



Dave Yost • Auditor of State



**ELIZABETH TOWNSHIP  
MIAMI COUNTY  
DECEMBER 31, 2016 AND 2015**

**TABLE OF CONTENTS**

| <b>TITLE</b>   | <b>PAGE</b> |
|--|-------------|
| Independent Auditor's Report .....   | 1           |
| Prepared by Management:  |             |
| Combined Statement of Receipts, Disbursements, and Changes in<br>Fund Balances (Cash Basis) - All Governmental Fund Types -<br>For the Year Ended December 31, 2016 .....  | 3           |
| Statement of Receipts, Disbursements, and Change in<br>Fund Balance (Cash Basis) - Fiduciary Fund Type -<br>For the Year Ended December 31, 2016 .....                     | 4           |
| Notes to the Financial Statements - For the Year Ended December 31, 2016 .....   | 5           |
| Combined Statement of Receipts, Disbursements, and Changes in<br>Fund Balances (Cash Basis) - All Governmental Fund Types -<br>For the Year Ended December 31, 2015 .....  | 11          |
| Statement of Receipts, Disbursements, and Change in<br>Fund Balance (Cash Basis) - Fiduciary Fund Type -<br>For the Year Ended December 31, 2015 .....                     | 12          |
| Notes to the Financial Statements – For the Year Ended December 31, 2015.....  | 13          |
| Independent Auditor's Report on Internal Control Over<br>Financial Reporting and on Compliance and Other Matters<br>Required by <i>Government Auditing Standards</i> ..... | 19          |

**This page intentionally left blank.**



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Elizabeth Township  
Miami County  
5710 East Walnut Grove Road  
Troy, Ohio 45373

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 Elizabeth Township, Miami County, Ohio (the Township) as of and for the years ended December 31, 2016 and 2015.

### ***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 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, 2016 and 2015, 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 Elizabeth Township, Miami County as of December 31, 2016 and 2015, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 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.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

January 9, 2018

**ELIZABETH TOWNSHIP  
MIAMI 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>General</u>      | <u>Special<br/>Revenue</u> | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|---|---------------------|----------------------------|---|
| <b>Cash Receipts:</b>                   |                     |                            |   |
| Property and Other Local Taxes          | \$30,367            | \$25,305                   | \$55,672                                |
| Licenses, Permits and Fees              | 100,699             |                            | 100,699                                 |
| Fines and Forfeitures                   | 80                  |                            | 80                                      |
| Intergovernmental                       | 34,925              | 100,604                    | 135,529                                 |
| Special Assessments                     |                     | 1,740                      | 1,740                                   |
| Earnings on Investments                 | 191,070             | 415                        | 191,485                                 |
| Miscellaneous                           | 20,338              | 510                        | 20,848                                  |
| Total Cash Receipts                     | <u>377,479</u>      | <u>128,574</u>             | <u>506,053</u>                          |
| <b>Cash Disbursements:</b>              |                     |                            |   |
| <b>Current:</b>                         |                     |                            |   |
| General Government                      | 444,640             |                            | 444,640                                 |
| Public Safety                           | 407,237             |                            | 407,237                                 |
| Public Works                            | 3,485               | 39,214                     | 42,699                                  |
| Health                                  | 9                   |                            | 9                                       |
| Other                                   | 3,025               |                            | 3,025                                   |
| Capital Outlay                          | 74,380              |                            | 74,380                                  |
| Total Cash Disbursements                | <u>932,776</u>      | <u>39,214</u>              | <u>971,990</u>                          |
| Net Change in Fund Cash Balances        | (555,297)           | 89,360                     | (465,937)                               |
| Fund Cash Balances, January 1           | <u>31,476,488</u>   | <u>604,669</u>             | <u>32,081,157</u>                       |
| <b>Fund Cash Balances, December 31:</b> |                     |                            |   |
| Restricted                              |                     | 487,792                    | 487,792                                 |
| Committed                               |                     | 206,237                    | 206,237                                 |
| Assigned                                | 4,490,402           |                            | 4,490,402                               |
| Unassigned                              | 26,430,789          |                            | 26,430,789                              |
| Fund Cash Balances, December 31         | <u>\$30,921,191</u> | <u>\$694,029</u>           | <u>\$31,615,220</u>                     |

