



OHIO AUDITOR OF STATE  
**KEITH FABER**





**BATH TOWNSHIP  
ALLEN COUNTY  
DECEMBER 31, 2018 AND 2017**

**TABLE OF CONTENTS**

TITLE	PAGE
Independent Auditor's Report .....	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2018.....	3
Statement of Receipts, Disbursements, and Change in Fund Balance (Cash Basis) – Agency Fund - For the Year Ended December 31, 2018.....	4
Notes to the Financial Statements For the Year Ended December 31, 2018.....	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2017.....	13
Statement of Receipts, Disbursements, and Change in Fund Balance (Cash Basis) – Agency Fund - For the Year Ended December 31, 2017.....	14
Notes to the Financial Statements For the Year Ended December 31, 2017.....	15
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	23
Schedule of Findings .....	25
Prepared by Management:	
Schedule of Prior Audit Findings .....	27

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Bath Township  
Allen County  
2880 Ada Road  
Lima, Ohio 45801

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Bath Township, Allen County, (the Township) as of and for the years ended December 31, 2018 and 2017.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 2 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2018 and 2017, and the respective changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Bath Township, Allen County as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2020, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

January 7, 2020

BATH TOWNSHIP, ALLEN COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>			
Property and Other Local Taxes	\$174,050	\$1,041,837	\$1,215,887
Charges for Services		258,124	258,124
Licenses, Permits and Fees	5,179	10,353	15,532
Fines and Forfeitures	383		383
Intergovernmental	164,845	520,192	685,037
Special Assessments		13,515	13,515
Earnings on Investments	6,550	445	6,995
Miscellaneous	38,788	54,698	93,486
Total Cash Receipts	<u>389,795</u>	<u>1,899,164</u>	<u>2,288,959</u>
<b>Cash Disbursements</b>			
<b>Current:</b>			
General Government	385,316		385,316
Public Safety		1,474,246	1,474,246
Public Works	76,435	277,081	353,516
Health	37,111	20,803	57,914
Capital Outlay		116,897	116,897
Debt Service:			
Principal Retirement		124,559	124,559
Interest and Fiscal Charges		6,855	6,855
Total Cash Disbursements	<u>498,862</u>	<u>2,020,441</u>	<u>2,519,303</u>
Excess of Receipts (Under) Disbursements	<u>(109,067)</u>	<u>(121,277)</u>	<u>(230,344)</u>
<b>Other Financing Receipts (Disbursements):</b>			
Other Financing Sources	31,636	31,743	63,379
Other Financing Uses	(15)		(15)
Total Other Financing Receipts (Disbursements)	<u>31,621</u>	<u>31,743</u>	<u>63,364</u>
Net Change in Fund Cash Balances	(77,446)	(89,534)	(166,980)
Fund Cash Balances, January 1	<u>1,330,305</u>	<u>1,314,482</u>	<u>2,644,787</u>
<b>Fund Cash Balances, December 31:</b>			
Restricted		1,224,948	1,224,948
Assigned	501,955		501,955
Unassigned	750,904		750,904
Fund Cash Balances, December 31	<u>\$1,252,859</u>	<u>\$1,224,948</u>	<u>\$2,477,807</u>

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

BATH TOWNSHIP, ALLEN COUNTY

**STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGE IN FUND BALANCE (CASH BASIS)  
AGENCY FUND**

FOR THE YEAR ENDED DECEMBER 31, 2018

**Operating Cash Receipts:**

Miscellaneous	<u>\$43,342</u>
Total Operating Cash Receipts	<u>43,342</u>

**Operating Cash Disbursements:**

Other	<u>43,342</u>
Total Operating Cash Disbursements	<u>43,342</u>

Operating Income (Loss)	<u>0</u>
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Fund Cash Balance, January 1	<u>5,200</u>
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Fund Cash Balance, December 31	<u><u>\$5,200</u></u>
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*The notes to the financial statements are an integral part of this statement.*



**BATH TOWNSHIP**  
ALLEN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018

**NOTE 1 - REPORTING ENTITY**

The constitution and laws of the State of Ohio establish the rights and privileges of Bath Township, Allen County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Allen County Sheriff for law enforcement within the Township.

