



**BATH TOWNSHIP  
SUMMIT COUNTY  
REGULAR AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2002**



**Auditor of State  
Betty Montgomery**



**BATH TOWNSHIP  
SUMMIT COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Bath Township  
Summit County  
3864 West Bath Road  
PO Box 1188  
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, 2002. 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, 2002, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2003 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

March 28, 2003

**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, 2002**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Local Taxes	\$1,064,120	\$4,152,504	\$263,344	\$0	\$5,479,968
Intergovernmental	842,490	891,045	31,730		1,765,265
Special Assessments		61			61
Charges for Services		79,076			79,076
Licenses, Permits, and Fees	66,148	367,145			433,293
Fines, Forfeitures, and Penalties	20,449	325			20,774
Earnings on Investments	75,638	5,821	915		82,374
Other Revenue	71,403	158,063			229,466
	<u>2,140,248</u>	<u>5,654,040</u>	<u>295,989</u>	<u>0</u>	<u>8,090,277</u>
<b>Total Cash Receipts</b>					
<b>Cash Disbursements:</b>					
Current:					
General Government	886,406	44,232			930,638
Public Safety	429,904	2,899,391		30,028	3,359,323
Public Works		1,586,221			1,586,221
Health	182,703				182,703
Human Services	2,975	3,670			6,645
Conservation - Recreation	6,768	166,668			173,436
Miscellaneous		3,429	3,992		7,421
Debt Service:					
Redemption of Principal			165,000		165,000
Interest and Fiscal Charges			150,105		150,105
Capital Outlay	415,932	371,872			787,804
	<u>1,924,688</u>	<u>5,075,483</u>	<u>319,097</u>	<u>30,028</u>	<u>7,349,296</u>
<b>Total Cash Disbursements</b>					
<b>Total Receipts Over/(Under) Disbursements</b>	<u>215,560</u>	<u>578,557</u>	<u>(23,108)</u>	<u>(30,028)</u>	<u>740,981</u>
<b>Other Financing Receipts/(Disbursements):</b>					
Transfers-In				164,000	164,000
Transfers-Out	(164,000)				(164,000)
Advances-In	2,975	5,000			7,975
Advances-Out	(5,000)	(2,975)			(7,975)
	<u>(166,025)</u>	<u>2,025</u>	<u>0</u>	<u>164,000</u>	<u>0</u>
<b>Total Other Financing Receipts/(Disbursements)</b>					
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	49,535	580,582	(23,108)	133,972	740,981
Fund Cash Balances, January 1	1,556,025	1,462,331	84,048	160,675	3,263,079
<b>Fund Cash Balances, December 31</b>	<u><b>\$1,605,560</b></u>	<u><b>\$2,042,913</b></u>	<u><b>\$60,940</b></u>	<u><b>\$294,647</b></u>	<u><b>\$4,004,060</b></u>
Reserves for Encumbrances, December 31	<u>\$259,048</u>	<u>\$266,360</u>	<u>\$0</u>	<u>\$40,851</u>	<u>\$566,259</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 - FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Fiduciary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Nonexpendable Trust</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Earnings on Investments	\$2,255		2,255
Other		\$41,611	\$41,611
<b>Total Cash Receipts</b>	<u>2,255</u>	<u>41,611</u>	<u>43,866</u>
<b>Operating Cash Disbursements:</b>			
Public Safety	1,059		1,059
Escrow Payments		28,000	28,000
Deposit Refunds		1,000	1,000
<b>Total Cash Disbursements</b>	<u>1,059</u>	<u>29,000</u>	<u>30,059</u>
Total Receipts Over/(Under) Disbursements	1,196	12,611	13,807
Fund Cash Balances, January 1	<u>120,189</u>	<u>28,000</u>	<u>148,189</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$121,385</b></u>	<u><b>\$40,611</b></u>	<u><b>\$161,996</b></u>
Reserves for Encumbrances, December 31	<u><u>\$0</u></u>	<u><u>\$3,000</u></u>	<u><u>\$3,000</u></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, 2002**

**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 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 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.

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, 2002  
(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 has 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.

*Police District Fund* – This fund receives special levy tax money for providing police services to Township residents.

*Fire District Fund* – This fund receives special levy tax money for providing fire services 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 has 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 has the following significant Capital Projects Funds:

*Police Vehicle Fund* – This fund is used to accumulate resources for the purchase of police vehicles.

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

**5. Fiduciary Funds (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 has 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 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, 2002  
(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 the appropriation measure 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 2002 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, 2002  
(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:

	2002
Demand deposits	\$3,688
Certificates of deposit	2,938,000
Total deposits	2,941,688
 STAR Ohio	 1,224,368
 Total deposits and investments	 \$4,166,056

**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 years ended December 31, 2002 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,850,619	\$2,143,223	\$292,604
Special Revenue	5,662,725	5,659,040	(3,685)
Debt Service	293,855	295,989	2,134
Capital Projects	164,000	164,000	0
Fiduciary	14,000	43,866	29,866
Total	\$7,985,199	\$8,306,118	\$320,919

**BATH TOWNSHIP  
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,406,643	\$2,352,736	\$1,053,907
Special Revenue	6,337,157	5,344,818	992,339
Debt Service	335,105	319,097	16,008
Capital Projects	161,828	70,879	90,949
Fiduciary	62,190	33,059	29,131
Total	\$10,302,923	\$8,120,589	\$2,182,334

**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 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.

**5. DEBT**

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$3,064,958	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 are being repaid in annual installments over 17 years.

**BATH TOWNSHIP  
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002  
(Continued)**

**5. DEBT (Continued)**

Amortization of the above debt, including interest, is scheduled as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending December 31:			
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
2007	51,309	265,441	316,750
2008-2012	928,649	651,601	1,580,250
2013-2017	1,355,000	209,500	1,564,500
Total	<u>\$3,064,958</u>	<u>\$1,654,626</u>	<u>\$4,719,584</u>

**6. RETIREMENT SYSTEMS**

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS 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 2002, members of OP&F participants contributed 10% of their wages. The Township contributed an amount equal to 24% of their wages to OP&F. OPERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2002. The Township has paid all contributions required through December 31, 2002.

**7. RISK MANAGEMENT**

**Commercial Insurance**

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.

**BATH TOWNSHIP  
SUMMIT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002  
(Continued)**

**8. JOINT VENTURE**

The Township is a member of a Joint Economic District (JEDD) with the cities of Akron and Fairlawn. The City of Akron provides water service to businesses and residents within the JEDD, while the JEDD is permitted to collect income tax on those businesses. 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, 2002, the Township's expenditures for the fire station were \$1,397,817.

**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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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT 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

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, 2002, and have issued our report thereon dated March 28, 2003. 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*.

However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 28, 2003.

#### 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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 28, 2003.

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

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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

March 28, 2003



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

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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  
MAY 15, 2003**