

BATH TOWNSHIP

SUMMIT COUNTY, OHIO

AUDIT REPORT

For the Year Ended December 31, 2011

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Dave Yost • Auditor of State

Board of Trustees
Bath Township
3864 West Bath Road
P. O. Box 1188
Bath, Ohio 44210-1188

We have reviewed the *Report of Independent Accountants* of Bath Township, Summit County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2011 through December 31, 2011. 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.

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

August 8, 2012

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**BATH TOWNSHIP
SUMMIT COUNTY, OHIO
Audit Report
For the Year Ending December 31, 2011**

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REPORT OF INDEPENDENT ACCOUNTANTS

Bath Township
Summit County
3864 W. Bath Road
Bath, Ohio 44210-1188

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bath Township, Summit County (the Township), as of and for the fiscal year ended December 31, 2011, which collectively comprise the Township's basic financial statements as listed in the table of contents. 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.

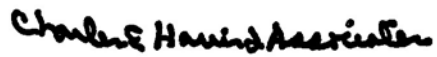
As discussed in Note 2, Bath Township, Summit County, prepares its financial statements and notes on the cash basis of accounting. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bath Township, Summit County, as of December 31, 2011, and the respective changes in its cash basis financial position thereof and the respective budgetary comparison for the General and each major special revenue funds thereof for the year then ended in conformity with the basis of accounting described in Note 2.

As described in Note 3, the Township implemented Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions."

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2012, on our consideration of the Government'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.

We conducted our audit to opine on the Township's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets and governmental activities. These tables provide additional information, but are not part of the basic financial statements. However these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.



Charles E. Harris & Associates, Inc.
May 7, 2012

Bath Township, Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

This discussion and analysis of the Bath Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2011, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2011 are as follows:

Net assets of governmental activities increased \$534,320, or 4.2 percent, from the prior year.

The Township's general receipts are primarily property and other local taxes. These receipts represent 92 percent of the total cash received for governmental activities during the year. Property and other local tax receipts for 2011 decreased \$550,000 compared to 2010 due to the expiration of the tax levy for debt service and less inheritance tax being collected during the year.

Debt Service decreased \$2 million. In 2010, the Township retired outstanding general obligation bonds issued for the Bath Nature Preserve project.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Bath Township, Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

Reporting the Government as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2011, within the limitations cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position are one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

In the statement of net assets and the statement of activities, the Township's basic services are reported as governmental activities, including police, fire, streets and parks. Real estate and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Government's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money which is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are split into two categories: governmental and fiduciary.

Governmental Funds - Most of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) are combined and presented in total in a single column.

The Township's major governmental funds are the General Fund, Road and Bridge Fund, Police District Fund, Fire District Fund, and Joint Economic Development Funds I and II. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. There is no reconciliation between the two reports as the Township reports on the cash basis.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Township's programs as a whole.

Bath Township, Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

The Township as a Whole

Table 1 provides a summary of the Township's net assets (assets less liabilities) for 2011 compared to 2010 on a cash basis:

(Table 1)
Net Assets

	Governmental Activities 2011	Governmental Activities 2010
Assets		
Cash and Cash Equivalents	\$ 13,175,252	\$ 8,981,211
Investments	-	3,659,721
Total Assets	13,175,252	12,640,932
Net Assets		
Restricted for:		
Capital Projects	206,483	228,721
Other Purposes	8,680,148	8,147,926
Permanent Fund - Wilson Memorial		
Expendable	4,758	4,691
Nonexpendable	100,000	100,000
Unrestricted	4,183,863	4,159,594
Total Net Assets	\$ 13,175,252	\$ 12,640,932

* Cash equivalents are investments which can be quickly converted to cash.

Total net asset increased \$0.5 million due to decrease in disbursements, primarily the Road and Bridge Fund.

Total investments decreased \$3.7 million due to the conversion of treasury bonds and notes to Star Ohio.