The Township participates in two jointly governed organizations which are the Lima-Allen County Regional Planning Commission and the Allen Water District. Note 10 to the financial statements provides additional information for these organizations.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all governmental fund types, types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** - These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Fund:

***Fire Department Fund*** The fire fund receives property tax revenue for providing fire protection within the Township.

***Fiduciary Funds*** Fiduciary funds include agency funds. Agency Funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township's Agency Fund accounts for fire loss claims.

**BATH TOWNSHIP  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

**Accounting Basis**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund (except agency funds) 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. Appropriations lapse at year end.

**Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

**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 re-appropriated in the subsequent year.

A summary of 2018 budgetary activity appears in Note 3.

***Deposits and Investments***

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***Capital Assets***

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**BATH TOWNSHIP  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

***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.

**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

- 1. Non-spendable**  
The Township classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.
- 2. Restricted**  
Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.
- 3. Committed**  
Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.
- 4. Assigned**  
Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.
- 5. Unassigned**  
Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**BATH TOWNSHIP  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

**NOTE 3 – BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2018 was as follows:

<b>2018 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$318,118	\$421,431	\$103,313
Special Revenue	1,659,276	1,930,907	271,631
Fiduciary		43,342	43,342
Total	\$1,977,394	\$2,395,680	\$418,286

<b>2018 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$1,506,000	\$498,877	\$1,007,123
Special Revenue	2,696,645	2,020,441	676,204
Fiduciary		43,342	(43,342)
Total	\$4,202,645	\$2,562,660	\$1,639,985

Agency Fund activity reflected in the accompanying financial statements was the result of audit adjustments and was not separately budgeted by the Township which is not required per the Ohio Revised Code.

**NOTE 4 - EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

The Township maintains a deposit and investment pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

Demand deposits	\$2,386,628
STAR Ohio Investment	96,379
Total Deposits and Investments	\$2,483,007

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

**NOTE 5 - PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts.

**BATH TOWNSHIP  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

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

**NOTE 6 – RISK MANAGEMENT**

Workers' Compensation coverage is provided by the State of Ohio. 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, if material.

***Commercial Insurance***

The Township has obtained commercial insurance for the following risks:

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

**NOTE 7 – DEFINED BENEFIT PENSION PLANS**

***Ohio Public Employees Retirement System***

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Township contributed an amount equaling 14%, of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

***Ohio Police and Fire Retirement System***

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. The Township has paid all contributions required through December 31, 2018.

***Social Security***

Certain Township part time employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2018.

**BATH TOWNSHIP  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

**NOTE 8 – POSTEMPLOYMENT BENEFITS**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the traditional pension plan and combined plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the member-directed plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

**NOTE 9 – DEBT**

Debt outstanding at December 31, 2018 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC - Fenway Drive	\$134,638	0%
OPWC - Country Club Hills Phase II	\$120,518	0%
2018 Dump Plow Truck	\$113,629	3.39%
2017 Osage Ambulance	\$88,267	3.03%
Total	<u>\$457,052</u>	

The Township completed the Fenway Drive reconstruction project with a 0% interest OPWC loan to the Township in the amount of \$244,796. The loan is scheduled for repayment over a twenty year period that began in January 2010.

The Township completed the Country Club Hills reconstruction project with a 0% interest OPWC loan to the Township in the amount of \$535,637. The loan is scheduled for repayment over a twenty year period that began in July 2003.

In 2017, the Township entered into a lease-purchasing agreement with Fifth Third Bank to finance the acquisition of a 2018 108SD Freight-liner Dump Truck at a cost of \$139,683 at 3.39% interest. The lease requires the Township to make payments of principal and interest each November 1 beginning November 1, 2018 and ending November 1, 2022.

In December 2016, the Township entered into a lease-purchase financing agreement with Fifth Third Bank to finance the acquisition of a 2017 Osage Type 1 conversion ambulance at a cost of \$142,870 at 3.03% interest. The Lease requires the Township to make payments of principal and interest each December 22 beginning December 22, 2017 and ending December 22, 2021.

