



Dave Yost • Auditor of State

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Beavercreek Township
Greene County
851 Orchard Lane
Beavercreek, Ohio 45434

To the Board of Township Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Beavercreek Township, Greene County, (the Township) as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2015 and 2014, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Beavercreek Township, Greene County as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during 2014, the Township has elected to change its financial presentation from a cash basis comparable to the requirements of *Governmental Accounting Standards* to an accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2017, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

March 10, 2017

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**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$748,097	\$7,928,278		\$8,676,375
Charges for Services		1,246,441		1,246,441
Licenses, Permits and Fees	118,382	49,144		167,526
Fines and Forfeitures	8,822			8,822
Intergovernmental	189,989	1,052,997		1,242,986
Earnings on Investments	47,622	551		48,173
Miscellaneous	38,035	6,080		44,115
<i>Total Cash Receipts</i>	<u>1,150,947</u>	<u>10,283,491</u>		<u>11,434,438</u>
Cash Disbursements				
Current:				
General Government	942,135		\$2,470	944,605
Public Safety	37,038	8,933,762	229,543	9,200,343
Public Works	21,582	940,858		962,440
Health	24,499	32,345		56,844
Conservation-Recreation	136,464			136,464
Other	169,118			169,118
Capital Outlay	15,600		231,600	247,200
<i>Total Cash Disbursements</i>	<u>1,346,436</u>	<u>9,906,965</u>	<u>463,613</u>	<u>11,717,014</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(195,489)</u>	<u>376,526</u>	<u>(463,613)</u>	<u>(282,576)</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets		12,135		12,135
Transfers In	231,418	339,714	325,000	896,132
Transfers Out		(656,418)	(339,714)	(996,132)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>231,418</u>	<u>(304,569)</u>	<u>(14,714)</u>	<u>(87,865)</u>
<i>Net Change in Fund Cash Balances</i>	35,929	71,957	(478,327)	(370,441)
<i>Fund Cash Balances, January 1</i>	<u>1,608,217</u>	<u>10,310,575</u>	<u>3,197,620</u>	<u>15,116,412</u>
Fund Cash Balances, December 31				
Restricted		10,382,532	229,505	10,612,037
Committed	362,962		2,489,788	2,852,750
Assigned	1,274,588			1,274,588
Unassigned	6,596			6,596
<i>Fund Cash Balances, December 31</i>	<u>\$1,644,146</u>	<u>\$10,382,532</u>	<u>\$2,719,293</u>	<u>\$14,745,971</u>

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

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Fiduciary Fund Type</u>		Totals (Memorandum Only)
	<u>Agency</u>	<u>Private Purpose Trust</u>	
Operating Cash Receipts			
Earnings on Investments		\$17	\$17
<i>Total Operating Cash Receipts</i>		17	17
<i>Operating Income (Loss)</i>		17	17
Nonoperating Cash Receipts (Disbursements)			
Miscellaneous Receipts	\$13,291		13,291
Principal Retirement	(11,625)		(11,625)
<i>Total Nonoperating Cash Receipts (Disbursements)</i>	1,666		1,666
<i>Income (Loss) before Transfers</i>	1,666	17	1,683
Transfers In	100,000		100,000
<i>Net Change in Fund Cash Balances</i>	101,666	17	101,683
<i>Fund Cash Balances, January 1</i>	3,260	5,897	9,157
<i>Fund Cash Balances, December 31</i>	<u>\$104,926</u>	<u>\$5,914</u>	<u>\$110,840</u>