Table 2 reflects the changes in net assets in 2011 compared to 2010:

Bath Township, Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

(Table 2)
Changes in Net Assets

	Governmental Activities 2011	Governmental Activities 2010
Receipts:		
Program Receipts:		
Charges for Services and Services	\$ 679,299	\$ 674,033
Operating Grants and Contributions	54,303	55,877
Total Program Receipts	<u>733,602</u>	<u>729,910</u>
General Receipts:		
Property and Other Local Taxes	6,901,947	7,468,690
Grants and Entitlements Not Restricted to Specific Programs	2,546,858	2,380,895
Sale of Capital Assets	10,000	24,588
Earnings on Investments	12,943	22,156
Miscellaneous	193,741	75,018
Total General Receipts	<u>9,665,489</u>	<u>9,971,347</u>
Total Receipts	<u>10,399,091</u>	<u>10,701,257</u>
Disbursements:		
General Government	1,278,028	1,166,150
Public Safety	4,858,753	5,000,315
Public Works	2,018,479	2,040,183
Health	220,059	661,049
Conservation-Recreation	463,514	229,760
Other	-	4,933
Capital Outlay	1,025,938	843,191
Debt Service		
Principal Retirement	-	2,030,000
Interest and Fiscal Charges	-	101,500
Total Disbursements	<u>9,864,771</u>	<u>12,077,081</u>
Increase (Decrease) in Net Assets	534,320	(1,375,824)
Net Assets Beginning of Year	12,640,932	14,016,756
Net Assets End of Year	<u>\$ 13,175,252</u>	<u>\$ 12,640,932</u>

Program receipts represent only 7 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as false alarm fees, building permits and inspection fees.

General receipts represent 93 percent of the Township's total receipts, and of this amount, 71 percent are local taxes. Grants and entitlements make up the bulk of the Township's other general receipts. Other receipts are somewhat insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. Public Safety represents the costs of police and fire/EMS protection; health is the health department and solid waste removal; conservation - recreation is the cost of maintaining the parks and playing fields; and public works is the cost of maintaining the roads.

Bath Township, Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

Governmental Activities

If you look at the Statement of Activities on page 10, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for Public Safety and Public Works which account for 49 and 20 percent of all governmental disbursements, respectively. General Government, which includes zoning, also represents a significant cost, about 13 percent. The next two columns of the Statement entitled Program Receipts identify (1) amounts paid by people who are directly charged for the service, and (2) grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which is paid by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Governmental Activities			
	Total Cost Of Services	Net Cost of Services	Total Cost Of Services	Net Cost of Services
	2011		2010	
General Government	\$ 1,278,028	\$ (1,164,733)	\$ 1,166,150	\$ (1,044,690)
Public Safety	4,858,753	(4,720,083)	5,000,315	(4,909,272)
Public Works	2,018,479	(2,017,979)	2,040,183	(2,039,633)
Health	220,059	259,528	661,049	(185,052)
Conservation-Recreation	463,514	(461,964)	229,760	(188,900)
Other	-	-	4,933	(4,933)
Capital Outlay	1,025,938	(1,025,938)	843,191	(843,191)
Debt Service				
Principal Retirement	-	-	2,030,000	(2,030,000)
Interest and Fiscal Charges	-	-	101,500	(101,500)
Total Expenses	<u>\$ 9,864,771</u>	<u>\$ (9,131,169)</u>	<u>\$ 12,077,081</u>	<u>\$ (11,347,171)</u>

The dependence upon property tax receipts is apparent as 93 percent of governmental activities are supported through these general receipts.

The Township's Funds

Total governmental funds had receipts of \$10.5 million and disbursements of \$10.0 million. Total fund balances increased by \$0.5 million with the largest increase in the Road and Bridge Fund due to the completion of road projects from prior year.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances (money ear-marked for disbursement). The most significant budgeted fund is the General Fund.

During 2011, the actual receipts were greater than budgeted receipts due to additional grant money received but not expected. Also, the Township has a very conservative budgeting approach.

Bath Township, Summit County
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

General Fund Budgeting Highlights (Continued)

Final disbursements for the General Fund were budgeted at \$3.95 million while actual disbursements were \$3.01 million. The Township kept the expenditures well below the budgeted levels as shown by the large variance.

Capital Assets and Debt Administration

Capital Assets

The Township does not currently report its capital assets and infrastructure. "Capital assets" include long-lived, costly items such as buildings, cars, trucks and equipment. The Township schedules the useful life of capital assets such as cars, trucks and equipment and saves for replacements over their useful lives. Buildings are on regular maintenance schedules. "Infrastructure" represents immovable, common capital assets such as roads, bridges, tennis courts, and street lights. These assets are also covered by maintenance schedules designed to avoid decline or decay, and the subsequent need for early replacement.

Debt

The Township does not have any outstanding debt in 2011.

Current Issues

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have chosen to limit commercial activity to support the tax base.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Sharon Troike, Fiscal Officer, 3864 W. Bath Road, Bath, Ohio 44210.