**NOTE 10 - JOINTLY GOVERNED ORGANIZATIONS**

The Lima-Allen County Regional Planning Commission, Allen County, (the Commission) was organized in 1964 under Section 713.21 of the Ohio Revised Code. The Commission is governed by a thirty-three member board. The Board consists of representatives from participating political subdivisions, the County Commissioners, and appointed citizens. The Commission serves the County by performing studies and making maps, preparing recommendations and reports relating to the physical, environmental, social, economic and governmental characteristics, functions and services of the County. Financial information can be obtained from Marlene Schumaker, Grant coordinator, 130 West North St., Lima, Ohio 45801 or call 419-228-1836, or e-mail [mschumaker@lacrpc.com](mailto:mschumaker@lacrpc.com).

**BATH TOWNSHIP  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2018  
(Continued)**

The Allen Water District is a regional water district formed under Ohio Revised Code Section 6119, and as such, is a political subdivision of the State of Ohio. The Allen Water District's actions are directed by a Board of Trustees. This Board consists of four members appointed by each township: American, Bath, Perry and Shawnee, two Members-at-Large appointed by the Board itself and one member appointed by the Allen County Commissioners. Financial Information can be obtained from Merle Miller, Treasurer, 3230 North Cole Street, Lima, Ohio 45801 or call 419-996-4679.

**NOTE 11 – CONTINGENT LIABILITIES**

**Landfill**

The Township purchased a landfill in 1986. The landfill had stopped accepting waste during 1975; however, it was not properly closed in accordance with the Environmental Protection Agency (EPA) regulations prior to the Township's purchase. The Township was unaware of the closure deficiencies at the time of the purchase. The Township contacted a consultant and has worked closely with the EPA to assess the closure and post-closure care costs.

**Grants**

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. The grantor 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.

**NOTE 12 – SUBSEQUENT EVENT**

A FEMA Grant in the amount of \$130,219 has been awarded to Bath Township Fire Department in 2019 to purchase breathing apparatus and associated equipment.

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BATH TOWNSHIP, ALLEN COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$176,442	\$1,014,448		\$1,190,890
Charges for Services		\$243,825		243,825
Licenses, Permits and Fees	9,674			9,674
Fines and Forfeitures	1,224			1,224
Intergovernmental	158,044	547,404	\$476,191	1,181,639
Special Assessments		13,089		13,089
Earnings on Investments	1,767	54		1,821
Miscellaneous	11,522	43,964		55,486
Total Cash Receipts	<u>358,673</u>	<u>1,862,784</u>	<u>476,191</u>	<u>2,697,648</u>
<b>Cash Disbursements</b>				
<b>Current:</b>				
General Government	355,038			355,038
Public Safety		1,384,467		1,384,467
Public Works	25,936	342,038		367,974
Health	44,247	18,570		62,817
Human Services				0
Conservation-Recreation	8,220			8,220
Other		2,400		2,400
Capital Outlay	83,499	65,057	476,191	624,747
Debt Service:				
Principal Retirement		123,128		123,128
Interest and Fiscal Charges		4,000		4,000
Total Cash Disbursements	<u>516,940</u>	<u>1,939,660</u>	<u>476,191</u>	<u>2,932,791</u>
Excess of Receipts (Under) Disbursements	<u>(158,267)</u>	<u>(76,876)</u>		<u>(235,143)</u>
<b>Other Financing Receipts (Disbursements):</b>				
Other Financing Sources	14,222	1,556		15,778
Other Financing Uses	(20,835)			(20,835)
Total Other Financing Receipts (Disbursements)	<u>(6,613)</u>	<u>1,556</u>		<u>(5,057)</u>
Net Change in Fund Cash Balances	(164,880)	(75,320)		(240,200)
Fund Cash Balances, January 1	<u>1,495,185</u>	<u>1,389,802</u>	<u>0</u>	<u>2,884,987</u>
<b>Fund Cash Balances, December 31:</b>				
Restricted		1,314,482		1,314,482
Assigned	1,187,882			1,187,882
Unassigned	142,423			142,423
Fund Cash Balances, December 31	<u>\$1,330,305</u>	<u>\$1,314,482</u>	<u>\$0</u>	<u>\$2,644,787</u>

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

BATH TOWNSHIP, ALLEN COUNTY

**STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGE IN FUND BALANCE (CASH BASIS)  
AGENCY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2017**

**Operating Cash Receipts:**

Miscellaneous	<u>\$34,200</u>
Total Operating Cash Receipts	<u>34,200</u>

**Operating Cash Disbursements:**

Other	<u>54,852</u>
Total Operating Cash Disbursements	<u>54,852</u>

Operating (Loss) (20,652)

Fund Cash Balance, January 1 25,852

Fund Cash Balance, December 31 \$5,200

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

**BATH TOWNSHIP**  
ALLEN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017

**NOTE 1 - REPORTING ENTITY**

The constitution and laws of the State of Ohio establish the rights and privileges of the Bath Township, Allen County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Allen County Sheriff for law enforcement within the Township.