*See accompanying notes to the basic financial statements.*

ELIZABETH TOWNSHIP  
MIAMI COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGE IN FUND BALANCE (CASH BASIS)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2016

|                                  | <u>Private Purpose<br/>Trust</u> |
|----------------------------------|----------------------------------|
| <b>Operating Cash Receipts:</b>  |                                  |
| Earnings on Investments          | \$2                              |
| Total Operating Cash Receipts    | <u>2</u>                         |
| Operating Income                 | <u>2</u>                         |
| Net Change in Fund Cash Balances | 2                                |
| Fund Cash Balance, January 1     | <u>1,799</u>                     |
| Fund Cash Balance, December 31   | <u><u>\$1,801</u></u>            |

*See accompanying notes to the basic financial statements.*



**ELIZABETH TOWNSHIP  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**1. REPORTING ENTITY**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Elizabeth Township, Miami County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the City of New Carlisle, the Christiansburg Fire Company, Inc, and the Casstown Community Volunteer Fire Company, Inc., to provide fire services and contracts with the City of New Carlisle to provide ambulance services.

The Township participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. This organization is the Ohio Township Association Risk Management Authority (OTARMA) which is a public entity risk pool that provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP).

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Accounting Basis**

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

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

**B. 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 and Agency Securities at cost. Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

**C. Fund Accounting**

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

**ELIZABETH TOWNSHIP  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**2. 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. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

**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:

**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.

**Motor Vehicle License Tax Fund & Permissive Motor Vehicle License Tax Fund** – This fund receives motor vehicle license tax money to pay for constructing, maintaining, and repairing Township roads.

**3. 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 is for the benefit and purpose of maintaining the gravesite of certain individuals in the Davey Cemetery.

**D. Budgetary Process**

The Ohio Revised Code requires that each fund 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.

**ELIZABETH TOWNSHIP  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

A summary of 2016 budgetary activity appears in Note 4.

**E. Fund Balance**

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

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

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

**3. 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:

**ELIZABETH TOWNSHIP  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**3. EQUITY IN POOLED DEPOSITS AND INVESTMENTS (Continued)**

|                                | <b>2016</b>  |
|--------------------------------|--------------|
| Demand deposits                | \$816,489    |
| Certificate of deposit         | 5,797,172    |
| Total deposits                 | 6,613,661    |
| U.S. Treasury Notes            | 3,983,630    |
| STAR Ohio                      | 186,150      |
| Money Market Mutual Funds      | 421,923      |
| Federal Agency Securities      | 20,411,657   |
| Total investments              | 25,003,360   |
| Total deposits and investments | \$31,617,021 |

**A. Deposits**

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

**B. Investments**

The Federal Reserve holds the Township's U.S. Treasury Notes and 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 STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**4. BUDGETARY ACTIVITY**

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

| <b>2016 Budgeted vs. Actual Receipts</b> |                              |                            |                 |
|--|------------------------------|----------------------------|-----------------|
| <b>Fund Type</b>                         | <b>Budgeted<br/>Receipts</b> | <b>Actual<br/>Receipts</b> | <b>Variance</b> |
| General                                  | \$377,479                    | \$377,479                  |                 |
| Special Revenue                          | 128,574                      | 128,574                    |                 |
| Trust                                    | 2                            | 2                          |                 |
| Total                                    | \$506,055                    | \$506,055                  |                 |

| <b>2016 Budgeted vs. Actual Budgetary Basis Expenditures</b> |                                    |                                   |                 |
|--|------------------------------------|-----------------------------------|-----------------|
| <b>Fund Type</b>   | <b>Appropriation<br/>Authority</b> | <b>Budgetary<br/>Expenditures</b> | <b>Variance</b> |
| General  | \$932,776                          | \$932,776                         |                 |
| Special Revenue  | 39,214                             | 39,214                            |                 |
| Total  | \$971,990                          | \$971,990                         |                 |

**ELIZABETH TOWNSHIP  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**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.