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

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts				
Property and Other Local Taxes	\$756,605	\$7,922,150		\$8,678,755
Charges for Services		1,169,404		1,169,404
Licenses, Permits and Fees	100,180	40,831		141,011
Fines and Forfeitures	10,011			10,011
Intergovernmental	163,478	1,090,036		1,253,514
Earnings on Investments	34,716	264		34,980
Miscellaneous	33,530	24,316		57,846
<i>Total Cash Receipts</i>	<u>1,098,520</u>	<u>10,247,001</u>		<u>11,345,521</u>
Cash Disbursements				
Current:				
General Government	947,821		\$24,875	972,696
Public Safety		8,727,796	1,880	8,729,676
Public Works	101,673	919,014		1,020,687
Health	22,638	16,381		39,019
Conservation-Recreation	141,327			141,327
Other	189,746			189,746
Capital Outlay	34,980	61,562	115,046	211,588
<i>Total Cash Disbursements</i>	<u>1,438,185</u>	<u>9,724,753</u>	<u>141,801</u>	<u>11,304,739</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(339,665)</u>	<u>522,248</u>	<u>(141,801)</u>	<u>40,782</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets		8,202		8,202
<i>Total Other Financing Receipts (Disbursements)</i>		<u>8,202</u>		<u>8,202</u>
<i>Net Change in Fund Cash Balances</i>	<u>(339,665)</u>	<u>530,450</u>	<u>(141,801)</u>	<u>48,984</u>
<i>Fund Cash Balances, January 1</i>	<u>1,947,882</u>	<u>9,780,125</u>	<u>3,339,421</u>	<u>15,067,428</u>
Fund Cash Balances, December 31				
Restricted		10,310,575	234,250	10,544,825
Committed	168,582		2,963,370	3,131,952
Assigned	1,439,635			1,439,635
<i>Fund Cash Balances, December 31</i>	<u>\$1,608,217</u>	<u>\$10,310,575</u>	<u>\$3,197,620</u>	<u>\$15,116,412</u>

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

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Fiduciary Fund Type</u>		Totals (Memorandum Only)
	<u>Agency</u>	<u>Private Purpose Trust</u>	
Operating Cash Receipts			
Earnings on Investments		\$13	\$13
<i>Total Operating Cash Receipts</i>		13	13
Operating Cash Disbursements			
Purchased Services	\$6,375		6,375
<i>Total Operating Cash Disbursements</i>	6,375		6,375
<i>Net Change in Fund Cash Balances</i>	(6,375)	13	(6,362)
<i>Fund Cash Balances, January 1</i>	9,635	5,884	15,519
<i>Fund Cash Balances, December 31</i>	<u>\$3,260</u>	<u>\$5,897</u>	<u>\$9,157</u>

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

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Beavercreek Township, Greene County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general government services, road and bridge maintenance, cemetery maintenance, park maintenance, fire protection and emergency medical services. Police protection is provided by the Greene County Sheriff's Office.

The Township participates in one public entity risk pool, Ohio Township Association Risk Management Authority (OTARMA). OTARMA has been in existence since 1987 and provides a group self-insurance program that spreads the cost of claims and related expenses among its members. The risk pool has an AAA rating from Demotech, an independent rating service, based on the financial activity, loss reserves, administration, and overall performance. Note 7 to the financial statements provides additional information for this entity.

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

B. Accounting Basis

During 2014, the Township elected to change its financial presentation from a cash basis comparable to the requirements of *Governmental Accounting Standards*. These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits and Investments

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

The Township values U.S. Agency Securities at cost. Money market mutual funds are recorded at share values the mutual funds report. Non-negotiable Certificates of Deposit are reported at cost.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

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

Fire Fund - This fund receives property tax money for providing emergency fire department services to residents of the Township.

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining, and repairing Township roads and bridges.

Gasoline Tax Fund - This fund receives gasoline tax money to pay for constructing, maintaining, and repairing Township roads.

Police Fund - This fund receives property tax money to provide police protection for Township residents by contracting with the Greene County Sheriff's Office.

EMS Fund - This fund receives charges for services money to provide EMS protection services to Township residents.

3. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Township had the following significant capital project funds:

Mobile Radio Fund – This fund was established to accumulate resources to purchase Land-Mobile Radio and ancillary equipment.

Land Acquisition Fund – This fund was established to hold funds transferred from the General Fund for the acquisition or improvement of land for recreational purposes.

