



Mary Taylor, CPA
Auditor of State

**BATH TOWNSHIP
GREENE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis For the Year Ended December 31, 2006.....	3
Statement of Net Assets – Modified Cash Basis- December 31, 2006.....	9
Statement of Activities – Modified Cash Basis - For the Year Ended December 31, 2006.....	10
Statement of Assets and Fund Balance – Modified Cash Basis – Governmental Funds – December 31, 2006.....	11
Statement of Cash Receipts, Disbursements and Change in Fund Balance – Modified Cash Basis – Governmental Funds – For the Year Ended December 31, 2006.....	12
Statement of Cash Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund – For the Year Ended December 31, 2006.....	13
Statement of Cash Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Road and Bridge Fund – For the Year Ended December 31, 2006.....	14
Statement of Cash Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Cemetery Fund – For the Year Ended December 31, 2006.....	15
Statement of Cash Receipts, Disbursements and Change in Fund Balance – Budget and Actual – Budget Basis – Fire Levy Fund – For the Year Ended December 31, 2006.....	16
Management's Discussion and Analysis For the Year Ended December 31, 2005.....	17
Statement of Net Assets – Modified Cash Basis- December 31, 2005.....	23
Statement of Activities – Modified Cash Basis - For the Year Ended December 31, 2005.....	24
Statement of Assets and Fund Balance – Modified Cash Basis – Governmental Funds – December 31, 2005.....	25
Statement of Cash Receipts, Disbursements and Change in Fund Balance – Modified Cash Basis – Governmental Funds – For the Year Ended December 31, 2005.....	26

**BATH TOWNSHIP
GREENE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Statement of Cash Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – General Fund – For the Year Ended December 31, 2005	27
Statement of Cash Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis – Road and Bridge Fund – For the Year Ended December 31, 2005	28
Statement of Cash Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis – Cemetery Fund – For the Year Ended December 31, 2005	29
Statement of Cash Receipts, Disbursements and Change in Fund Balance – Budget and Actual – Budget Basis – Fire Levy Fund – For the Year Ended December 31, 2005	30
Notes to the Financial Statements - For the Years Ended December 31, 2006 and 2005	31
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	41



Mary Taylor, CPA

Auditor of State

Bath Township
Greene County
1006 Yellow Springs-Fairfield Road
Fairborn, Ohio 45324

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, Greene County, (the Township), as of and for the years ended December 31, 2006 and 2005, 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 opinions 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis 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 financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bath Township, Greene County, as of December 31, 2006 and 2005, and the respective changes in financial position thereof and the respective budgetary comparisons for the General, Road and Bridge, Cemetery and Fire Funds for the years then ended in conformity with accounting principles generally accepted in the United States of America.

For the years ended December 31, 2006 and 2005, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688
www.auditor.state.oh.us

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2007, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Mary Taylor, CPA
Auditor of State

March 23, 2007

**BATH TOWNSHIP
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
(UNAUDITED)**

This discussion and analysis of Bath Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2006, within the limitations of the Township's modified 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 2006 are as follows:

- Net assets of governmental activities increased \$238,449, or 20 percent, a significant change from the prior year. The total receipts for Property Tax and Earnings on Investments increased by \$105,016 and \$33,206, respectively. Total disbursements decreased by \$50,478. The General Fund had the greatest increase in cash and cash equivalents, \$141,490. Interest investment rates were higher in 2006 as were property tax delinquencies and interest receipts. Public Works disbursements in the General Fund in 2006 were \$40,156 less than in 2005.
- Property taxes account for 51 percent of the Township's total receipts (program and general) and 74 percent of the general receipts for Governmental Activities for the year. Property tax receipts for 2006 increased \$105,016, or 14 percent, from the prior year. The increase in property tax delinquencies and interest receipts in 2006 was \$71,000 over what was received in 2005.

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

As a result of using the modified 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 modified cash basis of accounting.

**BATH TOWNSHIP
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
(UNAUDITED)
(Continued)**

Reporting the Government as a Whole

The statement of net assets and the statement of activities reflect how Bath Township did financially during 2006, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances 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 Bath Township's cash position and the changes in cash position. Keeping in mind the limitations of the modified 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 is 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 non-financial factors as well as the Township's property tax base, the condition of the Township's capital assets, 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.

Governmental activities - The Township's basic services are reported here, including fire, roads, cemeteries, and park. State grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting Bath Township'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 that is restricted as to how it may be used is being spent for the intended purpose. The funds of a township can be 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) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund, Road and Bridge Fund, Cemetery Fund, and the Fire Levy Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

**BATH TOWNSHIP
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
(UNAUDITED)
(Continued)**

The Government as a Whole

Table 1 provides a summary of the Township's net assets for 2006 compared to 2005 on a modified cash basis:

**(Table 1)
Net Assets**

	Governmental Activities	
	2006	2005
Assets		
Cash and Cash Equivalents	\$1,414,650	\$1,176,201
Investments		
Total Assets	<u>\$1,414,650</u>	<u>\$1,176,201</u>
Net Assets		
Restricted	829,470	732,511
Unrestricted	585,180	443,690
Total Net Assets	<u>\$1,414,650</u>	<u>\$1,176,201</u>

As mentioned previously, net assets of governmental activities increased \$238,449 or 20 percent during 2006. The primary reasons contributing to the increases in cash balances are as follows:

- Increase in interest rates on Certificates of Deposit. Interest rates on CDs in 2005 started out at 2.24% and rose to 3.85%. In 2006 the range was 4.15% to 5.05%. Earnings on Investments rose from \$26,768 in 2005 to \$59,974 in 2006.
- The amount of property tax delinquencies and interest payments was \$71,000 more in 2006 compared to 2005. General Property Tax receipts increased 7%.

Table 2 reflects the changes in net assets on a modified cash basis in 2006 and 2005 for governmental activities.

