



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

BEAVERCREEK TOWNSHIP
GREENE COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2017 and 2016
Fiscal Years Audited Under GAGAS: 2017 and 2016

OHIO AUDITOR OF STATE KEITH FABER



Board of Trustees
Beavercreek Township
851 Orchard Lane, Suite C
Beavercreek, OH 45434-7220

We have reviewed the *Independent Auditor's Report* of Beavercreek Township, Greene County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2016 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

NONCOMPLIANCE AND FINDING FOR RECOVERY

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, **Ohio Attorney General Opinion 82-006** indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. **Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper Public Purpose** states that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

Between June 2016 and September 2018, the Township incurred \$2,312 in late fees and interest due to the Township not paying its bills on time. The late fees and penalties assessed against the Township serve no proper public purpose for the Township and could have been avoided had the funds been remitted in a timely manner. Between December 14 and the present time, the Township has been able to recover late fees previously charged, which totaled \$297. The remaining amount of late fees paid and not recovered were \$2,015.

In accordance with the foregoing facts, and pursuant to Ohio Revised Code Section 117.28, a finding for recovery for public money illegally expended in the amount of \$2,015 is hereby issued against Christy Ahrens, Fiscal Officer, and in favor of Beavercreek Township's General Fund. Christy Ahrens' bonding company is the Travelers Casualty and Surety Company of America.

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NONCOMPLIANCE AND FINDING FOR RECOVERY (continued)

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Beavercreek Township is responsible for compliance with these laws and regulations.



Keith Faber
Auditor of State
Columbus, Ohio

January 28, 2019

Beavercreek Township
Greene County
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INDEPENDENT AUDITOR'S REPORT

Beavercreek Township
Greene County
851 Orchard Lane, Suite C
Beavercreek, Ohio 45434

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Beavercreek Township, Greene County, Ohio (the Township) as of and for the years ended December 31, 2017 and 2016.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2017 and 2016, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Beavercreek Township, Greene County as of December 31, 2017 and 2016, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2018, 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.



BHM CPA Group, Inc.
Piketon, Ohio
October 26, 2018

**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, 2017**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Taxes	\$ 779,318	\$ 8,622,186	\$ -	\$ 9,401,504
Licenses, Permits & Fees	136,722	34,831	-	171,553
Intergovernmental	178,351	1,061,043	-	1,239,394
Charges for Services	-	1,279,432	-	1,279,432
Fines and Forfeitures	11,997	-	-	11,997
Earnings on Investments	138,880	2,221	-	141,101
Miscellaneous	46,924	74,139	-	121,063
Total Cash Receipts	<u>1,292,192</u>	<u>11,073,852</u>	<u>-</u>	<u>12,366,044</u>
Cash Disbursements:				
Current:				
General Government	762,614	-	-	762,614
Public Safety	-	10,476,483	659,602	11,136,085
Public Works	13,717	1,103,532	-	1,117,249
Health	22,564	35,007	-	57,571
Conservation/Recreation	153,659	-	-	153,659
Other	54,374	-	-	54,374
Capital Outlay	7,621	27,458	24,294	59,373
Total Cash Disbursements	<u>1,014,549</u>	<u>11,642,480</u>	<u>683,896</u>	<u>13,340,925</u>
Excess of Receipts Over/(Under) Disbursements	277,643	(568,628)	(683,896)	(974,881)
Other Financing Receipts (Disbursements):				
Sale of Fixed Assets	-	8,181	-	8,181
Transfers-In	279,910	179,910	2,575,000	3,034,820
Transfers-Out	(179,910)	(2,575,000)	(279,910)	(3,034,820)
Total Other Financing Receipts (Disbursements)	<u>100,000</u>	<u>(2,386,909)</u>	<u>2,295,090</u>	<u>8,181</u>
Net Change in Fund Cash Balances	377,643	(2,955,537)	1,611,194	(966,700)
Fund Cash Balances, January 1	<u>1,354,449</u>	<u>10,796,600</u>	<u>2,709,308</u>	<u>14,860,357</u>
Fund Cash Balances, December 31				
Restricted	-	7,841,063	223,540	8,064,603
Committed	362,962	-	4,096,962	4,459,924
Assigned	1,357,130	-	-	1,357,130
Unassigned (Deficit)	12,000	-	-	12,000
Fund Cash Balances, December 31	<u>\$ 1,732,092</u>	<u>\$ 7,841,063</u>	<u>\$ 4,320,502</u>	<u>\$ 13,893,657</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, 2017**

	<u>Fiduciary Fund Types</u>		Totals (Memorandum Only)
	<u>Agency</u>	<u>Private Purpose Trust</u>	
Operating Cash Receipts:			
Earnings on Investments	-	52	52
Total Cash Receipts	-	52	52
Operating Income (Loss)	-	52	52
Nonoperating Cash Receipts (Disbursements)			
Miscellaneous Receipts	47,194	-	47,194
Principal Retirement	(46,500)	-	(46,500)
Total Other Financing Receipts (Disbursements)	694	-	694
Net Change in Fund Cash Balances	694	52	746
Fund Cash Balances, January 1	92,675	5,950	98,625
Fund Cash Balances, December 31	<u>\$ 93,369</u>	<u>\$ 6,002</u>	<u>\$ 99,371</u>

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

Beavercreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 – Reporting Entity

Entity Description

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.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

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 6, 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.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

1. General Fund

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

Beavercreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2017

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 Fund:

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
For the Year Ended December 31, 2017

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.