Advanced Life Fire Engine Fund – This fund was established to account for money committed to the acquisition of four advanced life fire engines for the Township.

4. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township's private-purpose trust fund accounts for resources restricted by a legally binding trust agreement.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township's agency fund accounts for monies received from other governments to pay their respective portions of the State's LGIF loan.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2015 and 2014 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

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

2. Restricted

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

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Committed

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

4. Assigned

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

5. Unassigned

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

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

G. Property, Plant, and Equipment

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

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS (Continued)

	2015	2014
Demand deposits	\$2,018,395	\$2,582,099
Certificates of deposit	2,389,637	1,644,637
Other time deposits (savings and NOW accounts)	3,540,274	9,531,704
Total deposits	7,948,306	13,758,440
U.S. Agency Securities	6,908,505	1,367,129
Total investments	6,908,505	1,367,129
Total deposits and investments	\$14,856,811	\$15,125,569

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Investments: The Federal Reserve holds the Township's U.S. Agency Securities in book-entry form by, in the name of the Township's financial institution. The financial institution maintains records identifying the Township as owner of these securities.

Investments in mutual funds are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,013,420	\$1,382,365	\$368,945
Special Revenue	9,803,900	10,635,340	831,440
Capital Projects	325,000	325,000	
Fiduciary		113,308	113,308
Total	\$11,142,320	\$12,456,013	\$1,313,693

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,453,055	\$1,353,032	\$1,100,023
Special Revenue	20,283,056	11,808,476	8,474,580
Capital Projects	3,522,619	3,341,747	180,872
Fiduciary	5,897	11,625	(5,728)
Total	\$26,264,627	\$16,514,880	\$9,749,747

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$980,780	\$1,098,520	\$117,740
Special Revenue	9,548,500	10,255,203	706,703
Capital Projects			
Fiduciary		13	13
Total	\$10,529,280	\$11,353,736	\$824,456

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,760,080	\$1,451,767	\$1,308,313
Special Revenue	19,497,207	9,894,668	9,602,539
Capital Projects	3,339,420	2,878,178	461,242
Fiduciary	5,884	6,375	(491)
Total	\$25,602,591	\$14,230,988	\$11,371,603

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

5. DEBT

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$453,375	0%
Total	\$453,375	

The Township entered in to an agreement with other subdivisions to draw down funds as part of a demonstration project from the Ohio Development Services Agency to share services in accordance with Ohio Revised Code section 189.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

5. DEBT (Continued)

Amortization of the above debt is scheduled as follows:

Year ending December 31:	Local Government Investment Loan
2016	\$46,500
2017	46,500
2018	46,500
2019	46,500
2020	46,500
2021-2025	220,875
Total	\$453,375

The amount above includes the total amount loaned to Beaver Creek Township as the lead subdivision in the project. The portion of the debt the Township is limited to repay is \$100,000, with \$97,222 outstanding as of December 31, 2015.

6. RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. From January 1, 2014 through June 30, 2014, July 1, 2014 through June 30, 2015, and July 1, 2015 through December 31, 2015 OP&F participants contributed 10.75%, 11.5% and 12.25% of their wages, respectively. For 2015 and 2014, the Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages. For 2015 and 2014, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2015.

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

7. RISK MANAGEMENT

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

7. RISK MANAGEMENT (Continued)

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2015, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2015 and 2014 (the latest information available):

	2015	2014
Assets	\$37,313,311	\$35,970,263
Liabilities	8,418,518	8,912,432
Net Position	\$28,894,793	\$27,057,831

At December 31, 2015 and 2014, respectively, the liabilities above include approximately \$7.8 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.7 and \$7.2 million of unpaid claims to be billed to approximately 989 members and 957 member governments in the future, as of December 31, 2015 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Township's share of these unpaid claims collectible in future years is approximately \$56,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

2015	2014
\$105,688	\$106,093

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

7. RISK MANAGEMENT (Continued)

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

8. CONTINGENT LIABILITIES

The Township is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.