**(Table 2)
Changes in Net Assets**

	Governmental Activities	
	2006	2005
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$290,916	\$300,204
Operating Grants and Contributions	<u>226,628</u>	<u>196,042</u>
Total Program Receipts	<u>517,544</u>	<u>496,246</u>
General Receipts:		
Property and Other Local Taxes	832,017	727,001
Grants and Entitlements Not Restricted to Specific Programs	221,710	234,587
Interest	59,974	26,768
Misc. & Sale of Fixed Assets	<u>11,019</u>	<u>5,446</u>
Total General Receipts	<u>1,124,720</u>	<u>993,802</u>
Total Receipts	<u>1,642,264</u>	<u>1,490,048</u>

**BATH TOWNSHIP
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
(UNAUDITED)
(Continued)**

**(Table 2)
Changes in Net Assets
(Continued)**

	Governmental Activities	
	2006	2005
Disbursements:		
General Government	213,952	227,384
Security of Persons and Property:	441,266	419,936
Public Health Services	254,151	266,979
Leisure Time Activities	28,464	31,273
Transportation	440,399	477,799
Capital Outlay	22,083	27,422
Other	3,500	3,500
Total Disbursements	<u>1,403,815</u>	<u>1,454,293</u>
 Increase (Decrease) in Net Assets	 238,449	 35,755
 Net Assets, January 1	 <u>1,176,201</u>	 <u>1,140,446</u>
Net Assets, December 31	<u>\$1,414,650</u>	<u>\$1,176,201</u>

Program receipts represent 32 percent of total receipts—18 percent of which is Charges for Services and Sales for cemetery sales and services, zoning permit fees, and community room rental. The remaining 14 percent is primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 68 percent of the Township's total receipts. Property taxes represent 74 percent of general receipts and 51 percent of total receipts. State grants and entitlements make up 20 percent of the Township's general receipts. Other receipts include interest and sale of fixed assets and are 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. These include the Board of Trustees, the Fiscal Officer, office staff and supplies, townhall maintenance, and zoning boards and inspection. These costs remain fairly constant and represent approximately 15 percent of total disbursements.

Security of Persons and Property are the costs of fire protection and EMS; Public Health Services includes disbursements to the County Health Department and cemetery operations; Leisure Time Activities are the costs of maintaining the park; and Transportation is the cost of maintaining the roads.

**BATH TOWNSHIP
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
(UNAUDITED)
(Continued)**

Governmental Activities

If you look at the Statement of Activities, 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 -- accounting for approximately 31 percent each of all governmental disbursements. General government also represents a significant cost, about 15 percent. The next three columns of the Statement of Activities entitled Program Modified Cash Receipts identify amounts paid by people who are directly charged for services and grants received by the Township that must be used to provide a specific service. The Net (Disbursements) Receipts columns compare the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided 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 below.

**(Table 3)
Governmental Activities**

	Total Cost of Services 2006	Net Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2005
General Government	\$213,952	\$196,629	\$227,384	\$210,242
Public Safety	\$441,266	\$366,889	\$419,936	\$366,261
Health	254,151	(9,092)	266,979	(7,683)
Conservation -Recreation	28,464	28,464	31,274	31,273
Public Works	440,399	288,148	477,799	335,432
Capital Outlay	22,083	22,083	27,421	27,422
Human Services	3,500	(6,850)	3,500	(4,900)
Total Expenses	\$1,403,815	\$886,271	\$1,454,293	\$958,047

The dependence upon property tax receipts is apparent as over 63 percent of governmental activities are supported through these general receipts.

The Township's Funds

Total governmental funds had receipts of \$1,635,845 and disbursements of \$1,403,815. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$141,490 as the result of higher interest rates, higher than normal property tax delinquencies and interest receipts and lower highway disbursements.

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. The most significant budgeted fund is the General Fund.

During 2006, the Township amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were higher than the original budgeted receipts due to delinquent tax receipts and higher than expected interest receipts account.

Final disbursements were budgeted at \$577,940 while actual disbursements were \$398,311. Not all anticipated expenditures occurred and purchases of capital items were postponed.

**BATH TOWNSHIP
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2006
(UNAUDITED)
(Continued)**

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure for the purposes of financial reports. However, an inventory listing is maintained on the Uniform Accounting Network program.

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. The recently renegotiated contract with the City of Fairborn for fire and EMS protection saw the charge for services increase from \$410,000 to \$625,000. Budget predictions indicate that in 2008 there will be a deficit in the Fire Fund. The Board of Trustees placed a 3.0 mill levy on the February 6th ballot which was defeated. The Board has since filed a resolution to place the 3.0 mill levy on the May 8th ballot.

Contacting the Government'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 Elaine M. Brown, Fiscal Officer, Bath Township, 1006 Yellow Springs-Fairfield Road, Fairborn, Ohio 45324.

**BATH TOWNSHIP
GREENE COUNTY**

**STATEMENT OF NET ASSTS - MODIFIED CASH BASIS
DECEMBER 31, 2006**

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	\$1,414,650
Total Assets	<u>1,414,650</u>
Net Assets	
Restricted for:	
Permanent Fund: For Improvements	
Expendable	422
Nonexpendable	500
Other Purposes	828,548
Unrestricted	585,180
Total Net Assets	<u>\$1,414,650</u>

See accompanying notes to the basic financial statements.

**BATH TOWNSHIP
GREENE COUNTY**

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Cash Disbursements</u>	<u>Program Cash Receipts</u>		<u>Net (Disbursements) Receipts and Changes In Net Assets</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities				
General Government	\$213,952	\$17,323		(\$196,629)
Public Safety	441,266		\$74,377	(366,889)
Public Works	440,399		152,251	(288,148)
Health	254,151	263,243		9,092
Human Services	3,500			(3,500)
Conservation-Recreation	28,464			(28,464)
Other		10,350		10,350
Capital Outlay	22,083			(22,083)
Total Governmental Activities	<u>\$1,403,815</u>	<u>\$290,916</u>	<u>\$226,628</u>	<u>(886,271)</u>
General Receipts				
Property Taxes				832,017
Grants and Entitlements not Restricted to Specific Programs				221,710
Sale of Fixed Assets				6,419
Earnings on Investments				59,974
Miscellaneous				4,600
Total General Receipts				<u>1,124,720</u>
Change in Net Assets				238,449
Net Assets Beginning of Year				<u>1,176,201</u>
Net Assets End of Year				<u>\$1,414,650</u>

See accompanying notes to the basic financial statements.