Bath Township, Summit County
Statement of Net Assets - Cash Basis
December 31, 2011

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 13,175,252
<i>Total Assets</i>	\$ 13,175,252
 Net Assets	
Restricted for:	
Capital Projects	\$ 206,483
Other Purposes	8,680,148
Permanent Funds - Wilson Trust:	
Expendable	4,758
Nonexpendable	100,000
Unrestricted	4,183,863
<i>Total Net Assets</i>	\$ 13,175,252

See accompanying notes to the basic financial statements

Bath Township, Summit County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2011

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
General Government	\$ 1,278,028	\$ 112,195	\$ 1,100	\$ (1,164,733)
Public Safety	4,858,753	92,942	45,728	(4,720,083)
Public Works	2,018,479	500	-	(2,017,979)
Health	220,059	472,112	7,475	259,528
Conservation-Recreation	463,514	1,550	-	(461,964)
Capital Outlay	1,025,938	-	-	(1,025,938)
<i>Total Governmental Activities</i>	<u>\$ 9,864,771</u>	<u>\$ 679,299</u>	<u>\$ 54,303</u>	(9,131,169)
General Receipts				
Property Taxes Levied for:				
General Purposes				1,190,247
Special Purposes				5,711,700
Grants and Entitlements not Restricted to				
Specific Programs				2,546,858
Sale of Capital Assets				10,000
Earnings on Investments				12,943
Miscellaneous				193,741
<i>Total General Receipts</i>				<u>9,665,489</u>
Change in Net Assets				534,320
<i>Net Assets Beginning of Year</i>				<u>12,640,932</u>
<i>Net Assets End of Year</i>				<u>\$ 13,175,252</u>

See accompanying notes to the basic financial statements

Bath Township, Summit County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2011

	General	Road and Bridge Fund	Police District Fund	Fire District Fund	JEDD I Fund	JEDD II Fund	Other Governmental Funds	Total Governmental Funds
Assets								
Equity in Pooled Cash and Cash Equivalents	\$ 4,183,863	\$ 1,069,852	\$ 561,887	\$ 657,741	\$ 2,122,813	\$ 3,665,661	\$ 913,435	\$ 13,175,252
<i>Total Assets</i>	<u>\$ 4,183,863</u>	<u>\$ 1,069,852</u>	<u>\$ 561,887</u>	<u>\$ 657,741</u>	<u>\$ 2,122,813</u>	<u>\$ 3,665,661</u>	<u>\$ 913,435</u>	<u>\$ 13,175,252</u>
Fund Balances								
Nonspendable	-	-	-	-	-	-	\$ 100,000	\$ 100,000
Restricted	-	\$ 1,069,852	\$ 561,887	\$ 657,741	\$ 2,122,813	\$ 3,665,661	606,317	8,684,271
Committed	-	-	-	-	-	-	207,118	207,118
Assigned	\$ 195,156	-	-	-	-	-	-	195,156
Unassigned (Deficit)	3,988,707	-	-	-	-	-	-	3,988,707
<i>Total Fund Balances</i>	<u>\$ 4,183,863</u>	<u>\$ 1,069,852</u>	<u>\$ 561,887</u>	<u>\$ 657,741</u>	<u>\$ 2,122,813</u>	<u>\$ 3,665,661</u>	<u>\$ 913,435</u>	<u>\$ 13,175,252</u>

See accompanying notes to the basic financial statements

Bath Township, Summit County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2011