The Township participates in two jointly governed organizations which are the Lima-Allen County Regional Planning Commission and the Allen Water District. Note 10 to the financial statements provides additional information for these organizations.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all governmental fund types, types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Special Revenue Funds*** - These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Fund:

***Fire Department Fund*** The fire fund receives property tax revenue for providing fire protection within the Township.

***Capital Project Funds*** - These funds account for and report the financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following capital projects fund:

***FEMA Fund*** Federal Emergency Management (FEMA) Fund - The Township received a grant from FEMA for the purchase of a Sutphen Fire Truck. The proceeds are restricted for Capital Improvement.

***Fiduciary Funds*** Fiduciary funds include agency funds. Agency Funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township's Agency Fund accounts for fire loss claims.

**BATH TOWNSHIP**  
ALLEN COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)

**Accounting Basis**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

The Ohio Revised Code requires that each fund (except agency funds) 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. Appropriations lapse at year end.

**Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

**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 2016 budgetary activity appears in Note 3.

***Deposits and Investments***

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

***Capital Assets***

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***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.

**BATH TOWNSHIP**  
**ALLEN COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
(Continued)

**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Non-spendable**

The Township classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**NOTE 3 – BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2017 was as follows:

<b>2017 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$349,100	\$372,895	\$23,795
Special Revenue	1,719,109	1,864,340	145,231
Capital Projects	509,191	476,191	(33,000)
Fiduciary		34,200	34,200
Total	<u>\$2,577,400</u>	<u>\$2,747,626</u>	<u>\$170,226</u>

**BATH TOWNSHIP**  
**ALLEN COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
(Continued)

<b>2017 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$1,463,000	\$537,775	\$925,225
Special Revenue	2,713,134	1,939,660	773,474
Capital Projects	476,191	476,191	0
Fiduciary		54,852	(54,852)
Total	\$4,652,325	\$3,008,478	\$1,643,847

Agency Fund activity reflected in the accompanying financial statements was the result of audit adjustments and was not separately budgeted by the Township which is not required per the Ohio Revised Code.

The Township failed to establish a separate fund to account for a Federal grant which violated Ohio Revised Code Section 5705.09(F).

**NOTE 4 - EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

The Township maintains a deposit and investment pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	<b>2017</b>
Demand deposits	\$2,555,469
STAR Ohio Investment	94,518
Total Deposits and Investments	\$2,649,987

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

**NOTE 5 - PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

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  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)

**NOTE 6 – RISK MANAGEMENT**

Workers' Compensation coverage is provided by the State of Ohio. 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, if material.

***Commercial Insurance***

The Township has obtained commercial insurance for the following risks:

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

**NOTE 7 – DEFINED BENEFIT PENSION PLANS**

***Ohio Public Employees Retirement System***

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Township contributed an amount equaling 14%, of participants' gross salaries. The Township has paid all contributions required through December 31, 2017.

***Ohio Police and Fire Retirement System***

Township's certified full-time Fire Fighters belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. The Township has paid all contributions required through December 31, 2017.

***Social Security***

Some Township part time employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2017.

**NOTE 8 – POSTEMPLOYMENT BENEFITS**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

**BATH TOWNSHIP**  
**ALLEN COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
(Continued)

**NOTE 9 – DEBT**

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
OPWC - Fenway Drive	\$146,878	0%
OPWC - Country Club Hills Phase II	\$147,300	0%
Dump Plow Truck	\$139,683	3.39%
2013 Osage Ambulance	\$29,604	2.40%
2017 Osage Ambulance	\$115,976	3.03%
Total	\$579,441	

The Township completed the Fenway Drive reconstruction project with a 0% interest OPWC loan to the Township in the amount of \$244,796. The loan is scheduled for repayment over a twenty year period that began in January 2010.