**BATH TOWNSHIP
GREENE COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCE - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	<u>General</u>	<u>Road and Bridge</u>	<u>Cemetery</u>	<u>Fire Levy</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
Assets						
Cash and Cash Equivalents	\$585,180	\$133,748	\$59,531	\$422,686	\$213,505	\$1,414,650
Total Assets	<u>585,180</u>	<u>133,748</u>	<u>59,531</u>	<u>422,686</u>	<u>213,505</u>	<u>1,414,650</u>
Fund Balances						
Reserved:						
Reserved for Encumbrances	11,286	611	1,118		16,700	29,715
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	573,894					573,894
Special Revenue Funds		133,137	58,413	422,686	195,883	810,119
Permanent Fund					922	922
Total Fund Balances	<u>\$585,180</u>	<u>\$133,748</u>	<u>\$59,531</u>	<u>\$422,686</u>	<u>\$213,505</u>	<u>\$1,414,650</u>

See accompanying notes to the basic financial statements.

**BATH TOWNSHIP
GREENE COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>General</u>	<u>Road and Bridge</u>	<u>Cemetery</u>	<u>Fire Levy</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Receipts						
Property and Other Local Taxes	\$211,099	\$223,362		\$397,556		\$832,017
Licenses, Permits and Fees	17,323		\$167,294		\$17,199	201,816
Intergovernmental	221,710	39,366		74,377	112,885	448,338
Earnings on Investments	57,831				2,143	59,974
Miscellaneous	14,032	775	71,018		7,875	93,700
Total Receipts	<u>521,995</u>	<u>263,503</u>	<u>238,312</u>	<u>471,933</u>	<u>140,102</u>	<u>1,635,845</u>
Disbursements						
Current:						
General Government	213,952					213,952
Public Safety	16,826			424,440		441,266
Public Works	88,506	256,137			95,756	440,399
Health	21,722		232,429			254,151
Human Services	3,500					3,500
Conservation-Recreation	28,464					28,464
Capital Outlay	9,824		12,259			22,083
Total Disbursements	<u>382,794</u>	<u>256,137</u>	<u>244,688</u>	<u>424,440</u>	<u>95,756</u>	<u>1,403,815</u>
Excess of Receipts Over (Under) Disbursements	<u>139,201</u>	<u>7,366</u>	<u>(6,376)</u>	<u>47,493</u>	<u>44,346</u>	<u>232,030</u>
Other Financing Sources (Uses)						
Sale of Fixed Assets	6,419					6,419
Transfers In					4,130	4,130
Transfers Out	(4,130)					(4,130)
Advances In	100	100				200
Advances Out	(100)	(100)				(200)
Total Other Financing Sources (Uses)	<u>2,289</u>				<u>4,130</u>	<u>6,419</u>
Net Change in Fund Balances	141,490	7,366	(6,376)	47,493	48,476	238,449
Fund Balances Beginning of Year	<u>443,690</u>	<u>126,382</u>	<u>65,907</u>	<u>375,193</u>	<u>165,029</u>	<u>1,176,201</u>
Fund Balances End of Year	<u>\$585,180</u>	<u>\$133,748</u>	<u>\$59,531</u>	<u>\$422,686</u>	<u>\$213,505</u>	<u>\$1,414,650</u>

See accompanying notes to the basic financial statements.

**BATH TOWNSHIP
GREENE COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$198,000	\$208,438	\$211,099	\$2,661
Licenses, Permits and Fees	16,900	16,900	17,323	423
Intergovernmental	214,227	214,227	221,710	7,483
Earnings on Investments	20,000	20,000	57,831	37,831
Miscellaneous	8,500	8,500	14,032	5,532
Total receipts	<u>457,627</u>	<u>468,065</u>	<u>521,995</u>	<u>53,930</u>
Disbursements				
Current:				
General Government	291,188	291,178	213,977	77,201
Public Safety	27,000	27,000	16,826	10,174
Public Works	129,050	137,353	99,760	37,593
Health	25,000	25,000	21,722	3,278
Human Services	3,500	3,500	3,500	
Conservation-Recreation	38,702	40,509	28,471	12,038
Capital Outlay	60,000	49,000	9,825	39,175
Total Disbursements	<u>574,440</u>	<u>573,540</u>	<u>394,081</u>	<u>179,459</u>
Excess of Receipts Over (Under) Disbursements	<u>(116,813)</u>	<u>(105,475)</u>	<u>127,914</u>	<u>233,389</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets			6,419	6,419
Transfers Out	(3,500)	(4,400)	(4,130)	270
Advances In			100	100
Advances Out			(100)	(100)
Total Other Financing Sources (Uses)	<u>(3,500)</u>	<u>(4,400)</u>	<u>2,289</u>	<u>6,689</u>
Net Change in Fund Balance	(120,313)	(109,875)	130,203	240,078
Fund Balance Beginning of Year	433,439	433,439	433,439	
Prior Year Encumbrances Appropriated	<u>10,251</u>	<u>10,251</u>	<u>10,251</u>	
Fund Balance End of Year	<u>\$323,377</u>	<u>\$333,815</u>	<u>\$573,893</u>	<u>\$240,078</u>

See accompanying notes to the basic financial statements.