	General	Road and Bridge Fund	Police District Fund	Fire District Fund	JEDD I Fund	JEDD II Fund	Other Governmental Funds	Total Governmental Funds
Receipts								
Property and Other Local Taxes	\$ 1,190,247	\$ 1,471,885	\$ 2,302,258	\$ 1,568,805	-	-	\$ 368,752	\$ 6,901,947
Charges for Services	25,577	-	-	-	-	-	543,209	568,786
Licenses, Permits and Fees	84,845	500	4,100	-	-	-	1,630	91,075
Fines and Forfeitures	18,909	-	-	-	-	-	-	18,909
Intergovernmental	1,428,185	198,520	311,247	210,410	-	-	452,798	2,601,160
Special Assessments	-	-	-	-	-	-	531	531
Earnings on Investments	7,708	-	-	-	\$ 3,935	\$ 1,219	81	12,943
Miscellaneous	73,519	-	2,016	479	-	-	2,852	78,866
<i>Total Receipts</i>	<u>2,828,990</u>	<u>1,670,905</u>	<u>2,619,621</u>	<u>1,779,694</u>	<u>3,935</u>	<u>1,219</u>	<u>1,369,853</u>	<u>10,274,217</u>
Disbursements								
Current:								
General Government	1,278,028	-	-	-	-	-	-	1,278,028
Public Safety	659,590	-	2,526,992	1,619,057	-	-	53,114	4,858,753
Public Works	8,710	1,351,403	-	-	-	-	658,366	2,018,479
Health	220,059	-	-	-	-	-	-	220,059
Conservation-Recreation	-	-	-	-	-	-	463,514	463,514
Capital Outlay	654,085	1,612	42,897	10,068	-	-	317,276	1,025,938
<i>Total Disbursements</i>	<u>2,820,472</u>	<u>1,353,015</u>	<u>2,569,889</u>	<u>1,629,125</u>	<u>-</u>	<u>-</u>	<u>1,492,270</u>	<u>9,864,771</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	8,518	317,890	49,732	150,569	3,935	1,219	(122,417)	409,446
Other Financing Sources (Uses)								
Sale of Capital Assets	-	-	-	-	-	-	10,000	10,000
Transfers In	-	-	-	-	-	-	114,809	114,809
Transfers Out	(114,809)	-	-	-	-	-	-	(114,809)
Other Financing Sources	114,874	-	-	-	-	-	-	114,874
<i>Total Other Financing Sources (Uses)</i>	<u>65</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>124,809</u>	<u>124,874</u>
<i>Net Change in Fund Balances</i>	8,583	317,890	49,732	150,569	3,935	1,219	2,392	534,320
<i>Fund Balances Beginning of Year</i>	<u>4,175,280</u>	<u>751,962</u>	<u>512,155</u>	<u>507,172</u>	<u>2,118,878</u>	<u>3,664,442</u>	<u>911,043</u>	<u>12,640,932</u>
<i>Fund Balances End of Year</i>	<u>\$ 4,183,863</u>	<u>\$ 1,069,852</u>	<u>\$ 561,887</u>	<u>\$ 657,741</u>	<u>\$ 2,122,813</u>	<u>\$ 3,665,661</u>	<u>\$ 913,435</u>	<u>\$ 13,175,252</u>

See accompanying notes to the basic financial statements

Bath Township, Summit County
*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2011*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 1,131,830	\$ 1,131,830	\$ 1,190,247	\$ 58,417
Charges for Services	4,981	4,936	10,210	5,274
Licenses, Permits and Fees	41,394	41,015	84,845	43,830
Fines and Forfeitures	9,225	9,141	18,909	9,768
Intergovernmental	696,777	690,408	1,428,185	737,777
Interest	3,761	3,726	7,708	3,982
Other	35,868	35,540	73,519	37,979
<i>Total receipts</i>	<u>1,923,836</u>	<u>1,916,596</u>	<u>2,813,623</u>	<u>897,027</u>
Disbursements				
Current:				
General Government	1,914,094	1,867,806	1,322,508	545,298
Public Safety	701,508	714,508	674,793	39,715
Public Works	8,500	8,500	8,500	-
Health	250,603	250,769	220,470	30,299
Capital Outlay	1,073,300	1,106,422	781,883	324,539
<i>Total Disbursements</i>	<u>3,948,005</u>	<u>3,948,005</u>	<u>3,008,154</u>	<u>939,851</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(2,024,169)	(2,031,409)	(194,531)	1,836,878
Other Financing Sources (Uses)				
Transfers Out	(116,000)	(116,000)	(114,809)	1,191
Other Financing Sources	56,044	55,532	114,874	59,342
<i>Total Other Financing Sources (Uses)</i>	<u>(59,956)</u>	<u>(60,468)</u>	<u>65</u>	<u>60,533</u>
<i>Net Change in Fund Balance</i>	(2,084,125)	(2,091,877)	(194,466)	1,897,411
<i>Fund Balance Beginning of Year</i>	4,021,532	4,021,532	4,021,532	-
Prior Year Encumbrances Appropriated	138,062	138,062	138,062	-
<i>Fund Balance End of Year</i>	<u>\$ 2,075,469</u>	<u>\$ 2,067,717</u>	<u>\$ 3,965,128</u>	<u>\$ 1,897,411</u>