Basis of Accounting

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

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

Budgetary Process

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

2. Estimated Resources

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

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 re-appropriated. The Township did not encumber all commitments required by Ohio law.

A summary of 2017 budgetary activity appears in Note 3.

Beavercreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2017

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. Treasury Notes at cost. Money market mutual funds are recorded at share values the mutual funds report. Non-negotiable Certificates of Deposit are reported at cost.

Capital Asset—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.

Accumulated Leave

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

Fund Balance

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

1. Non-spendable

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

2. Restricted

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

3. Committed

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

Beavercreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2017

4. Assigned

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

5. Unassigned

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

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

Note 3 – Budgetary Activity

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

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,170,150	\$1,572,102	\$401,952
Special Revenue	10,504,000	11,261,943	757,943
Capital Projects	0	2,575,000	2,575,000
Fiduciary	0	47,246	47,246
Total	<u>\$11,674,150</u>	<u>\$15,456,291</u>	<u>\$3,782,141</u>

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,261,233	\$1,194,459	\$1,066,774
Special Revenue	21,392,489	14,217,480	7,175,009
Capital Projects	2,320,201	963,806	1,356,395
Fiduciary	98,625	46,500	52,125
Total	<u>\$26,072,548</u>	<u>\$16,422,245</u>	<u>\$9,650,303</u>

Contrary to Ohio Revised Code the Township used funds deemed to be improper use of public funds.

Beavercreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 4 – 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:

	<u>2017</u>
Demand deposits	\$1,130,564
Certificates of deposit	1,910,000
Other time deposits (savings and NOW accounts)	<u>3,054,639</u>
Total deposits	<u>6,095,203</u>
U.S. Treasury Notes	<u>7,897,825</u>
Total investments	<u>7,897,825</u>
Total deposits and investments	<u><u>\$13,993,028</u></u>

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.

Note 5 – Property Taxes

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.

Beavercreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 6 - 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.

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, 2017, 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, 2017.

	2017
Assets	\$40,010,732
Liabilities	8,675,465
Net Position	\$31,335,267

At December 31, 2017 the liabilities above include approximately \$8.0 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,016 member governments in the future, as of December 31, 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Township's share of these unpaid claims collectible in future years is approximately \$53,000.

Beavercreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2017

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.

The Township's 2017 contributions to OTARMA were \$120,347. A refund of \$7,161 was applied for a net contribution to OTARMA of \$113,186.

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.

Note 7 - Defined Benefit Pension Plans

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. For 2017, OP&F participants contributed 12.25% of their wages. For 2017, the Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages.

For 2017, OPERS members contributed 10%, of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries.

The Township has paid all contributions required through December 31, 2017.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. OP&F contributes 0.5 percent to fund these benefits.

Beavercreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 9 – Debt

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$360,375	0%
Total	\$360,375	

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.

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

	Local Government Investment Loan
Year ending December 31:	
2018	\$46,500
2019	46,500
2020	46,500
2021	46,500
2022-2025	174,375
Total	\$360,375

The amount above includes the total amount loaned to Beavercreek 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, 2017.

Note 10 – Construction and Contractual Commitments

To meet the growing population and needs of the community, the Township is planning to build a new fire station—Station 65—in 2018. Nine new fulltime career firefighters have been hired and trained to help staff the new station.

In 2018, parks of the Beavercreek Township Park Board will be maintained by the City of Beavercreek instead of Beavercreek Township. Further, Beavercreek Township will transfer deeds of all remaining parks to Greene County Parks and Trails.

Note 11 – 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.