**BATH TOWNSHIP
GREENE COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Receipts				
Property and Other Local Taxes	\$193,500	\$221,968	\$223,362	\$1,394
Intergovernmental	32,023	32,023	39,366	7,343
Miscellaneous			775	775
Total receipts	<u>225,523</u>	<u>253,991</u>	<u>263,503</u>	<u>9,512</u>
Disbursements				
Current:				
Public Safety	271,406	271,506	256,137	15,369
Capital Outlay	50,611	50,511	611	49,900
Total Disbursements	<u>322,017</u>	<u>322,017</u>	<u>256,748</u>	<u>65,269</u>
Excess of Receipts Over (Under) Disbursements	<u>(96,494)</u>	<u>(68,026)</u>	<u>6,755</u>	<u>74,781</u>
Other Financing Sources (Uses)				
Advances In			100	100
Advances Out			(100)	(100)
Total Other Financing Sources (Uses)			<u> </u>	<u> </u>
Net Change in Fund Balance	(96,494)	(68,026)	6,755	74,781
Fund Balance Beginning of Year	125,771	125,771	125,771	
Prior Year Encumbrances Appropriated	<u>611</u>	<u>611</u>	<u>611</u>	
Fund Balance End of Year	<u>\$29,888</u>	<u>\$58,356</u>	<u>\$133,137</u>	<u>\$74,781</u>

See accompanying notes to the basic financial statements.

**BATH TOWNSHIP
GREENE COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL-BUDGET BASIS
CEMETERY FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Licenses, Permits and Fees	\$164,000	\$164,000	\$167,294	\$3,294
Miscellaneous	96,000	96,000	71,018	(24,982)
Total receipts	<u>260,000</u>	<u>260,000</u>	<u>238,312</u>	<u>(21,688)</u>
Disbursements				
Current:				
Health	257,956	261,256	233,547	27,709
Capital Outlay	20,000	16,700	12,259	4,441
Total Disbursements	<u>277,956</u>	<u>277,956</u>	<u>245,806</u>	<u>32,150</u>
Excess of Receipts Over (Under) Disbursements	<u>(17,956)</u>	<u>(17,956)</u>	<u>(7,494)</u>	<u>10,462</u>
Fund Balance Beginning of Year	64,149	64,149	64,149	
Prior Year Encumbrances Appropriated	<u>1,759</u>	<u>1,759</u>	<u>1,759</u>	
Fund Balance End of Year	<u><u>\$47,952</u></u>	<u><u>\$47,952</u></u>	<u><u>\$58,414</u></u>	<u><u>\$10,462</u></u>

See accompanying notes to the basic financial statements.

**BATH TOWNSHIP
GREENE COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL-BUDGET BASIS
FIRE LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$337,500	\$389,117	\$397,556	\$8,439
Intergovernmental	55,905	55,905	74,377	18,472
Total receipts	<u>393,405</u>	<u>445,022</u>	<u>471,933</u>	<u>26,911</u>
Disbursements				
Current:				
Public Safety	422,000	427,000	424,440	2,560
Total Disbursements	<u>422,000</u>	<u>427,000</u>	<u>424,440</u>	<u>2,560</u>
Net Change in Fund Balance	(28,595)	18,022	47,493	29,471
Fund Balance Beginning of Year	375,193	375,193	375,193	
Fund Balance End of Year	<u>\$346,598</u>	<u>\$393,215</u>	<u>\$422,686</u>	<u>\$29,471</u>

See accompanying notes to the basic financial statements.

**BATH TOWNSHIP
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
(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, 2005. Due to the change over from regulatory reporting for the year ended December 31, 2004, analyses normally used with modified cash basis accounting will not be used this year. Readers should also review the basic financial statements and notes to enhance their understanding of the township's financial performance.

Highlights

Key highlights for 2005 are as follows:

- Net assets of township activities increased \$35,755.
- The establishment of a fund on April 1, 2005, for Byron Cemetery Perpetual Care funded by a ten percent increase of cemetery fees resulted in the collection of \$19,809.
- The largest percentage of receipts for the township was derived from property taxes—48.9%. Receipts generated by the Byron Cemetery operation represented 18.5 percent of total receipts.
- Property tax receipts for 2005 increased 2.6 percent over 2004 while total cash receipts increased 4.4 percent--\$63,247. Total cash disbursements decreased 6.2 percent--\$96,899. The decrease in Capital Outlay represents almost all of the decrease--\$96,247.

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 modified 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 modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the township's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified 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 modified cash basis of accounting.

**BATH TOWNSHIP
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
(UNAUDITED)
(Continued)**

Reporting the Government as a Whole

The statement of net assets and the statement of activities reflect how the township did financially during 2005, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances of 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 modified 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 is 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 non-financial factors as well such as the township's property tax base, the condition of the township's capital assets, 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.

Governmental activities - Most of the township's basic services are reported here, including fire, streets, cemetery, zoning, and parks. State grants 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 Township'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 that 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 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) is combined and presented in total in a single column. The township has four major governmental funds—the General Fund, the Road and Bridge Fund, the Cemetery Fund, and the Fire Levy Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

**BATH TOWNSHIP
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
(UNAUDITED)
(Continued)**

The Government as a Whole

Table 1 provides a summary of the township's net assets for 2005 compared to 2004 on a modified cash basis:

(Table 1)
Net Assets

	<u>Governmental Activities</u>	
	<u>2005</u>	<u>2004</u>
Assets		
Cash and Cash	\$1,176,201	\$1,140,445
Total Assets	<u>1,176,201</u>	<u>1,140,445</u>
Net Assets		
Restricted	732,511	751,864
Unrestricted	<u>443,690</u>	<u>388,581</u>
Total Net Assets	<u>\$1,176,201</u>	<u>\$1,140,445</u>

As mentioned previously, net assets of governmental activities increased \$ 35,756 or 3.14 percent during 2005.