**6. RETIREMENT SYSTEM**

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

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.

**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.

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.

**A. 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.

**ELIZABETH TOWNSHIP  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

**B. 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.

|              |                            |
|--------------|----------------------------|
|              | <b>2016</b>                |
| Assets       | <u>\$38,473,283</u>        |
| Liabilities  | <u>(8,244,140)</u>         |
| Net Position | <u><u>\$30,229,143</u></u> |

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 \$6,000.

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.

**2016 Contributions to OTARMA**

\$13,952

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.

**ELIZABETH TOWNSHIP  
MIAMI COUNTY**

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

|  | <u>General</u>      | <u>Special<br/>Revenue</u> | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|--|---------------------|----------------------------|---|
| <b>Cash Receipts:</b>                            |                     |                            |   |
| Property and Other Local Taxes                   | \$31,140            | \$25,951                   | \$57,091                                |
| Licenses, Permits and Fees                       | 85,701              |                            | 85,701                                  |
| Intergovernmental                                | 38,386              | 96,414                     | 134,800                                 |
| Special Assessments                              |                     | 1,735                      | 1,735                                   |
| Earnings on Investments                          | 281,771             | 48                         | 281,819                                 |
| Miscellaneous                                    | 6,597               |                            | 6,597                                   |
| Total Cash Receipts                              | <u>443,595</u>      | <u>124,148</u>             | <u>567,743</u>                          |
| <b>Cash Disbursements:</b>                       |                     |                            |   |
| <b>Current:</b>                                  |                     |                            |   |
| General Government                               | 465,895             |                            | 465,895                                 |
| Public Safety                                    | 388,632             |                            | 388,632                                 |
| Public Works                                     | 5,775               | 34,208                     | 39,983                                  |
| Other  | 3,025               |                            | 3,025                                   |
| Capital Outlay                                   | 71,662              |                            | 71,662                                  |
| Total Cash Disbursements                         | <u>934,989</u>      | <u>34,208</u>              | <u>969,197</u>                          |
| Excess of Receipts Over (Under) Disbursements    | <u>(491,394)</u>    | <u>89,940</u>              | <u>(401,454)</u>                        |
| <b>Other Financing Receipts (Disbursements):</b> |                     |                            |   |
| Transfers In                                     |                     | 150,000                    | 150,000                                 |
| Transfers Out                                    | (150,000)           |                            | (150,000)                               |
| Total Other Financing Receipts (Disbursements)   | <u>(150,000)</u>    | <u>150,000</u>             | <u></u>                                 |
| Net Change in Fund Cash Balances                 | (641,394)           | 239,940                    | (401,454)                               |
| Fund Cash Balances, January 1                    | <u>32,117,882</u>   | <u>364,729</u>             | <u>32,482,611</u>                       |
| <b>Fund Cash Balances, December 31:</b>          |                     |                            |   |
| Restricted                                       |                     | 400,425                    | 400,425                                 |
| Committed  |                     | 204,244                    | 204,244                                 |
| Assigned   | 656,668             |                            | 656,668                                 |
| Unassigned                                       | 30,819,820          |                            | 30,819,820                              |
| Fund Cash Balances, December 31                  | <u>\$31,476,488</u> | <u>\$604,669</u>           | <u>\$32,081,157</u>                     |

See accompanying notes to the basic financial statements.

ELIZABETH TOWNSHIP  
MIAMI COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGE IN FUND BALANCE (CASH BASIS)  
FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2015

|                                  | <u>Private Purpose<br/>Trust</u> |
|----------------------------------|----------------------------------|
| <b>Operating Cash Receipts:</b>  |                                  |
| Earnings on Investments          | \$1                              |
| Total Operating Cash Receipts    | <u>1</u>                         |
| Operating Income                 | <u>1</u>                         |
| Net Change in Fund Cash Balances | 1                                |
| Fund Cash Balance, January 1     | <u>1,798</u>                     |
| Fund Cash Balance, December 31   | <u><u>\$1,799</u></u>            |

*See accompanying notes to the basic financial statements.*



**ELIZABETH TOWNSHIP  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**1. REPORTING ENTITY**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Elizabeth Township, Miami County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the City of New Carlisle, the Christiansburg Fire Company, Inc, and the Casstown Community Volunteer Fire Company, Inc., to provide fire services and contracts with the City of New Carlisle to provide ambulance services.

