



**BATH TOWNSHIP
SUMMIT COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**BATH TOWNSHIP
SUMMIT COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Bath Township
Summit County
3864 West Bath Road
Bath, Ohio 44210

To the Board of Trustees:

We have audited the accompanying financial statements of Bath Township (the Township) as of and for the year ended December 31, 2001. 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 *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, 2001, 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 February 27, 2002 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 our audit.

This report is intended solely for the information and use of the audit committee, 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.

Jim Petro
Auditor of State

February 27, 2002

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**BATH TOWNSHIP
SUMMIT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Local Taxes	\$1,060,987	\$3,847,771	\$299,587	\$0	\$5,208,345
Intergovernmental	771,470	890,614	34,937		1,697,021
Special Assessments		112			112
Licenses, Permits, and Fees	48,662	346,296			394,958
Fines, Forfeitures, and Penalties	17,584	15,160			32,744
Earnings on Investments	112,578	11,562	4,558		128,698
Other Revenue	151,269	58,258			209,527
Total Cash Receipts	<u>2,162,550</u>	<u>5,169,773</u>	<u>339,082</u>	<u>0</u>	<u>7,671,405</u>
Cash Disbursements:					
Current:					
General Government	1,223,417	19,562			1,242,979
Public Safety	242,174	2,823,687		17,846	3,083,707
Public Works	103,405	1,219,012			1,322,417
Conservation - Recreation		148,074			148,074
Debt Service:					
Redemption of Principal			160,000		160,000
Interest and Fiscal Charges			161,140		161,140
Capital Outlay	254,204	437,680		4,589	696,473
Total Cash Disbursements	<u>1,823,200</u>	<u>4,648,015</u>	<u>321,140</u>	<u>22,435</u>	<u>6,814,790</u>
Total Receipts Over/(Under) Disbursements	<u>339,350</u>	<u>521,758</u>	<u>17,942</u>	<u>(22,435)</u>	<u>856,615</u>
Other Financing Receipts/(Disbursements):					
Transfers-In				178,521	178,521
Transfers-Out	(206,521)				(206,521)
Other Sources		800			800
Total Other Financing Receipts/(Disbursements)	<u>(206,521)</u>	<u>800</u>	<u>0</u>	<u>178,521</u>	<u>(27,200)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>132,829</u>	<u>522,558</u>	<u>17,942</u>	<u>156,086</u>	<u>829,415</u>
Fund Cash Balances, January 1	<u>1,423,196</u>	<u>939,773</u>	<u>66,106</u>	<u>4,589</u>	<u>2,433,664</u>
Fund Cash Balances, December 31	<u>\$1,556,025</u>	<u>\$1,462,331</u>	<u>\$84,048</u>	<u>\$160,675</u>	<u>\$3,263,079</u>
Reserve for Encumbrances, December 31	<u>\$237,005</u>	<u>\$222,044</u>	<u>\$0</u>	<u>\$30,028</u>	<u>\$489,077</u>

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

**BATH TOWNSHIP
SUMMIT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Fiduciary Fund Types</u>		Totals (Memorandum Only)
	<u>Nonexpendable Trust</u>	<u>Agency</u>	
Operating Cash Receipts:			
Earnings on Investments	\$5,401	\$0	\$5,401
Operating Cash Disbursements:			
Public Safety	<u>5,458</u>		<u>5,458</u>
Total Receipts Over/(Under) Disbursements	(57)	0	(57)
Other Financing Receipts:			
Transfers-In		<u>28,000</u>	<u>28,000</u>
Excess of Operating Cash Receipts and Other Financing Receipts Over/(Under) Operating Cash Disbursements	(57)	28,000	27,943
Fund Cash Balances, January 1	<u>120,246</u>	<u>0</u>	<u>120,246</u>
Fund Cash Balances, December 31	<u>\$120,189</u>	<u>\$28,000</u>	<u>\$148,189</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**BATH TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Bath Township, Summit 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 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

Investments are included in 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.

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

**BATH TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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 money to construct, maintain and repair Township roads and bridges.

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

Fire District Fund - This fund receives tax revenues from special levies to pay 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 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 the 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 and Agency Funds)

These funds are used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary funds:

Wilson Memorial Fund - This nonexpendable trust fund is used to maintain the corpus of the fund, while the interest is used specifically for the benefit of the safety forces.

Fire Escrow Fund - This agency fund is used to account for insurance proceeds to be held until required repairs to damaged property are made and approved by the Township.

**BATH TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 2001 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. Accumulated Leave

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

**BATH TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

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:

	2001
Demand deposits	\$32,105
Certificates of deposit	1,140,000
Total deposits	1,172,105
STAR Ohio	2,239,163
Total deposits and investments	\$3,411,268

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.

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2001 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,936,122	\$2,162,550	\$226,428
Special Revenue	5,445,866	5,170,573	(275,293)
Debt Service	333,108	339,082	5,974
Capital Projects	178,521	178,521	0
Fiduciary	31,000	33,401	2,401
Total	\$7,924,617	\$7,884,127	(\$40,490)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,984,567	\$2,266,726	\$717,841
Special Revenue	5,939,975	4,870,059	1,069,916
Debt Service	345,000	321,140	23,860
Capital Projects	178,646	52,463	126,183
Fiduciary	51,246	5,458	45,788
Total	\$9,499,434	\$7,515,846	\$1,983,588

**BATH TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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.

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.

5. DEBT

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$3,229,959	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, is scheduled as follows:

Year ending December 31:	Principal	Interest	Total
2002	\$165,000	\$150,105	\$315,105
2003	170,000	143,258	313,258
2004	180,000	136,118	316,118
2005	185,000	128,378	313,378
2006	195,000	120,330	315,330
Subsequent	2,334,958	1,126,542	3,461,500
Total	\$3,229,958	\$1,804,731	\$5,034,689

**BATH TOWNSHIP
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001
(Continued)**

6. RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F 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 2001, members of OP&F participants contributed 10% of their wages. The Township contributed an amount equal to 24% of their wages to OP&F. 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, 2001.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles
- Public officials' liability; and
- 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 utilities and 50% of payroll costs for the station. For the year ended December 31, 2001, the Township's expenditures for the fire station were \$104,316.

9. CONTINGENT LIABILITIES

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.



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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
Bath, Ohio 44210

To the Board of Trustees:

We have audited the accompanying financial statements of Bath Township (the Township) as of and for the year ended December 31, 2001, and have issued our report thereon dated February 27, 2002. 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 *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*.

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.

Bath Township
Summit County
Report of Independent Accountants on Compliance and on Internal Control
Required By *Government Auditing Standards*
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This report is intended solely for the information and use of the audit committee, 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

February 27, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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
MARCH 12, 2002**