Since the township did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

Governmental Activities

If you look at the Statement of Activities, 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 Works and Public Safety, which account for 32.9 and 28.9 percent of all governmental disbursements, respectively. General government also represents a significant cost, about 15.6 percent. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and 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 ends up being paid from money provided 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 2.

**BATH TOWNSHIP
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
(UNAUDITED)
(Continued)**

**(Table 2)
Governmental Activities**

	Total Cost Of Services 2005	Net Cost of Services 2005
General Government	\$227,384	\$210,242
Public Safety	419,936	366,261
Public Works	477,799	335,432
Health	266,979	(7,683)
Conservation-Recreation	31,273	31,273
Human Services	3,500	3,500
Other		(8,400)
Capital Outlay	27,422	27,422
 Total Expenses	\$1,454,293	\$958,047

The Government's Funds

General Fund receipts exceeded disbursements by \$55,109. However, this was not the case for the other three major funds. Disbursements exceeded receipts in the Road and Bridge Fund by \$19,993; in the Cemetery Fund by \$3,805; and in the Fire Levy Fund by \$24,928.

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. During 2005, the township amended its General Fund, Road Fund, and Fire Levy Fund budgets to reflect the County Auditor's Amendments to the Certificate of Estimated Resources.

Capital Assets

The township does not currently keep track of its capital assets and infrastructure. An inventory of equipment is maintained for the County Engineer.

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited and shrinking funding. The effect of tax relief given Public Utilities is already evident. Although estimates for 2006 indicate sufficient funding for our proposed expenditures, the anticipated increase in the City of Fairborn Fire Contract, that expires December 31, 2006, will necessitate going to the taxpayers for an additional Fire Fund levy either in 2007 or 2008 depending upon revenues received in 2006.

**BATH TOWNSHIP
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
(UNAUDITED)
(Continued)**

Contacting the Government'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 Elaine M. Brown, Township Fiscal Officer, Bath Township, 1006 Yellow Springs Fairfield Road, Fairborn, Ohio 45324.

This page intentionally left blank.

**BATH TOWNSHIP
GREENE COUNTY**

**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2005**

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,176,201
Total Assets	<u>1,176,201</u>
Net Assets	
Restricted for:	
Permanent Fund: For Improvements	
Expendable	373
Nonexpendable	500
Other Purposes	731,638
Unrestricted	<u>443,690</u>
Total Net Assets	<u>\$1,176,201</u>

See accompanying notes to the basic financial statements.

**BATH TOWNSHIP
GREENE COUNTY**

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Program Cash Receipts</u>		<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>
Governmental Activities	Governmental Activities		
General Government	\$227,384	\$17,142	(\$210,242)
Public Safety	419,936		(366,261)
Public Works	477,799		(335,432)
Health	266,979	274,662	7,683
Human Services	3,500		(3,500)
Conservation-Recreation	31,273		(31,273)
Other		8,400	8,400
Capital Outlay	27,422		(27,422)
Total Governmental Activities	<u>\$1,454,293</u>	<u>\$300,204</u>	<u>(\$196,042)</u>
General Receipts			
Property Taxes			727,001
Grants and Entitlements not Restricted to Specific Programs			234,587
Sale of Fixed Assets			2,690
Earnings on Investments			26,768
Miscellaneous			2,756
Total General Receipts			<u>993,802</u>
Change in Net Assets			35,755
Net Assets Beginning of Year			<u>1,140,446</u>
Net Assets End of Year			<u>\$1,176,201</u>

See accompanying notes to the basic financial statements.

**BATH TOWNSHIP
GREENE COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCE - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2005**

	<u>General</u>	<u>Road and Bridge</u>	<u>Cemetery</u>	<u>Fire Levy</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
Assets						
Equity in Pooled Cash and Cash Equivalents	\$443,690	\$126,382	\$65,907	\$375,193	\$165,029	\$1,176,201
Total Assets	<u>443,690</u>	<u>126,382</u>	<u>65,907</u>	<u>375,193</u>	<u>165,029</u>	<u>1,176,201</u>
Fund Balances						
Reserved:						
Reserved for Encumbrances	10,251	611	1,759		13,933	26,554
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	433,439					433,439
Special Revenue Funds		125,771	64,148	375,193	150,223	715,335
Permanent Fund					873	873
Total Fund Balances	<u>\$443,690</u>	<u>\$126,382</u>	<u>\$65,907</u>	<u>\$375,193</u>	<u>\$165,029</u>	<u>\$1,176,201</u>

See accompanying notes to the basic financial statements.

**BATH TOWNSHIP
GREENE COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>General</u>	<u>Road and Bridge</u>	<u>Cemetery</u>	<u>Fire Levy</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Receipts						
Property and Other Local Taxes	\$194,632	\$191,036		\$341,333		\$727,001
Licenses, Permits and Fees	17,142		\$159,331		\$12,356	188,829
Intergovernmental	234,587	33,112		53,675	109,254	430,628
Earnings on Investments	25,789				979	26,768
Miscellaneous	9,773	1,200	95,706		7,453	114,132
Total Receipts	<u>481,923</u>	<u>225,348</u>	<u>255,037</u>	<u>395,008</u>	<u>130,042</u>	<u>1,487,358</u>
Disbursements						
Current:						
General Government	227,384					227,384
Public Safety				419,936		419,936
Public Works	128,662	247,502			101,635	477,799
Health	22,013		244,966			266,979
Human Services	3,500					3,500
Conservation-Recreation	31,273					31,273
Capital Outlay	13,546		13,876			27,422
Total Disbursements	<u>426,378</u>	<u>247,502</u>	<u>258,842</u>	<u>419,936</u>	<u>101,635</u>	<u>1,454,293</u>
Excess of Receipts Over (Under) Disbursements	<u>55,545</u>	<u>(22,154)</u>	<u>(3,805)</u>	<u>(24,928)</u>	<u>28,407</u>	<u>33,065</u>
Other Financing Sources (Uses)						
Sale of Fixed Assets	2,690					2,690
Transfers In	3,374	2,161			8,003	13,538
Transfers Out	(6,500)				(7,038)	(13,538)
Total Other Financing Sources (Uses)	<u>(436)</u>	<u>2,161</u>			<u>965</u>	<u>2,690</u>
Net Change in Fund Balances	55,109	(19,993)	(3,805)	(24,928)	29,372	35,755
Fund Balances Beginning of Year	<u>388,581</u>	<u>146,375</u>	<u>69,712</u>	<u>400,121</u>	<u>135,657</u>	<u>1,140,446</u>
Fund Balances End of Year	<u>\$443,690</u>	<u>\$126,382</u>	<u>\$65,907</u>	<u>\$375,193</u>	<u>\$165,029</u>	<u>\$1,176,201</u>

See accompanying notes to the basic financial statements.