The Township participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. This organization is the Ohio Plan Risk Management (OPRM) which is a public entity risk pool that provides property and casualty coverage for its members.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Accounting Basis**

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

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

**B. 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 and Agency Securities at cost. Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

**C. Fund Accounting**

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

**ELIZABETH TOWNSHIP  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**2. 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. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

**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:

**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.

**Motor Vehicle License Tax Fund & Permissive Motor Vehicle License Tax Fund** – This fund receives motor vehicle license tax money to pay for constructing, maintaining, and repairing Township roads.

**3. 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 is for the benefit and purpose of maintaining the gravesite of certain individuals in the Davey Cemetery.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund 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.

**ELIZABETH TOWNSHIP  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

A summary of 2015 budgetary activity appears in Note 4.

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

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

**3. 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:

**ELIZABETH TOWNSHIP  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**3. EQUITY IN POOLED DEPOSITS AND INVESTMENTS (Continued)**

|                                | <b>2015</b>  |
|--------------------------------|--------------|
| Demand deposits                | \$754,813    |
| Certificate of deposit         | 3,543,250    |
| Total deposits                 | 4,298,063    |
| U.S. Treasury Notes            | 5,835,016    |
| STAR Ohio                      | 185,159      |
| Money Market Mutual Funds      | 903,290      |
| Federal Agency Securities      | 20,861,428   |
| Total investments              | 27,784,893   |
| Total deposits and investments | \$32,082,956 |

**A. Deposits**

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

**B. Investments**

The Federal Reserve holds the Township's U.S. Treasury Notes and 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 STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**4. BUDGETARY ACTIVITY**

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

| <b>2015 Budgeted vs. Actual Receipts</b> |                          |                        |                 |
|--|--------------------------|------------------------|-----------------|
| <b>Fund Type</b>                         | <b>Budgeted Receipts</b> | <b>Actual Receipts</b> | <b>Variance</b> |
| General                                  | \$443,594                | \$443,594              |                 |
| Special Revenue                          | 274,149                  | 274,149                |                 |
| Trust                                    | 1                        | 1                      |                 |
| Total                                    | \$717,744                | \$717,744              |                 |

| <b>2015 Budgeted vs. Actual Budgetary Basis Expenditures</b> |                                |                               |                 |
|--|--------------------------------|-------------------------------|-----------------|
| <b>Fund Type</b>   | <b>Appropriation Authority</b> | <b>Budgetary Expenditures</b> | <b>Variance</b> |
| General  | \$3,307,950                    | \$1,084,989                   | \$2,222,961     |
| Special Revenue  | 263,722                        | 34,208                        | 229,514         |
| Total  | \$3,571,672                    | \$1,119,197                   | \$2,452,475     |

**ELIZABETH TOWNSHIP  
MIAMI COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)**

**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.

**6. RETIREMENT SYSTEM**

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

For 2015, 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.

**7. RISK MANAGEMENT**

The Township belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2014, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 772 members as of December 31, 2015.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

ELIZABETH TOWNSHIP  
MIAMI COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015  
(Continued)

7. RISK MANAGEMENT (Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2015.

|                 | <u>2015</u>        |
|-----------------|--------------------|
| Assets          | \$14,643,667       |
| Liabilities     | <u>(9,112,030)</u> |
| Members' Equity | <u>\$5,531,637</u> |

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).



# 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*

Elizabeth Township  
Miami County  
5710 East Walnut Grove Road  
Troy, Ohio 45373

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 Elizabeth Township, Miami County, (the Township) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated January 9, 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 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***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

January 9, 2018





# Dave Yost • Auditor of State

ELIZABETH TOWNSHIP

MIAMI 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 1, 2018