See accompanying notes to the basic financial statements

Bath Township, Summit County
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual - Budget Basis
 Road and Bridge Fund
 For the Year Ended December 31, 2011*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$ 1,668,241	\$ 1,668,241	\$ 1,471,885	\$ (196,356)
Licenses, Permits and Fees	-	-	500	500
Intergovernmental	61,698	56,594	198,520	141,926
<i>Total receipts</i>	<u>1,729,939</u>	<u>1,724,835</u>	<u>1,670,905</u>	<u>(53,930)</u>
Disbursements				
Current:				
Public Works	2,134,589	2,129,485	1,537,728	591,757
Capital Outlay	110,000	110,000	1,697	108,303
<i>Total Disbursements</i>	<u>2,244,589</u>	<u>2,239,485</u>	<u>1,539,425</u>	<u>700,060</u>
<i>Net Change in Fund Balance</i>	(514,650)	(514,650)	131,480	646,130
<i>Fund Balance Beginning of Year</i>	697,982	697,982	697,982	-
Prior Year Encumbrances Appropriated	53,980	53,980	53,980	-
<i>Fund Balance End of Year</i>	<u>\$ 237,312</u>	<u>\$ 237,312</u>	<u>\$ 883,442</u>	<u>\$ 646,130</u>

See accompanying notes to the basic financial statements

Bath Township, Summit County
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual -Budget Basis
 Police District Fund
 For the Year Ended December 31, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 2,601,368	\$ 2,601,368	\$ 2,302,258	\$ (299,110)
Licenses, Permits and Fees	-	-	4,100	4,100
Intergovernmental	110,350	70,500	311,247	240,747
Other	-	-	2,016	2,016
<i>Total receipts</i>	<u>2,711,718</u>	<u>2,671,868</u>	<u>2,619,621</u>	<u>(52,247)</u>
Disbursements				
Current:				
Public Safety	2,803,560	2,763,709	2,586,648	177,061
Capital Outlay	95,000	95,000	42,897	52,103
<i>Total Disbursements</i>	<u>2,898,560</u>	<u>2,858,709</u>	<u>2,629,545</u>	<u>229,164</u>
<i>Net Change in Fund Balance</i>	(186,842)	(186,841)	(9,924)	176,917
<i>Fund Balance Beginning of Year</i>	459,484	459,484	459,484	-
Prior Year Encumbrances Appropriated	52,671	52,671	52,671	-
<i>Fund Balance End of Year</i>	<u>\$ 325,313</u>	<u>\$ 325,314</u>	<u>\$ 502,231</u>	<u>\$ 176,917</u>

See accompanying notes to the basic financial statements

Bath Township, Summit County
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual - Budget Basis
 Fire District Fund
 For the Year Ended December 31, 2011*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$ 1,773,902	\$ 1,773,902	\$ 1,568,805	\$ (205,097)
Intergovernmental	70,512	58,894	210,410	151,516
Other	-	-	479	479
<i>Total receipts</i>	<u>1,844,414</u>	<u>1,832,796</u>	<u>1,779,694</u>	<u>(53,102)</u>
Disbursements				
Current:				
Public Safety	1,865,458	1,857,839	1,649,520	208,319
Capital Outlay	150,579	146,579	106,180	40,399
<i>Total Disbursements</i>	<u>2,016,037</u>	<u>2,004,418</u>	<u>1,755,700</u>	<u>248,718</u>
<i>Net Change in Fund Balance</i>	(171,623)	(171,622)	23,994	195,616
<i>Fund Balance Beginning of Year</i>	453,729	453,729	453,729	-
Prior Year Encumbrances Appropriated	53,443	53,443	53,443	-
<i>Fund Balance End of Year</i>	<u>\$ 335,549</u>	<u>\$ 335,550</u>	<u>\$ 531,166</u>	<u>\$ 195,616</u>

See accompanying notes to the basic financial statements

Bath Township, Summit County
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual -Budget Basis
 JEDD I Fund
 For the Year Ended December 31, 2011*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Interest	\$ -	\$ -	\$ 3,935	\$ 3,935
<i>Total receipts</i>	-	-	3,935	3,935
Disbursements				
<i>Total Disbursements</i>	-	-	-	-
<i>Net Change in Fund Balance</i>	-	-	3,935	3,935
<i>Fund Balance Beginning of Year</i>	<u>2,118,878</u>	<u>2,118,878</u>	<u>2,118,878</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 2,118,878</u>	<u>\$ 2,118,878</u>	<u>\$ 2,122,813</u>	<u>\$ 3,935</u>

See accompanying notes to the basic financial statements

Bath Township, Summit County
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual -Budget Basis
 JEDD II Fund
 For the Year Ended December 31, 2011*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Interest	\$ -	\$ -	\$ 1,219	\$ 1,219
<i>Total receipts</i>	-	-	1,219	1,219
Disbursements				
<i>Total Disbursements</i>	-	-	-	-
<i>Net Change in Fund Balance</i>	-	-	1,219	1,219
<i>Fund Balance Beginning of Year</i>	3,664,442	3,664,442	3,664,442	-
<i>Fund Balance End of Year</i>	<u>\$ 3,664,442</u>	<u>\$ 3,664,442</u>	<u>\$ 3,665,661</u>	<u>\$ 1,219</u>