**BATH TOWNSHIP
GREENE COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL-BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Receipts				
Property and Other Local Taxes	\$175,000	\$187,000	\$194,632	\$7,632
Licenses, Permits and Fees	13,500	13,500	17,142	3,642
Intergovernmental	243,745	243,745	234,587	(9,158)
Earnings on Investments	10,000	10,000	25,787	15,787
Miscellaneous	10,000	10,000	9,773	(227)
Total receipts	<u>452,245</u>	<u>464,245</u>	<u>481,921</u>	<u>17,676</u>
Disbursements				
Current:				
General Government	270,603	262,474	227,675	34,799
Public Works	156,929	178,121	138,622	39,499
Health	25,000	25,000	22,013	2,987
Human Services	3,500	3,500	3,500	
Conservation-Recreation	46,787	48,787	31,274	17,513
Capital Outlay	296,430	281,367	13,546	267,821
Total Disbursements	<u>799,249</u>	<u>799,249</u>	<u>436,630</u>	<u>362,619</u>
Excess of Receipts Over (Under) Disbursements	<u>(347,004)</u>	<u>(335,004)</u>	45,291	380,295
Other Financing Sources (Uses)				
Sale of Fixed Assets			2,690	2,690
Transfers In		3,374	3,374	
Transfers Out	(6,500)	(6,500)	(6,500)	
Total Other Financing Sources (Uses)	<u>(6,500)</u>	<u>(3,126)</u>	<u>(436)</u>	<u>2,690</u>
Net Change in Fund Balance	(353,504)	(338,130)	44,855	382,985
Fund Balance Beginning of Year	378,581	378,581	378,581	
Prior Year Encumbrances Appropriated	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	
Fund Balance End of Year	<u>\$35,077</u>	<u>\$50,451</u>	<u>\$433,436</u>	<u>\$382,985</u>

See accompanying notes to the basic financial statements.

**BATH TOWNSHIP
GREENE COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL-BUDGET BASIS
ROAD AND BRIDGE FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$183,750	\$187,015	\$191,036	\$4,021
Intergovernmental	36,773	36,773	33,112	(3,661)
Miscellaneous			1,200	1,200
Total receipts	<u>220,523</u>	<u>223,788</u>	<u>225,348</u>	<u>1,560</u>
Disbursements				
Current:				
Public Works	258,347	259,747	247,502	12,245
Capital Outlay	118,551	110,416	611	109,805
Total Disbursements	<u>376,898</u>	<u>370,163</u>	<u>248,113</u>	<u>122,050</u>
Excess of Receipts Over (Under) Disbursements	<u>(156,375)</u>	<u>(146,375)</u>	<u>(22,765)</u>	<u>123,610</u>
Other Financing Sources (Uses)				
Transfers In		2,161	2,161	
Total Other Financing Sources (Uses)		<u>2,161</u>	<u>2,161</u>	
Net Change in Fund Balance	(156,375)	(144,214)	(20,604)	123,610
Fund Balance Beginning of Year	145,763	145,763	145,763	
Prior Year Encumbrances Appropriated	<u>611</u>	<u>611</u>	<u>611</u>	
Fund Balance End of Year	<u>(\$10,001)</u>	<u>\$2,160</u>	<u>\$125,770</u>	<u>\$123,610</u>

See accompanying notes to the basic financial statements.

**BATH TOWNSHIP
GREENE COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL-BUDGET BASIS
CEMETERY FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Receipts				
Licenses, Permits and Fees	\$163,900	\$163,900	\$159,331	(\$4,569)
Miscellaneous	96,100	96,100	95,706	(394)
Total receipts	<u>260,000</u>	<u>260,000</u>	<u>255,037</u>	<u>(4,963)</u>
Disbursements				
Current:				
Health	259,281	267,699	246,725	20,974
Capital Outlay	70,022	37,604	13,876	23,728
Total Disbursements	<u>329,303</u>	<u>305,303</u>	<u>260,601</u>	<u>44,702</u>
Excess of Receipts Over (Under) Disbursements	<u>(69,303)</u>	<u>(45,303)</u>	<u>(5,564)</u>	<u>39,739</u>
Other Financing Sources (Uses)				
Transfers Out		(24,000)		24,000
Total Other Financing Sources (Uses)		<u>(24,000)</u>		<u>24,000</u>
Net Change in Fund Balance	(69,303)	(69,303)	(5,564)	63,739
Fund Balance Beginning of Year	68,692	68,692	68,692	
Prior Year Encumbrances Appropriated	1,020	1,020	1,020	
Fund Balance End of Year	<u>\$409</u>	<u>\$409</u>	<u>\$64,148</u>	<u>\$63,739</u>

See accompanying notes to the basic financial statements.