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Dave Yost • Auditor of State

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

Beavercreek Township
Greene County
851 Orchard Lane
Beavercreek, Ohio 45434

To the Board of Township Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Beavercreek Township, Greene County, (the Township) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, and have issued our report thereon dated March 10, 2017, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit. During 2014, the Township has elected to change its financial presentation from a cash basis comparable to the requirements of *Governmental Accounting Standards*.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider Finding Number 2015-001 to be a material weakness.

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

March 10, 2017

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2015-001

Material Weakness – GASB 54 Fund Classifications

Paragraph 5 of Government Accounting Standards Board (GASB) Statement No 54 states that fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Paragraph 10 of GASB Statement No 54 (GASB codification 1800.170) further states that amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority should be reported as committed fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts. The authorization specifying the purposes for which amounts can be used should have the consent of both the legislative and executive branches of the government, if applicable. Committed fund balance also should incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

The Auditor of State issued bulletin 2011-004 to aid local governments in reporting fund balance in accordance with GASB 54. The primary objective of a compensated absences fund established in accordance with Ohio Rev. Code Section 5705.13(B) is to accumulate resources for payment of accumulated leave and excess salaries through transfers from various funds. Due to the nature of activity of this fund, under GASB 54 compensated absences funds should be reported under the general fund with committed fund balances. The Township reported fund 2903 Accumulated Leave/Excess Salaries fund as non-major governmental fund with assigned fund balance. Audit adjustments were required to present the year-end balance of \$168,582 and \$362,962 at December 31, 2014 and 2015, respectively, along with the fund's activity as committed balances within the general fund.

Paragraph 15 and 16 of GASB Statement No. 54 (GASB codifications 1800.175 and 1800.176) state that assigned fund balance includes (a) all remaining amounts (except for negative balances, as discussed in paragraph 19 that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed and (b) amounts in the general fund that are intended to be used for a specific purpose in accordance with the provisions in paragraph 13. By reporting particular amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund, the government has assigned those amounts to the purposes of the respective funds. Assignment within the general fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the government itself. However, governments should not report an assignment for an amount to a specific purpose if the assignment would result in a deficit in unassigned fund balance. An appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance.

The Township improperly classified \$1,439,635 and \$1,274,588 of the general fund balance as unassigned rather than assigned at December 31, 2014 and 2015, respectively. Audit adjustments were required to properly present the general fund balances.

**FINDING NUMBER 2015-001
(Continued)**

Additionally, the Township improperly classified the balances of the following funds established under the provisions of Ohio Rev. Code Section 5705.13(C) as assigned rather than committed in accordance with paragraph 10 of GASB Statement No. 54:

December 31, 2014

- Fund 4901 New Ambulance fund balance of \$403,818
- Fund 4902 Land Acquisition fund balance of \$594,838
- Fund 4903 Advanced Life Fire Engine fund balance of \$1,625,000
- Fund 4904 Fire Station fund balance of \$339,714

December 31, 2015

- Fund 4901 New Ambulance fund balance of \$499,275
- Fund 4902 Land Acquisition fund balance of \$365,513
- Fund 4903 Advanced Life Fire Engine fund balance of \$1,625,000

The financial statements have been adjusted to properly present these fund balances.

The Township should implement procedures to verify that all fund balances are properly reported under GASB 54. The Township should use GASB 54 and the Auditor of State Bulletin 2011-004 to assist in determining proper fund balance classifications. Failure to properly classify fund balances could result in material misstatements in the financial statements.

Official's Response:

We did not receive a response from Township officials to this finding.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015 AND 2014**

Finding Number	Finding Summary	Status	Additional Information
2013-001	Material Weakness – GASB 54 Fund Classifications	Not Corrected	The Township did not correct this item by December 31, 2015. Repeated as Finding 2015-001
2013-002	Material Weakness – Classification of Funds Under GASB Statement Nos. 34 and 37	Finding No Longer Valid	The Township is no longer preparing financial statements under the Other Comprehensive Basis of Accounting.

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BEAVERCREEK 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
MAY 4, 2017**