The Township completed the Country Club Hills reconstruction project with a 0% interest OPWC loan to the Township in the amount of \$535,637. The loan is scheduled for repayment over a twenty year period that began in July 2003.

In 2017, the Township entered into a lease-purchasing agreement with Fifth Third Bank to finance the acquisition of a 2018 108SD Freight-liner Dump Truck at a cost of \$139,683 at 3.39% interest. The lease requires the Township to make payments of principal and interest each November 1 beginning November 1, 2018 and ending November 1, 2022.

In December 2013, the Township entered into a lease-purchase financing agreement with Fifth Third Bank to finance the acquisition of a 2013 Osage F4D Super Warrior Ambulance on a Ford F-450 chassis at a cost of \$141,285 at 2.40% interest. The Lease requires the Township to make payments of principal and interest each December 1 beginning December 1, 2014 and ending December 1, 2018.

In December 2016, the Township entered into a lease-purchase financing agreement with Fifth Third Bank to finance the acquisition of a 2017 Osage Type 1 conversion ambulance at a cost of \$142,870 at 3.03% interest. The Lease requires the Township to make payments of principal and interest each December 22 beginning December 22, 2017 and ending December 22, 2021.

**NOTE 10 - JOINTLY GOVERNED ORGANIZATIONS**

The Lima-Allen County Regional Planning Commission, Allen County, (the Commission) was organized in 1964 under Section 713.21 of the Ohio Revised Code. The Commission is governed by a thirty-three member board. The Board consists of representatives from participating political subdivisions, the County Commissioners, and appointed citizens. The Commission serves the County by performing studies and making maps, preparing recommendations and reports relating to the physical, environmental, social, economic and governmental characteristics, functions and services of the County. Financial information can be obtained from Marlene Schumaker, Grant coordinator, 130 West North St., Lima, Ohio 45801 or call 419-228-1836, or e-mail [mschumaker@lacrpc.com](mailto:mschumaker@lacrpc.com).

The Allen Water District is a regional water district formed under Ohio Revised Code Section 6119, and as such, is a political subdivision of the State of Ohio. The Allen Water District's actions are directed by a Board of Trustees. This Board consists of four members appointed by each township: American, Bath, Perry and Shawnee, two Members-at-Large appointed by the Board itself and one member appointed by the Allen County Commissioners. Financial Information can be obtained from Merle Miller, Treasurer, 3230 North Cole Street, Lima, Ohio 45801 or call 419-996-4679.



**BATH TOWNSHIP  
ALLEN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(Continued)**

**NOTE 11 – CONTINGENT LIABILITIES**

**Landfill**

The Township purchased a landfill in 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 contacted a consultant and has worked closely with the EPA to assess the closure and post-closure care costs.

**Grants**

Amounts grantor agencies pay to the township are subject to audit and adjustment by the grantor, principally the federal government. The grantor 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.

**NOTE 12 – SUBSEQUENT EVENT**

A FEMA Grant in the amount of \$130,219 has been awarded to the Bath Township Fire Department in 2019 to purchase breathing apparatus and associated equipment.

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# OHIO AUDITOR OF STATE KEITH FABER



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130 West Second Street, Suite 2040  
Dayton, Ohio 45402-1502  
(937) 285-6677 or (800) 443-9274  
WestRegion@ohioauditor.gov

## INDEPENDENT AUDITOR'S 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Bath Township, Allen County, (the Township) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, and have issued our report thereon dated January 7, 2020 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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 combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2018-001 and 2018-002 to be material weaknesses.

***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, opining 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2018-002.

***Township's Response to Findings***

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the Township's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

January 7, 2020

BATH TOWNSHIP  
ALLEN COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017

FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2018-001

**Material Weakness – Accuracy of Financial Reporting**

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors were identified in the financial statements:

- At December 31, 2018, and 2017, subsequent year appropriations in the General Fund exceeded estimated receipts by \$501,955 and \$1,187,882, respectively, and were classified as unassigned fund balance instead of assigned fund balance. Governmental Accounting Standards Board (GASB) Statement No. 54, paragraph 16 (GASB Codification 1800.176) – *Fund Balance Reporting and Governmental Fund Type Definitions*, states an appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance;
- In 2018, fire loss claim activity which represents insurance money held and due to fire loss victims, was recorded in the General Fund and Special Revenue Fire Fund instead of in the Agency Fund. Miscellaneous receipts and general government disbursement in the amount of \$17,342 were recorded in the General Fund. Other financing sources/receipts and public safety disbursements in the amount of \$26,000 were recorded in the Special Revenue Fire Fund. GASB Codification 1300.114 states Agency Funds should be used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). Agency Funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments; and
- In 2018, the Township inadvertently made a double payment on a lease purchase agreement in the amount of \$30,855 from the General Fund and was reimbursed by the financial institution in the same amount, resulting in an overstatement of disbursements and receipts on the financial statements.

The accompanying financial statements have been adjusted to correct these recording errors.

In addition, the notes to the financial statements had errors such as but not limited to disclosure on jointly governed organizations, the basis of accounting, fund balance classifications, and outstanding debt issues. These omissions were corrected in the accompanying notes to the financial statements.

Financial recording errors and omissions in the financial statements and notes may impact the user's understanding of the financial operations, the ability to make sound financial decisions, and result in the material misstatement of the financial statements and notes.

The failure to perform a review of the financial statements and notes prior to filing may have contributed to these errors.

The Fiscal Officer and the Trustees should periodically review the accounting records and detailed monthly financial reports, along with reviewing the year-end financial statements and notes to the financial statements, to help identify and correct errors such as those identified above.

**FINDING NUMBER 2018-001  
(Continued)**

In addition, resources such as those found on the Auditor of State web site at: <http://www.ohioauditor.gov/> and other sources should be utilized when preparing and reviewing the annual financial statements and notes to the financial statements. Governmental Standards Statement No. 84 Fiduciary Activities, which is effective for reporting periods beginning after December 15, 2018, should be reviewed to assist in the correct classification of the Fire Loss Claim Fund for the year ended December 31, 2019 and in subsequent years.

**OFFICIALS' RESPONSE:** In future years, if budgeted general fund expenditures exceed anticipated revenues for the next year, that excess will be stated as "Assigned" balance on the "Statement of Fund Balance". Fire loss claim funds held are fiduciary in nature. In the future, fire loss claim activity will be reflected in the "Agency Fund" as opposed to reporting in the "General" or "Special Revenue Fire Fund". In the future, the Township will take care to not issue checks for disbursements also scheduled for automatic ETF payments. This happened once and the payment was promptly discovered and retrieved.

**FINDING NUMBER 2018-002**

**Noncompliance Citation / Material Weakness**

**Ohio Rev. Code § 5705.09(F)** requires each subdivision to establish a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose. In 2017, Federal Emergency Management Agency (FEMA) grant receipts and the related disbursements for a new fire truck in the amount of \$476,191 were recorded in the Special Revenue Fire Fund instead of in a FEMA Capital Projects Fund.

The accompanying financial statements have been adjusted to correct this error. The accounting records did not require adjustment since there was not a remaining fund balance at December 31, 2017.

The failure to record restricted receipts in a separate fund may result in the material misstatement of financial statements, may impact future funding from grantor agencies, and may impact the user's understanding of the accounting records and financial statements.

The failure to review grant agreements and to perform a review of the accounting records may have contributed to recording errors identified above.

The accounting records should be periodically reviewed by the Fiscal Officer and Trustees to help detect the failure to establish a separate fund for restricted receipts. Auditor of State Bulletin 98-013 can be used as a guide when recording FEMA grant money.

**OFFICIALS' RESPONSE:** In future years, FEMA grant funds received and disbursed for the purchase of capital assets will be accounted for in a "FEMA Capital Projects Fund" as opposed to the "Special Revenue Fire Fund".



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2016-001	<p><b>Noncompliance Citation / Material Weakness</b></p> <p>Ohio Rev. Code § 5703.76, Ohio Rev. Code § 5705.10(C) and Ohio Rev. Code § 5705.10(D)</p> <p>The Township did not record receipts in the correct funds</p>	Partially Corrected	<p>Adjustments were posted by the Township to correct the errors reported in Finding 2016-001</p> <p>Partially repeated in the Management Letter</p>

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# OHIO AUDITOR OF STATE KEITH FABER



**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  
JANUARY 30, 2020**