**BATH TOWNSHIP
GREENE COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FIRE LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$350,000	\$326,603	\$341,333	\$14,730
Intergovernmental	68,405	68,405	53,675	(14,730)
Total receipts	<u>418,405</u>	<u>395,008</u>	<u>395,008</u>	
Disbursements				
Current:				
Public Safety	423,000	423,000	419,936	3,064
Total Disbursements	<u>423,000</u>	<u>423,000</u>	<u>419,936</u>	<u>3,064</u>
Excess of Receipts Over (Under) Disbursements	<u>(4,595)</u>	<u>(27,992)</u>	<u>(24,928)</u>	<u>3,064</u>
Fund Balance Beginning of Year	400,121	400,121	400,121	
Prior Year Encumbrances Appropriated				
Fund Balance End of Year	<u>\$395,526</u>	<u>\$372,129</u>	<u>\$375,193</u>	<u>\$3,064</u>

See accompanying notes to the basic financial statements.

**BATH TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

1. REPORTING ENTITY

Bath Township, Greene County, Ohio (the Township), is a body politic and corporate established the 3rd of March, 1807 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 Township provides general government services, including maintenance of Township roads and cemetery maintenance. The Township contracts with the City of Fairborn for EMS and fire protection. Police protection is provided by the Greene County Sheriff. The Township has no component units. Component units are legally separate organizations for which a township is financially accountable.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a *modified* cash basis of accounting. This *modified* 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 *modified* cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, 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 *modified* cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

A. 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.

1. Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions.

The statement of net assets presents the cash balances 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 *modified* cash basis or draws from the Township's general receipts.

**BATH TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. 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 financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

B. 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 all governmental.

1. Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Township has four major governmental funds. 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.

The other major governmental funds of the Township are the Road and Bridge Fund, the Cemetery Fund, and the Fire Levy Fund. The Road and Bridge Fund receives property tax money for constructing, maintaining and repairing Township roads. The Fire Levy Fund receives property taxes from an operating levy in order to provide fire related functions plus ambulance and other emergency services to the Township. The Cemetery Fund is financed from the sales of lots and services to provide maintenance of the cemetery and related cemetery services.

C. Basis of Accounting

The Township's financial statements are prepared using the *modified* cash basis of accounting. 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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

As a result of the use of this modified 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.

**BATH TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process

All 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 fund, department, and 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 Township 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 certificate 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.

E. Cash and Investments

The Township has a Depository Agreement for Active, Interim and/or Inactive Public Funds with Fifth Third Bank. The Bank secures its obligation under this Agreement by depositing with Bank of New York as safekeeping agent eligible securities in the amount and in the manner required pursuant to Chapter 135 of the Ohio Revised Code.

The Township records identify the purchase of nonnegotiable certificates of deposit by specific funds. These are the Township's only investments. Maturity dates may range from a few weeks up to one year depending on the anticipated need. Individual fund integrity is maintained through Township records.

Certificates of deposit are reported as assets, valued at cost. Accordingly, purchases of CDs are not recorded as disbursements, and sales of CDs are not recorded as receipts.

Interest earnings are allocated to Township funds according to State statutes or grant requirements.

F. Restricted Assets

Cash and cash equivalents 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, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Township has none.

**BATH TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. 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.

H. 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.

I. 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 *modified* cash basis of accounting.

J. 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.

K. Fund Balances Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. The Township maintains an Accumulated Vacation/Sick Leave Termination Benefits Fund as a budget stabilization measure. The Township also has a Byron Cemetery Perpetual Care Fund that receives ten percent of the receipts from the sale of lots and cemetery services.

L. Interfund Transactions

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.

3. CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY

Fiscal years 2006 and 2005 are the first years that the Township has reported fund financial statements by the *modified* cash basis of accounting described in note 2. The fund financial statements present each major fund in a separate column with non-major funds aggregated and presented in a single column, rather than a column for each fund type.

4. ACCOUNTABILITY AND COMPLIANCE

The Township management believes there are no issues with accountability or compliance.

**BATH TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
(Continued)**

5. 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 Statements of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund, road and bridge fund, cemetery fund and the fire levy fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the *modified* cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (*modified* cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (*modified* cash basis). The encumbrances outstanding at 2006 year end (budgetary basis) amounted to \$11,286 for the general fund; \$611 for road and bridge fund; and \$1,118 for the cemetery fund. The encumbrances outstanding at 2005 year end (budgetary basis) amounted to \$10,251 for the general fund, \$611 for the road and bridge fund, \$1,759 for the cemetery fund.

6. CASH AND CASH EQUIVALENTS

At year end, the Township had no un-deposited cash on hand.

A. Deposits

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.

The Township has a Depository Agreement for Active, Interim and/or Inactive Public Funds with Fifth Third Bank. The Bank secures its obligation under this Agreement by depositing with Bank of New York as safekeeping agent eligible securities in the amount and in the manner required pursuant to Chapter 135 of the Ohio Revised Code. Current ratings for Fifth Third Bank are as follows:

The Township has no investments other than certificates of deposit most of which are with Fifth Third Bank and are protected in the same manner as the deposits. The Township's investment portfolio is structured so that certificates mature to meet cash requirements for ongoing operations. (The Township does have a \$1,000 certificate of deposit with U.S. Bank with which it has a Depository Agreement as well.)

7. PROPERTY TAXES

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

**BATH TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
(Continued)**

7. PROPERTY TAXES (Continued)

Public utility property tax receipts received in 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 2005, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2006 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. Tangible personal property is currently assessed at 18.75 percent of true value for capital assets and 17.25 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2006 and 2005, was \$10.60 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

<u>Real Property</u>	<u>2006</u>	<u>2005</u>
Residential/Agricultural	\$67,021,010	\$62,010,930
Commercial/Industrial/Mineral	14,434,590	14,028,140
Public Utility Property		
Real	34,230	34,040
Personal	5,722,990	6,022,160
Tangible Personal Property	8,512,626	10,435,166
Total Assessed Value	<u>\$95,725,446</u>	<u>\$92,530,436</u>

8. CAPITAL ASSETS

The Township maintains an inventory listing of equipment and vehicles on its Uniform Accounting Network program and a listing of buildings, equipment and vehicles with the insurance carrier, The Ohio Government Risk Management Plan.