**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, 2016**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Taxes	\$ 766,451	\$ 8,184,177	\$ -	\$ 8,950,628
Licenses, Permits & Fees	128,632	33,303	-	161,935
Intergovernmental	178,592	1,048,728	-	1,227,320
Charges for Services	-	1,221,985	-	1,221,985
Fines and Forfeitures	12,143	-	-	12,143
Earnings on Investments	100,951	1,205	-	102,156
Miscellaneous	36,223	8,331	-	44,554
Total Cash Receipts	<u>1,222,992</u>	<u>10,497,729</u>	<u>-</u>	<u>11,720,721</u>
Cash Disbursements:				
Current:				
General Government	989,459	-	9,985	999,444
Public Safety	-	9,215,883	-	9,215,883
Public Works	20,467	842,107	-	862,574
Health	23,504	23,086	-	46,590
Conservation/Recreation	296,284	-	-	296,284
Other	179,441	-	-	179,441
Capital Outlay	3,534	30,132	-	33,666
Total Cash Disbursements	<u>1,512,689</u>	<u>10,111,208</u>	<u>9,985</u>	<u>11,633,882</u>
Excess of Receipts Over/(Under) Disbursements	(289,697)	386,521	(9,985)	86,839
Other Financing Receipts (Disbursements):				
Sale of Fixed Assets	-	27,547	-	27,547
Total Other Financing Receipts (Disbursements)	<u>-</u>	<u>27,547</u>	<u>-</u>	<u>27,547</u>
Net Change in Fund Cash Balances	(289,697)	414,068	(9,985)	114,386
Fund Cash Balances, January 1	<u>1,644,146</u>	<u>10,382,532</u>	<u>2,719,293</u>	<u>14,745,971</u>
Fund Cash Balances, December 31				
Restricted	-	10,796,600	229,505	11,026,105
Committed	362,962	-	-	362,962
Assigned	891,082	-	\$ 2,479,803	3,370,885
Unassigned (Deficit)	100,405	-	-	100,405
Fund Cash Balances, December 31	<u>\$ 1,354,449</u>	<u>\$ 10,796,600</u>	<u>\$ 2,709,308</u>	<u>\$ 14,860,357</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, 2016**

	<u>Fiduciary Fund Types</u>		Totals (Memorandum Only)
	<u>Agency</u>	<u>Private Purpose Trust</u>	
Operating Cash Receipts:			
Earnings on Investments	-	36	36
Total Cash Receipts	-	36	36
Operating Income (Loss)	-	36	36
Nonoperating Cash Receipts (Disbursements)			
Miscellaneous Receipts	34,249	-	34,249
Principal Retirement	(46,500)	-	(46,500)
Total Other Financing Receipts (Disbursements)	(12,251)	-	(12,251)
Net Change in Fund Cash Balances	(12,251)	36	(12,215)
Fund Cash Balances, January 1	104,926	5,914	110,840
Fund Cash Balances, December 31	<u>\$ 92,675</u>	<u>\$ 5,950</u>	<u>\$ 98,625</u>

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

Beavercreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 1 – Reporting Entity

Entity Description

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.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

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 6, 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.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

1. General Fund

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

Beavercreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2016

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 Fund:

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
For the Year Ended December 31, 2016

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.

Basis of Accounting

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

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

Budgetary Process

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

2. Estimated Resources

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

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 re-appropriated. The Township did not encumber all commitments required by Ohio law.

A summary of 2016 budgetary activity appears in Note 3.

Beavercreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2016

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. Treasury Notes at cost. Money market mutual funds are recorded at share values the mutual funds report. Non-negotiable Certificates of Deposit are reported at cost.

Capital Asset—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.

Accumulated Leave

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

Fund Balance

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

1. Non-spendable

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

2. Restricted

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

3. Committed

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

Beavercreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2016

4. Assigned

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

5. Unassigned

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

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,028,767	\$1,222,992	\$194,225
Special Revenue	9,922,065	10,525,276	603,211
Capital Projects	0	0	0
Fiduciary	0	34,285	34,285
Total	\$10,950,832	\$11,782,553	\$831,721

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,303,355	\$1,512,689	\$790,666
Special Revenue	20,474,054	10,111,204	10,362,850
Capital Projects	2,589,882	9,985	2,579,897
Fiduciary	110,840	46,500	64,340
Total	\$25,478,131	\$11,680,378	\$13,797,753

Contrary to Ohio Revised Code the Township used funds deemed to be improper use of public funds.

Beavercreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 4 – 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:

	<u>2016</u>
Demand deposits	\$1,560,373
Certificates of deposit	2,934,581
Other time deposits (savings and NOW accounts)	<u>4,350,620</u>
Total deposits	<u>8,845,574</u>
U.S. Agency Securities	<u>6,113,408</u>
Total investments	<u>6,113,408</u>
Total deposits and investments	<u><u>\$14,958,982</u></u>

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.

Note 5 – Property Taxes

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.

Beavercreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 6 - 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.

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, 2016, 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, 2016.

	2016
Assets	\$38,473,283
Liabilities	8,244,140
Net Position	\$30,229,143

At December 31, 2016 the liabilities above include approximately \$7.4 million of estimated incurred claims payable. The assets above also include approximately \$6.9 million of unpaid claims to be billed to approximately 1,010 member governments in the future, as of December 31, 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Township's share of these unpaid claims collectible in future years is approximately \$49,000

Beavercreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2016

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.

