserve Bond Retirement Fund - This fund is used is used to accumulate resources for the payment of principal and interest on the Township's Nature Preserve bonds.

**4. Capital Projects Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Projects Funds:

Permanent Improvement Fund - This fund is used to account for land purchase and construction costs for the Township's baseball park.

Capital Equipment Fund - This fund is used to account for the purchase of equipment.

**5. Fiduciary Funds (Nonexpendable Trust Fund)**

These funds are used to account for resources restricted by legally binding trust agreements. The Township had the following significant fiduciary fund:

Wilson Memorial Fund - This fund is used to maintain the corpus for the fund. Interest is used to maintain the memorial.

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**BATH TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999  
(Continued)**

**2. 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 also approve estimated resources.

**3. Encumbrances**

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

A summary of 1999 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Township maintains a cash and investment 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>1999</u>               |
|--------------------------------|---------------------------|
| Demand deposits                | \$147,094                 |
| Certificates of deposit        | <u>1,790,000</u>          |
| Total deposits                 | <u>1,937,094</u>          |
| STAR Ohio                      | <u>1,385,067</u>          |
| Total deposits and investments | <u><u>\$1,937,094</u></u> |

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

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

**BATH TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999**  
(Continued)

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 1999 follows:

| 1999 Budgeted vs. Actual Receipts |                      |                    |           |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance  |
| General                           | \$1,806,084          | \$2,071,396        | \$265,312 |
| Special Revenue                   | 4,363,022            | 4,355,239          | (7,783)   |
| Debt Service                      | 310,613              | 306,593            | (4,020)   |
| Capital Projects                  | 265,203              | 265,203            | 0         |
| Fiduciary                         | 4,000                | 5,909              | 1,909     |
| Total                             | \$6,748,922          | \$7,004,340        | \$255,418 |

| 1999 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |             |
|---|----------------------------|---------------------------|-------------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance    |
| General   | \$2,850,131                | \$1,937,052               | \$913,079   |
| Special Revenue                                       | 5,330,270                  | 4,784,278                 | 545,992     |
| Debt Service  | 376,462                    | 317,069                   | 59,393      |
| Capital Projects                                      | 623,168                    | 577,543                   | 45,625      |
| Fiduciary   | 20,249                     | 0                         | 20,249      |
| Total   | \$9,200,280                | \$7,615,942               | \$1,584,338 |

**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 payments, the first half is due December 31. The second half payment is due the following June 20.

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

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

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

**BATH TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999  
(Continued)**

**5. DEBT**

Debt outstanding at December 31, 1999 was as follows:

|                          | Principal   | Interest<br>Rate |
|--------------------------|-------------|------------------|
| General Obligation Bonds | \$3,539,958 | 4%               |

The general obligation bonds provided resources for a nature preserve project whereby the Township purchased land from the Firestone Estate and converted the land to a nature preserve. The bonds will be repaid in annual installments over 17 years.

Amortization of the above debt, including interest of \$2,124,135, is scheduled as follows:

| Year ending<br>December 31: | General<br>Obligation<br>Bonds |
|-----------------------------|--------------------------------|
| 2000                        | \$312,740                      |
| 2001                        | 316,665                        |
| 2002                        | 315,105                        |
| 2003                        | 313,257                        |
| 2004                        | 316,118                        |
| Subsequent                  | 4,090,208                      |
| Total                       | \$5,664,093                    |

**6. RETIREMENT SYSTEMS**

The Township's certified Fire Fighters belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999, members of PFDPF contributed 10% of their wages to the PFDPF. The Township contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

**BATH TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999**  
**(Continued)**

**7. RISK MANAGEMENT**

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Public officials' liability
- Errors and omissions

The Township also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

**8. JOINT VENTURE**

The Township is a member of a Joint Economic District (JEDD) with the Cities of Akron and Fairlawn. Both cities provide city services to businesses and residents within the JEDD, while the Township is permitted to collect income tax on those businesses and residents. At the same time, the JEDD prevents annexation of Township property by either City and maintains the Township's property tax base.

The Township jointly operates a fire station with Copley Township. The Township is responsible for 100% of utility and 50% of payroll costs for the station. For the year ended December 31, 1999, the Township's expenditures for the fire station were \$83,617.

**9. CONTINGENT LIABILITIES**

The Township is defendant in a lawsuit. Although the outcome of this suit is not presently determinable, management believes that the resolution of this matter will not materially adversely affect the Township's financial condition.

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.



STATE OF OHIO  
OFFICE OF THE AUDITOR  
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Bath Township  
Summit County  
3864 West Bath Road  
PO Box 1188  
Bath, Ohio 44210-1188

To the Board of Trustees:

We have audited the accompanying financial statements of Bath Township, Summit County, Ohio, (the Township) as of and for the year ended December 31, 1999, and have issued our report thereon dated June 9, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 9, 2000.

This report is intended for the information and use of management, and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

**Jim Petro**  
Auditor of State

June 9, 2000





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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800-282-0370

Facsimile 614-466-4490

**BATH TOWNSHIP**

**SUMMIT 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  
JULY 18, 2000**