See accompanying notes to the basic financial statements

Bath Township, Summit County
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Funds
December 31, 2011

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$21,410</u>
Net Assets	
Restricted - Deposits	<u>\$21,410</u>

See accompanying notes to the basic financial statements

Note 1 – Reporting Entity

Bath Township, Summit County, Ohio (the Township), is a body politic and corporate 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 also has an elected Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, fire, EMS and police protection, maintenance of Township roads, and cemetery maintenance.

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

As discussed further in the Basis of Accounting section of this Note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements. Following are the more significant of the Township's accounting policies.

Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Township has no business-type activities.

The statement of net assets presents the cash balance of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Note 2 – Summary of Significant Accounting Policies (Continued)

Fund Financial Statements During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Fund Accounting

The Township uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the Township are divided into two categories, governmental and fiduciary.

Governmental Funds The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The following are the Township's major governmental funds.

General The general fund is used to account for all financial resources, except those required to be accounted for 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.

Road and Bridge Fund The road and bridge fund receives property tax money for maintaining and repairing Township roads.

Police District Fund The police district fund receives property tax money for providing police services to Township residents.

Fire District Fund The fire district fund receives special levy tax money for providing fire services to Township residents.

Joint Economic Development Funds I and II (JEDD I and II) The joint economic development funds are dedicated to preserving the rural character of Bath Township.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

The Township also has \$100,000 in the Wilson Trust, a "Permanent Fund". Although the \$100,000 principal cannot be spent, Wilson Trust interest can be spent on training and equipment costs for safety forces.

Fiduciary Funds Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township's agency funds account for insurance proceeds to be held until required repairs to damaged property are made and approved by the Township and to account for road opening deposits and road bonds that are returned when construction is complete.

Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

Note 2 – Summary of Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriation resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

Cash and Investments

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. 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 negative receipts (contra revenue), respectively.

During 2011, the Township invested in nonnegotiable certificates of deposit and STAR Ohio. The non-negotiable certificates of deposit are reported at cost.

Note 2 – Summary of Significant Accounting Policies (Continued)

Cash and Investments (Continued)

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2011.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2011 were \$ 7,708.

Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

Accumulated Leave

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

Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits. Beyond annual contributions, pensions are the liability of the State or Federal Programs and are not liabilities of Bath Township.

Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid. The Township had no such transactions in 2011.

Note 2 – Summary of Significant Accounting Policies (Continued)

Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets totaling \$100,000 in the permanent fund are restricted and are non-expendable. Income on the Wilson Memorial Trust is restricted to training and equipment costs for safety forces.

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted Fund balance is reported as 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.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not 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.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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.

Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Bath Township, Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2011

Note 3 – Change in Accounting Principle and Restatement of Net Assets/Fund Equity

The Township implemented Governmental Accounting Standard Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had the following effect on fund balances of the major governmental funds and all other governmental funds as previously reported:

	General	Other Governmental Funds	Total
Fund Balance at December 31, 2010	\$ 4,159,594	\$ 926,729	\$ 5,086,323
GASB 54 Change in in Fund Structure	15,686	(15,686)	-
Adjusted Fund Balance at December 31, 2010	\$ 4,175,280	\$ 911,043	\$ 5,086,323

The Township reclassified the Zoning Fund from Other Governmental Funds to General Fund.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, Road and Bridge Fund, Police District Fund, Fire District Fund, and Joint Economic Development Funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$195,156 for the General Fund, \$186,410 for the Road and Bridge Fund, \$59,656 for the Police District Fund and \$126,575 for the Fire District Fund.

The following table summarizes the adjustments necessary to reconcile the cash basis statements to the budgetary basis statements for the General Fund.

General Fund Cash Accounting Basis	\$4,183,863
Encumbrances	(195,156)
Perspective Differences:	
Activity of Funds Reclassified For GASB Statement # 54	(23,579)
Budget Basis	<u>\$3,965,128</u>

Note 5 – Deposits and Investments

State statutes classify monies held by the Township into three categories.

