

BATH TOWNSHIP

ALLEN COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of Bath Township, Allen County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2009 through December 31, 2010. 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 Auditors' 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 Auditors' 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.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

June 24, 2011

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**BATH TOWNSHIP
ALLEN COUNTY**

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Manning & Associates

Certified Public Accountants, LLC

John M. Manning, CPA • Sandra L. Comer, CPA • John C. Bensman, CPA • John M. Keller, CPA

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Bath Township, Allen County, Ohio, (the Township), as of and for the years ended December 31, 2010 and 2009. 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 that 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, 2010 and 2009 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, 2010 and 2009, 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, Ohio, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined 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 22, 2011, 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 22, 2011

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**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, 2010

	GOVERNMENTAL FUND TYPES		Total
	General	Special Revenue	(Memorandum Only)
Cash Receipts:			
Property & Other Local Taxes	\$ 154,797	\$ 1,003,763	\$ 1,158,560
Charges for Services	0	179,121	179,121
Licenses, Permits and Fees	12,775	11,306	24,081
Fines and Forfeitures	5,108	0	5,108
Intergovernmental Receipts	280,015	724,751	1,004,766
Special Assessments	0	9,583	9,583
Earnings on Investments	6,693	199	6,892
Miscellaneous	65,462	10,838	76,300
Total Cash Receipts	524,850	1,939,561	2,464,411
Cash Disbursements:			
Current:			
General Government	421,843	0	421,843
Public Safety	0	1,126,901	1,126,901
Public Works	58,210	295,978	354,188
Health	58,925	1,635	60,560
Conservation/Recreation	1,813	0	1,813
Other	0	3,076	3,076
Capital Outlay	48,111	97,234	145,345
Debt Service: Redemption of Principal	0	39,022	39,022
Total Cash Disbursements	588,902	1,563,846	2,152,748
Total Receipts Over/(Under) Disbursements	(64,052)	375,715	311,663
Other Financing Receipts/(Disbursements):			
Sale of Fixed Assets	9,000	0	9,000
Total Other Financing Receipts	9,000	0	9,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	(55,052)	375,715	320,663
Fund Cash Balances, January 1	1,895,959	2,793,787	4,689,746
Fund Cash Balances, December 31	\$ 1,840,907	\$ 3,169,502	\$ 5,010,409

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, 2009

	GOVERNMENTAL FUND TYPES			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property & Other Local Taxes	\$ 169,842	\$ 1,004,618	\$ 0	\$ 1,174,460
Charges for Services	0	188,120	0	188,120
Licenses, Permits and Fees	10,125	7,838	0	17,963
Fines and Forfeitures	5,922	0	0	5,922
Intergovernmental Receipts	268,294	672,161	317,062	1,257,517
Special Assessments	0	8,966	0	8,966
Earnings on Investments	11,955	476	0	12,431
Miscellaneous	13,185	14,071	0	27,256
Total Cash Receipts	479,323	1,896,250	317,062	2,692,635
Cash Disbursements:				
Current:				
General Government	352,727	0	0	352,727
Public Safety	0	935,925	0	935,925
Public Works	2,926	449,485	0	452,411
Health	56,373	1,452	0	57,825
Conservation/Recreation	2,263	0	0	2,263
Other	0	4,212	0	4,212
Capital Outlay	0	459,908	561,858	1,021,766
Debt Service: Redemption of Principal	0	19,512	0	19,512
Total Cash Disbursements	414,289	1,870,494	561,858	2,846,641
Total Receipts Over/(Under) Disbursements	65,034	25,756	(244,796)	(154,006)
Other Financing Receipts/(Disbursements):				
Debt Proceeds	0	0	244,796	244,796
Sale of Fixed Assets	2,000	0	0	2,000
Total Other Financing Receipts	2,000	0	244,796	246,796
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	67,034	25,756	0	92,790
Fund Cash Balances, January 1	1,828,925	2,768,031	0	4,596,956
Fund Cash Balances, December 31	\$ 1,895,959	\$ 2,793,787	\$ 0	\$ 4,689,746

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, 2010 AND 2009

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. Bath Township Volunteer Fire Department to provides 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, 2010 AND 2009

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 I 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, 2010 AND 2009

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.

A summary of 2010 and 2009 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>2010</u>	<u>2009</u>
Demand Deposits	\$1,219,158	\$803,046
STAR Ohio	<u>3,791,251</u>	<u>3,886,700</u>
Total Deposits	<u>\$5,010,409</u>	<u>\$4,689,746</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, 2010 AND 2009

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2010 was as follows:

2010 Budgeted vs. Actual Receipts

Fund Type	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 478,526	\$ 533,850	\$ 55,324
Special Revenue	1,861,111	1,939,561	78,450
Capital Projects	98,000	0	(98,000)
Total	<u>\$ 2,437,637</u>	<u>\$ 2,473,411</u>	<u>\$ 35,774</u>

2010 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 1,284,000	\$ 588,902	\$ 695,098
Special Revenue	3,433,776	1,563,846	1,869,930
Capital Projects	0	0	0
Total	<u>\$ 4,717,776</u>	<u>\$ 2,152,748</u>	<u>\$ 2,565,028</u>

Budgetary activity for the year ending December 31, 2009 was as follows:

2009 Budgeted vs. Actual Receipts

Fund Type	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 478,525	\$ 481,323	\$ 2,798
Special Revenue	1,869,640	1,896,250	26,610
Capital Projects	331,475	561,858	230,383
Total	<u>\$ 2,679,640</u>	<u>\$ 2,939,431</u>	<u>\$ 259,791</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 1,200,000	\$ 414,289	\$ 785,711
Special Revenue	4,237,975	1,870,494	2,367,481
Capital Projects	331,475	561,858	(230,383)
Total	<u>\$ 5,769,450</u>	<u>\$ 2,846,641</u>	<u>\$ 2,922,809</u>

**BATH TOWNSHIP
ALLEN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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, 2010 is as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC Country Club Hills Loan	\$321,382	0.0%
OPWC Fenway Drive Loan	226,436	0.0%
	\$534,425	

OPWC Country Club Hills loan was obtained in 2002 in the amount of \$535,637 with a 0.0% interest rate for the Country Club Hills Phase II road reconstruction project. Repayment of this loan is made in semiannual principal payments on January 1 and July 1, final payment January 2023.