9. 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 2005 the Township contracted with the Cincinnati Insurance Company for property and casualty insurance and Scottsdale Indemnity Company for public officials liability and employment practices liability coverage.

Legal Liability	\$ 500,000	Per Occurrence
Automobile Liability	\$ 500,000	Per Occurrence
Umbrella	\$5,000,000	Per Occurrence
Property	\$1,189,418	Total Coverage
Contractor's Equipment	\$ 574,099	Limit
Public Officials/Employment Practices	\$1,000,000	Limit

**BATH TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
(Continued)**

9. RISK MANAGEMENT (Continued)

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years.

Effective September 1, 2006, the Township changed the property and casualty insurance carrier to The Ohio Plan. Prior to that date The Cincinnati Insurance Company had been the Township's property and casualty insurance carrier and Scottsdale Indemnity Company provided the public officials liability and employment practices liability coverage. As of December 31, 2006 the Township had the following types of coverage:

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
The Ohio Government Risk Management Plan	Building & Personal Property	\$1,156,918
	General Liability	5,000,000
	Commercial Crime	25,000
	Inland Marine	543,221
	Vehicle	5,000,000
	Public Officials/Errors & Omissions	5,000,000
The Cincinnati Insurance Co.	Fidelity Bonds, Fiscal Officer	160,000
	Trustees	5,000
Ohio Farmers Insurance Co.	Fidelity Bonds	5,000

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Ohio Government Risk Management Plan (The Ohio Plan) is governed by a Board of Directors comprised of public officials selected from the membership. The Board of Directors contracts with a qualified administrator to perform the tactical duties of the Ohio Plan. The Board reviews the administrator's performance and provides the strategic direction of the Ohio Plan. The administrator provides sales/service management, underwriting, risk control, accounting and claim services for the Plan. Legal counsel, actuarial and auditing services are provided independently under separate outside contracts. The Ohio Plan requires membership in the Ohio Township Association. The administrators, Hylant Administrative Services (HAS) provide services from Toledo, Ohio. All lines of coverage are reinsured with multiple A-rated carriers. Liability coverages are "occurrence" forms. "Occurrence" forms provide coverage for covered losses that occur during a public entity's membership in the Ohio Plan, although the public entity may no longer be a member when the claim is made.

Hylant Administrative Services Claims Department has nine full-time Claims Examiners. HAS Risk Management assists Ohio Plan members in controlling and managing their risks in various ways, including on-site visits, recommendations, resource materials, and a comprehensive safety video library.

The Township pays the State Workers' Compensation System a premium based on a rate of 0.032113 per \$1.00 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims. The Township is a member of the Frank Gates Service Company group rating plan.

**BATH TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
(Continued)**

10. DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). 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 provides retirement, disability, and survivor benefits as well as postretirement health care coverage to 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.

Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that is available at www.opers.org or 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.

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The Township's contribution rate for pension benefits for 2005 was 13.55 percent. The Township has no Public Safety or Law Enforcement personnel.

For the year ended December 31, 2006 the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9.0 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2006 was 13.7 percent. The Township has no Public Safety or Law Enforcement personnel. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$59,189, \$59,128, and \$60,996 respectively. The full amount has been contributed for 2006, 2005, and 2004. There were no member-directed plans.

11. POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.70 percent of covered payroll. The portion of employer contributions allocated to health care was 4.50 percent.

**BATH TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
(Continued)**

11. POST-EMPLOYMENT BENEFITS (Continued)

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005 include a rate of return on investments of 6.50 percent for 2005, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after that.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214 as of December 31, 2006. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. The Township's actual employer contributions for 2006 which were used to fund post-employment benefits were \$19,444. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005 (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability for OPEB were \$31.3 billion and \$20.2 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, is effective on January 1, 2007. OPERS took additional actions to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

12. INTERFUND TRANSFERS

During 2006 and 2005 the following general fund transfers were made:

	2006	2005
Transfers from the General Fund to:		
Major Governmental Fund	\$ 0	\$ 0
Other Governmental Funds	4,130	6,500
Transfers to the General Fund		(3,374)
Total Transfers from the General Fund	\$4,130	\$3,126

2006 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. Transfers to Other Governmental Funds include: \$2,500 to Accumulated Vacation/Sick Leave Termination Benefits to match the projected outlay; \$1,630 to Byron Cemetery Perpetual Care Fund to credit the fund for the interest earned on Certificates of Deposit that included the fund's monies.

2005 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. FEMA receipts are transferred to the funds from which original disbursements were made.

**BATH TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005
(Continued)**

13. CONSTRUCTION AND CONTRACTUAL COMMITMENTS

At December 31, 2005, the Township has no major construction commitments. The Township does have a contract with the City of Fairborn for EMS and fire protection in the amount of \$410,000 per year that will expire December 31, 2006.

At December 31, 2006, the Township has no major construction commitments. The Township does have a contract with the City of Fairborn for EMS and fire protection. Effective January 1, 2007, the cost for these services increased from \$410,000 to \$625,000.

14. SUBSEQUENT EVENTS

The defeat of the 3.0 mills additional Fire Levy on February 6, 2007, will affect the Township's ability to meet its contractual agreement with the City of Fairborn for EMS and fire protection. The Board of Trustees has acted to place the levy on the May 8th ballot and is seeking assistance from local citizens to garner support for the levy.



Mary Taylor, CPA

Auditor of State

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

Bath Township
Greene County
1006 Yellow Springs–Fairfield Road
Fairborn, Ohio 45324

To the Board of Trustees:

We have audited the financial statements of the Bath Township, Greene County, (the Township) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated March 23, 2007, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted that the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine 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 control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be 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.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688
www.auditor.state.oh.us

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the management and the Board of Trustees. It is not intended for anyone other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

March 23, 2007



Mary Taylor, CPA
Auditor of State

BATH TOWNSHIP

GREENE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 31, 2007**