Active deposits are public deposits necessary to meet current demands on the Township treasury. Such monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Township has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Bath Township, Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2011

Note 5 – Deposits and Investments (Continued)

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2011, \$2,545,248 of the Township's bank balance of \$3,045,248, which includes \$3,008,000 of non-negotiable certificates of deposit was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2011, the Township had the following investments and maturities:

Investment Type	Fair Value 12/31/2011	Maturity	Rating (1)
STAR OHIO (Investment Pool)	<u>\$ 10,149,413</u>	Daily	AAAm
Total Investments	<u><u>\$ 10,149,413</u></u>		

(1) Moody's

Interest Rate Risk Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Township's investment policy addresses interest rate risk by requiring that the Township's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

Note 6 – Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2011 for real and public utility property taxes represents collections of 2010 taxes.

2011 real property taxes are levied after October 1, 2011, on the assessed value as of January 1, 2011, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2011 real property taxes are collected in and intended to finance 2012.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Bath Township, Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2011

Note 6 – Property Taxes (Continued)

Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 public utility property taxes which became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2011 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2011, was \$2.10 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2011 property tax receipts were based are as follows:

Real Property		
Residential and Agricultural	\$	450,105,070
Other		79,964,640
Public Utility		8,896,460
Total Assessed Value	\$	538,966,170

The Summit County Auditor collects property taxes on behalf of the Township and remits the collected taxes to the Township. Tax settlements are made each March and August for real property taxes and each June and October for personal property.

Note 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. During 2011, the Township contracted with Wichert Insurance as their broker for the following coverage with the respective companies listed below:

Type	Amount	Limit	Company
Legal Liability	\$ 1,000,000 3,000,000	Per Occurrence General Aggregate	Selective Ins Co. of America Selective Ins Co. of America
Automobile Liability	\$ 1,000,000	Per Occurrence	Selective Ins Co. of America
Law Enforcement Operations	\$ 1,000,000	Per Occurrence	Scottsdale Indemnity
Wrongful Acts	\$ 1,000,000	Per Occurance & Annual Aggregate	Scottsdale Indemnity
Property, Boiler & Equipment	\$ 14,002,895	Limit	Selective Ins Co. of America

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs.

Note 8 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

Plan Description - The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self- directed by the member, accumulate retirement assets in a manner similar to the member directed plan. Bath Township participated only in the Traditional Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in the State and local divisions and 12 percent for law enforcement and public safety members. For the year ended December 31, 2011, members in the state and local divisions contributed 10 percent of covered payroll while public safety and law enforcement members contributed 11.0 percent and 11.6 percent, respectively. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2011 member and employer contribution rates were consistent across all three plans.

The Township's 2011 Contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the Township's contribution was 18.10 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4.0 percent during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent during calendar year 2011. Employer contribution rates are actuarially determined.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2011, 2010, and 2009 were \$496,812, \$496,143, and \$475,114 respectively. The full amount has been contributed for 2011, 2010 and 2009.

Ohio Police and Fire Pension Fund

Plan Description - The Township contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost- of- living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Ohio Police and Fire Pension Fund (Continued)

Funding Policy - The Ohio Revised Code requires plan members to contribute 10 percent of their annual covered salary, while employers are required to contribute 24.0 percent for firefighters.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. The portion of employer contributions used to fund pension benefits was 17.25 percent of covered payroll for firefighters. The Township's contributions to OP&F for firefighters for the years ended December 31, 2011, 2010, and 2009 were \$175,581, \$191,853, and \$185,993, respectively. The full amount has been contributed for 2011, 2010 and 2009.

Note 9 – Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans. The Traditional Pension Plan-a cost-sharing, multiple-employer defined benefit pension plan; the Member Directed Plan-a defined contribution plan; and the Combined Plan-a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, aged and service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefits is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presently separately in the OPERS financial report which may be obtained by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or calling 614-222-5601 or 800-222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contributions to OPERS is set aside for the funding of post retirement health care. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed at a rate of 14.00% of covered payroll and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members of the Traditional Plan was 4.0% during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2011. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and their coverage selected. Active members do not make contributions to the post-employment health care plan.

Note 9 – Postemployment Benefits (Continued)

Ohio Public Employees Retirement System (Continued)

The Township's contributions for health care to the OPERS for the years ending December 31, 2011, 2010, and 2009 were \$141,946, \$180,147 and \$199,378, respectively, which were equal to the required contributions for each year.

