



**BATH TOWNSHIP
ALLEN COUNTY**

**REGULAR AUDIT
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**BATH TOWNSHIP
ALLEN COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Bath Township
Allen County
2880 Ada Road
Lima, Ohio 45801

To the Board of Trustees:

We have audited the accompanying financial statements of Bath Township, Allen County, (the Township) as of and for the years ended December 31, 2000 and 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 of the Township as of December 31, 2000 and 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 May 15, 2001, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of this audit.

Bath Township
Allen County
Report of Independent Accountants
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This report is intended solely for the information and use of management and 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.

Jim Petro
Auditor of State

May 15, 2001

**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, 2000**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Taxes	\$208,011	\$684,236		\$892,247
Intergovernmental Receipts	326,371	109,744	258,873	694,988
Special Assessments		9,015		9,015
Charges for Services	2,400	33,937		36,337
Licenses, Permits, and Fees	13,063	9,022		22,085
Fines and Forfeitures	7,126			7,126
Interest	100,561	8,736		109,297
Other Revenue	18,730	31,764		50,494
	<u>676,262</u>	<u>886,454</u>	<u>258,873</u>	<u>1,821,589</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	305,539			305,539
Public Safety	4,125	515,837		519,962
Public Works	6,453	371,288		377,741
Health	79,527	470		79,997
Conservation - Recreation	4,686			4,686
Miscellaneous		4,875		4,875
Capital Outlay	35,613	38,351	261,711	335,675
	<u>435,943</u>	<u>930,821</u>	<u>261,711</u>	<u>1,628,475</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>240,319</u>	<u>(44,367)</u>	<u>(2,838)</u>	<u>193,114</u>
Other Financing Receipts/(Disbursements):				
Sale of Assets	2,247			2,247
Transfers-In		160,000		160,000
Transfers-Out	(160,000)			(160,000)
	<u>(157,753)</u>	<u>160,000</u>		<u>2,247</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	82,566	115,633	(2,838)	195,361
Fund Cash Balances, January 1	<u>1,020,337</u>	<u>614,780</u>	<u>2,838</u>	<u>1,637,955</u>
Fund Cash Balances, December 31	<u>\$1,102,903</u>	<u>\$730,413</u>	<u>\$0</u>	<u>\$1,833,316</u>

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, 1999**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Taxes	\$210,986	\$683,771		\$894,757
Intergovernmental Receipts	367,486	108,898	59,400	535,784
Special Assessments		7,977		7,977
Charges for Services	2,400	21,347		23,747
Licenses, Permits, and Fees	15,482	13,888		29,370
Fines and Forfeitures	6,702			6,702
Interest	59,817	11,386		71,203
Other Revenue	13,841	16,040		29,881
	<u>676,714</u>	<u>863,307</u>	<u>59,400</u>	<u>1,599,421</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	279,389			279,389
Public Safety		509,552		509,552
Public Works		289,680		289,680
Health	77,223	1,861		79,084
Conservation - Recreation	4,000			4,000
Miscellaneous		5,152		5,152
Capital Outlay	29,703	7,430	59,400	96,533
	<u>390,315</u>	<u>813,675</u>	<u>59,400</u>	<u>1,263,390</u>
Total Cash Disbursements				
Total Receipts Over Disbursements	<u>286,399</u>	<u>49,632</u>	<u>0</u>	<u>336,031</u>
Other Financing Receipts:				
Other Financing Sources	<u>2,453</u>			<u>2,453</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements	288,852	49,632	0	338,484
Fund Cash Balances, January 1	<u>731,485</u>	<u>565,148</u>	<u>2,838</u>	<u>1,299,471</u>
Fund Cash Balances, December 31	<u>\$1,020,337</u>	<u>\$614,780</u>	<u>\$2,838</u>	<u>\$1,637,955</u>

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

**BATH TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Bath Township, Allen County, (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 repair and improvement of Township roads and bridges, cemetery management, emergency medical services, and fire protection services. The Township contracts with the Allen County Sheriff's department to provide security of persons and property, and to the Bath Township Volunteer Fire Association for emergency medical and fire protection services.

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

The Township's checking account and overnight repurchase agreement are valued at cost. The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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:

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

**BATH TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Sheriff Fund - This fund receives property tax revenue for providing police protection within the Township.

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

3. Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Township had the following significant Capital Project Funds:

Community Development Block Grant Fund - This fund received funding for a drainage project.

Issue II Fund - This fund received Issue II money for a road reconstruction project.

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. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**BATH TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as 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 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>2000</u>	<u>1999</u>
Demand deposits	\$ (45,413)	\$ (25,676)
Overnight repurchase agreement	954,622	795,181
STAR Ohio	<u>924,107</u>	<u>868,450</u>
Total investments	<u>1,878,729</u>	<u>1,663,631</u>
Total deposits and investments	<u><u>\$1,833,316</u></u>	<u><u>\$1,637,955</u></u>

Deposits: Deposits are either 1) insured by the Federal Depository Insurance Corporation, or 2) collateralized by the financial institution's public entity deposit pool.

Investments: The Sweep Account/Repurchase Agreement is invested in federal home loan bank securities as an overnight investment. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 was as follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 706,364	\$ 678,509	\$ (27,855)
Special Revenue	932,773	1,046,454	113,681
Capital Projects	<u>228,509</u>	<u>258,873</u>	<u>30,364</u>
Total	<u><u>\$ 1,867,646</u></u>	<u><u>\$ 1,983,836</u></u>	<u><u>\$ 116,190</u></u>

**BATH TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,569,001	\$ 595,943	\$ 973,058
Special Revenue	1,451,138	930,821	520,317
Capital Projects	231,347	261,711	(30,364)
Total	<u>\$ 3,251,486</u>	<u>\$ 1,788,475</u>	<u>\$ 1,463,011</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 505,319	\$ 679,167	\$ 173,848
Special Revenue	835,078	863,307	28,229
Capital Projects	0	59,400	59,400
Total	<u>\$ 1,340,397</u>	<u>\$ 1,601,874</u>	<u>\$ 261,477</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,144,000	\$ 390,315	\$ 753,685
Special Revenue	1,358,066	813,675	544,391
Capital Projects	2,838	59,400	(56,562)
Total	<u>\$ 2,504,904</u>	<u>\$ 1,263,390</u>	<u>\$ 1,241,514</u>

Ohio Rev. Code Section 5705.41 (B) states money is not to be expended unless appropriated. The significant variances shown for the Capital Projects Fund in 1999 and 2000 were for monies received from Issue II and CDBG funds which were monies paid on behalf of the Township for which the Township does not actually receive and disburse cash. Since this did not pose a potential for loss of revenue or the improper expenditure of money, no budgetary citation was issued for this fund.

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.

**BATH TOWNSHIP
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. RETIREMENT SYSTEMS

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides 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 2000 and 1999, members of PERS contributed 8.5% of their gross wages. The Township contributed an amount equal to 13.55% of participants' gross salaries during the period of January 1, 1999 through June 30, 2000. During the period of July 1, 2000 through December 31, 2000, there was a temporary reduction which reduced the employer rate to 8.13%. The Township has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

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

7. CONTINGENT LIABILITIES

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

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REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Bath Township
Allen County
2880 Ada Road
Lima, Ohio 45801

To the Board of Trustees:

We have audited the accompanying financial statements of Bath Township, Allen County, Ohio (the Township), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 15, 2001. 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 the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 15, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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 May 15, 2001.

Bath Township
Allen County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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.

Jim Petro
Auditor of State

May 15, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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
JUNE 19, 2001**