OPWC Fenway Drive loan was obtained in 2009 in the amount of \$244,796 with a 0.0% interest rate for the Fenway Drive reconstruction project. Repayment of this loan is made in semiannual principal payments on January 1 and July 1, final payment July 2029. Amortization of the above debt is scheduled as follows:

Year	OPWC Country Club Hills		OPWC Fenway Drive	
	Principal	Interest	Principal	Interest
2011	\$ 13,391	\$ 0	\$6,120	\$ 0
2012	26,782	0	12,240	0
2013	26,782	0	12,240	0
2014	26,782	0	12,240	0
2015	26,782	0	12,240	0
2016 - 2020	133,910	0	61,200	0
2021 - 2125	66,953	0	61,200	0
2026 - 2130	0	0	48,956	0
Totals	\$321,382	\$ 0	\$266,436	\$ 0

**BATH TOWNSHIP
ALLEN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

6. RETIREMENT SYSTEM

The Township's fire fighters belong to the Ohio Police and Fire Fund (OP&F). Other full-time employees belong to OPERS. OP&F and OPERS are cost sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contributions rates. For 2010 and 2009, OP&F participants contributed 10.1 percent of their wages and the Township contributed an amount equal to 24 percent of covered payroll for firefighters. For 2010 and 2009, OPERS participants contributed 10 percent of their wages and the Township contributed an amount equal to 14 percent of participants covered payroll. The Township has paid all contributions required through December 31, 2010.

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
Public Officials Liability	1,000,000
Law Enforcement Operations	1,000,000
Wrongful Acts	1,000,000
Property	2,074,307
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, 2010 AND 2009

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.

9. COMPLIANCE

Ohio Rev. Code Section 5705.41 (B) prohibits a subdivision or taxing entity expending money unless it has been appropriated. In 2009, actual expenditures exceeded appropriations in the Issue I fund by \$244,796.

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. Super Blanket purchase orders were used in 2010 and 2009, not all expenses certified with a "Super Blanket" met the criteria for being specific and reasonably predictable operating expenses.

Manning & Associates
Certified Public Accountants, LLC

John M. Manning, CPA • Sandra L. Comer, CPA • John C. Bensman, CPA • John M. Keller, CPA

**INDEPENDENT AUDITORS' 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, Ohio (the Township), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated April 22, 2011, wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Government's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-002 described in the accompanying schedule of findings to be a material weakness.

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**America Counts
On CPAs®**
www.manningcpallc.com

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as Findings Number 2010-001 and 2010-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated April 22, 2011.

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 solely for the information and use of management and the Board of Trustees. We intend it for no one other than these specified parties.

Manning & Associates CPAs, LLC
Dayton, Ohio

April 22, 2011

**BATH TOWNSHIP
ALLEN COUNTY**

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2010-001

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 2009, 100 percent of all expenditures were certified with a “Super Blanket,” in 2010 some improvement was noted with the Fiscal Officer issuing a few Regular Purchase Orders during the year. However, in both 2010 and 2009, not all expenses certified with a “Super Blanket” met 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 specific and predictable obligations.

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

FINDING NUMBER 2010-002

Material Weakness

Ohio Admin Code Section 117-2 provides that the Township Fiscal Officer shall keep the books of the Township; exhibit accurate statements of all monies received and expended, and maintain records of all property owned by the Township and income derived. In addition, Ohio Admin Code Section 117-2-02(A) states that all public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets and liabilities, document compliance with finance relate legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the administrative code. The following items were noted:

- OPWC grant received in 2009 was recorded on the financial statements at \$202,789, however, OPWC reports the amount disbursed as \$248,475.

**BATH TOWNSHIP
ALLEN COUNTY**

SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2010-002, continued

- The Township received a loan of \$244,796 from OPWC in 2009, which was not recorded on the Township financial statements.
- Warrant numbers in the UAN system did not always match the actual check numbers
- Budgetary amounts reported on the UAN system did not match estimated resources and appropriations reported to the County.

All adjustments have been reflected in the financial statements. The Township should record on behalf payments as reported from granting agencies. All debt of the Township should be reported as received. In addition the Township should request an amended official certificate of estimated resources and appropriation measure as needed. **Ohio Rev. Code Section 5705.41 (B)** prohibits a subdivision or taxing entity expending money unless it has been appropriated.

We recommend that the Township implement any necessary policy and review procedures to ensure that the Townships' records accurately reflect all transactions.

Response: Township and Fiscal Officer are aware of the importance of complete and accurate records and will make every effort to properly record all transactions.

**BATH TOWNSHIP
ALLEN COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Correction Action Taken; or Finding No Longer Valid; Explain
2008-001	ORC 5705.41 (D) - Improper use of Super Blanket Purchase Orders	No	Reissued as Finding Number 2010-001
2008-002	ORC 5705.36 - Estimated receipts in excess of actual receipts	Partially	Issued as Management Letter Comment

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Dave Yost • 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
JULY 7, 2011**