The Health Care Preservation Plan (HCPP) adopted the OPERS Board of Trustees September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1, of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning January 1, 2006, with a final rate increase January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

Ohio Police and Fire Pension Fund

Plan Description - The Township contributes to the OP&F sponsored healthcare program, a cost sharing multiple-employer defined postemployment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefits check or is a spouse or eligible dependent child of such person. The healthcare coverage provided by OP&F meets the definition of an Other Post Employment Benefits (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate OP&F to provide OPEB benefits. Authority to establish and amend benefits is provided in Chapter 742 of the ORC. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - The ORC provides for contribution requirements of the participating employers and of plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% and 24% of covered payroll for police and fire employers, respectively. The ORC states that the employer contribution may not exceed 19.50% of covered payroll for police employers units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B. reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2011, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 115 and 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The Township's actual contributions for 2011, 2010 and 2009 that were used to fund post-employment benefits were \$126,199, \$137,894 and \$133,682, respectfully, for firefighters.

Bath Township, Summit County
Notes to the Financial Statements
For the Year Ended December 31, 2011

Note 10 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Road and Bridge Fund	Police District Fund	Fire District Fund	JEDD I Fund	JEDD II Fund	Other Governmental Funds	Total
Nonspendable:								
Trust Fund Principal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,000	\$ 100,000
<i>Total Nonspendable</i>	-	-	-	-	-	-	100,000	100,000
Restricted for:								
Road and Bridge Maint. and Improvement	-	\$ 1,069,852	-	-	-	-	61,618	1,131,470
Police Operations	-	-	\$ 561,887	-	-	-	4,091	565,978
Fire Operations	-	-	-	\$ 657,741	-	-	47,864	705,605
Emergency Medical Services	-	-	-	-	-	-	195,789	195,789
Garbage and Waste Disposal	-	-	-	-	-	-	75,301	75,301
Drug and Alcohol	-	-	-	-	-	-	885	885
Cemetery	-	-	-	-	-	-	13,963	13,963
Street Lighting	-	-	-	-	-	-	408	408
Safety Forces	-	-	-	-	-	-	4,757	4,757
Parks	-	-	-	-	-	-	201,641	201,641
Preservation of Rural Character	-	-	-	-	2,122,813	3,665,661	-	5,788,474
<i>Total Restricted</i>	-	1,069,852	561,887	657,741	2,122,813	3,665,661	606,317	8,684,271
Committed to:								
Recycling	-	-	-	-	-	-	635	635
Capital Improvements	-	-	-	-	-	-	206,483	206,483
<i>Total Committed</i>	-	-	-	-	-	-	207,118	207,118
Assigned to:								
Encumbrances	195,156	-	-	-	-	-	-	195,156
<i>Total Assigned</i>	195,156	-	-	-	-	-	-	195,156
Unassigned	3,988,707	-	-	-	-	-	-	3,988,707
<i>Total Fund Cash Balances</i>	\$ 4,183,863	\$ 1,069,852	\$ 561,887	\$ 657,741	\$ 2,122,813	\$ 3,665,661	\$ 913,435	\$ 13,175,252

Note 11 – Interfund Transfers

During 211, the General Fund transferred \$24,809 to the Park Levy Fund for the maintenance of the Bath Nature Preserve and \$90,000 to the Police Vehicle Reserves Fund for vehicle replacement in the police department. Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 12 – Contingent Liabilities/Subsequent Events

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor. 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.

Management believes there are no pending claims or lawsuits.

Note 13 – Joint Ventures

The Township is a member of a Joint Economic District with the cities of Akron and Fairlawn. The City of Akron provides water service to businesses 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 rural character and property tax base.

The Township jointly operates a fire station with Copley Township. All operating and maintenance costs were paid equally by the two townships. For the year ended December 31, 2011, the Township's expenditures for the fire station were \$221,578.

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Bath Township
Summit County
3864 W. Bath Road
Bath, Ohio 44210-1188

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bath Township, (Township), Summit County, Ohio, as of and for the year ended December 31, 2011, which collectively comprise the Township's basic financial statements and have issued our report thereon dated May 7, 2012, wherein we noted the Township followed the cash basis of accounting rather than accounting principles generally accepted in the United States of America. Also, we noted the Township implemented Governmental Accounting Standard Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". 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.

Internal Controls 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 auditing procedures for the purpose of expressing our opinions 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 Township's internal control over financial reporting.

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 more than a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We noted certain other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated May 7, 2012.

We intend this report solely for the information and use of management, the audit committee, the Board of Trustees and others within the Township. We intend it for no one other than these specified parties.



Charles E. Harris and Associates, Inc.

May 7, 2012

STATUS OF PRIOR AUDIT'S CITATIONS AND RECOMMENDATIONS

The prior audit report, for the year ending December 31, 2010, reported no material citations or recommendations.



Dave Yost • Auditor of State

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
AUGUST 21, 2012**