The Township's 2016 contributions to OTARMA were \$109,622. A refund of \$7,210 was applied for a net contribution to OTARMA of \$102,412.

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

Note 7 - Defined Benefit Pension Plans

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. For 2016, OP&F participants contributed 12.25% of their wages. For 2016, the Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages.

For 2016, 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, 2016.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016, and 1.0 percent during calendar year 2017. OP&F contributes 0.5 percent to fund these benefits.

Beavercreek Township
Greene County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 9 – Debt

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$406,875	0%
Total	\$406,875	

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.

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

	Local Government Investment Loan
Year ending December 31:	
2017	\$46,500
2018	46,500
2019	46,500
2020	46,500
2021-2025	220,875
Total	\$406,875

The amount above includes the total amount loaned to Beavercreek 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, 2016.

Note 10 – Construction and Contractual Commitments

To meet the growing population and needs of the community, the Township is planning to build a new fire station—Station 65—in 2017. Nine new fulltime career firefighters will also be hired and trained to help staff the new station.

Note 11 – 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.



**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, Suite C
Beavercreek, Ohio 45434

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Beavercreek Township, Greene County, (the Township) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated October 26, 2018 wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and a significant deficiency.

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 a 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. We consider findings 2017-001 and 2017-002 described in the accompanying schedule of findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2017-003 described in the accompanying schedule of findings to be a significant deficiency.

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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2017-004.

Purpose of this Report

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

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group, Inc.
Piketon, Ohio
October 26, 2018

BEAVERCREEK TOWNSHIP
GREENE COUNTY

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

FINDING NUMBER 2017-001

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 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 \$891,082 of the general fund balance as unassigned rather than assigned at December 31, 2016. Additionally, the Township improperly classified \$12,000 of the general fund balance as assigned rather than unassigned at December 31, 2017. Audit adjustments were required to properly present the general 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 the Township regarding this finding.

FINDING NUMBER 2017-002

Material Weakness – Financial Reporting

Sound financial reporting is the responsibility of the fiscal officer and Board of Trustees and is essential to ensure information provided to the readers of the financial statements is complete and accurate.

Material and immaterial misstatements were identified during the course of the audit which have not been prevented or detected by the Township's internal controls over financial reporting. Misstatements were identified in the following areas:

- Principal Payments
- Purchased services
- Intergovernmental Revenue
- Miscellaneous Revenue
- Fund Balance

BEAVERCREEK TOWNSHIP
GREENE COUNTY

SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

FINDING NUMBER 2017-002 (Continued)

To ensure the Township's financial statements and notes to the financial statements are complete and accurate, we recommend the Fiscal Officer review the Ohio Township Manual for guidance on the correct line item to post various receipts and expenditures of the Township.

Official's Response: We did not receive a response from the Township regarding this finding.

FINDING NUMBER 2017-003

Significant Deficiency – *Internal Controls related to Disbursements*

When designing the public office's system of internal control and the specific control activities, management should:

- Ensure that all transactions are properly authorized in accordance with management's policies.
- Ensure that accounting records are properly designed
- Ensure adequate security of assets and records
- Plan for adequate segregation of duties or compensating controls
- Perform analytical procedures to determine the reasonableness of financial data
- Ensure the collection and compilation of that data needed for the timely preparation of financial statements

Public funds were used to pay late fees and other fees. This improper use of funds was not detected in a timely manner by the Township's control structure and represents a significant deficiency in the control environment. Late fees were noted to be paid out of several funds during the course of the audit which was not prevented or detected by the Township's internal controls over financial reporting. We have referred the payments of late fees and other fees to the Auditor of State for further review.

To ensure public monies are used for the purposes for which they were raised, financial management should review the Ohio Revised Code and perform a more detailed review of purchases before they are made. Professional services should be advised if financial management is unsure of a financial decision.

Official's Response: We did not receive a response from the Township regarding this finding.

FINDING NUMBER 2017-004

Non-Compliance

Ohio Revised Code 5705.10 states that money paid into a fund shall only be used for the purposes for which the fund is established.

The Township had several invoices that were paid late during the audit period. These late payments resulted in the Township incurring late charges which is deemed an improper use of public funds.

The Township should adopt procedures to ensure that all payments are being made when due to avoid any late charges.

Official's Response: We did not receive a response from the Township regarding this finding.

BEAVERCREEK TOWNSHIP
GREENE COUNTY
DECEMBER 31, 2017 AND 2016

SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2015-001	Material Weakness – GASB 54 Fund Classifications	No	Reissued as Finding 2017-001

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OHIO AUDITOR OF STATE KEITH FABER



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
FEBRUARY 7, 2019**