

**BETHEL TOWNSHIP
MIAMI COUNTY, OHIO**

AUDIT REPORT

FOR THE YEAR ENDED DECEMBER 31, 2016





Dave Yost • Auditor of State

Board of Trustees
Bethel Township
8735 South Second Street
Tipp City, OH 45371

We have reviewed the *Independent Auditor's Report* of Bethel Township, Miami County, prepared by Charles E. Harris & Associates, 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.

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. Bethel Township is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

November 6, 2018

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**BETHEL TOWNSHIP
MIAMI COUNTY
AUDIT REPORT
For the Year Ended December 31, 2016**

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INDEPENDENT AUDITOR'S REPORT

Bethel Township
Miami County
8735 South Second Street
Tipp City, Ohio 45371

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bethel Township, Miami County (the Township) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 2. This responsibility includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating of the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bethel Township, Miami County, as of December 31, 2016, and the respective changes in cash basis financial position and the budgetary comparisons for the General, Fire Levy 2.0 Mill and Fire Levy 1.5 Mill funds thereof for the year then ended in accordance with the cash basis of accounting described in Note 2.

Basis of Accounting

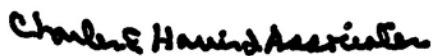
We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. Our opinions are not modified with respect to this matter.

Other Matter

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the Township's basic financial statements. The management's discussion and analysis, as listed in the table of contents, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2018, on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the Township's 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.



Charles E. Harris & Associates, Inc.
September 30, 2018

Bethel Township, Miami County
Management's Discussion and Analysis
For the Year Ended December 31, 2016
(Unaudited)

This discussion and analysis of Bethel Township's (the Township) financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2016, within the limitations of Bethel Township's cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2016 are as follows:

Bethel Township continues to have carryover balances due the passage of a 3.8-mill levy adopted by voters in August of 2003 and renewed in November of 2013 for an additional five (5) years. This levy's primary purpose was for infrastructure improvements in the Township, such as sanitary sewer and water line installation, zoning code and comprehensive land use updates, and economic development activities to strengthen the Township's outlook for the future. The 3.8 mil levy monies have been and are currently being used to partially fund the Phoneton Water Project. The Phoneton Water Project is a Joint Project with Miami County. The Township's contribution to the project (in 2016 and 2017) will be \$1,000,000.

The Township continues to maintain the roadways that are under the Township's authority. In 2016 the Township replaced the culvert under the roadway in the 9600 block of West Haskett at a cost of \$2,500. In addition there was asphalt repair on East and West Haskett as well as a small section on Flick Road at a cost of \$7,500.

In continuing maintain Township infrastructure, drainage was installed in the government center parking lot at a cost of \$6,750 and the parking lot was resurfaced at a cost of \$39,500.

The Township was offered two adjacent properties at the corner of 2nd Street and US Route 40 for a cost of \$25,000. The properties were purchased and the Township is in the process of demolishing the properties for future undetermined use.

To continue to provide the highest level of service to the residents, the Fire Department passed a fire levy renewal with an increase to 4.9 mills. This will allow for the replacement of much needed equipment and more formal staffing in 2018.

The Township continues to have a watchful eye on our carryover balances due to the increased cost in day-to-day operating expenses, such as the cost of fuel to operate Township equipment and declining revenue for various reasons during this volatile economic cycle the nation has been in for several years. The Township continues to be proactive in cutting costs whenever and where ever possible. Examples of this include, but are not limited to, analysis of utility bills and insurance premiums and services provided.

Using the Basic Financial Statements

Report Components

The Statement of Net Position and the Statement of Activities provide information about the cash activities of the Township as a whole.

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

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

Basis of Accounting

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

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

Reporting the Township as a Whole

The Statement of Net Position and the Statement of Activities reflect how the Township did financially during 2016, within the limitations of cash basis accounting. The Statement of Net Position presents the cash balances and investments of the governmental activities of the Township at year end. The Statement of Activities compares cash disbursements with program receipts for each governmental program activity. Program receipts include charges paid by the recipient of the program's goods or services restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

Bethel Township, Miami County
 Management's Discussion and Analysis
 For the Year Ended December 31, 2016
 (Unaudited)

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

In the Statement of Net Position and the Statement of Activities, the Township has one type of activity:

Governmental activities - All of the Township's basic services are reported here, including police, fire, streets, and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

The Township as a Whole

Table 1 provides a summary of the Township's net position for 2016 compared to 2015 on a cash basis:
 (Table 1)

	Net Position	
	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Assets		
Cash and cash equivalents	<u>\$ 4,365,668</u>	<u>\$ 4,389,667</u>
Net position		
Restricted for:		
Capital projects	14,812	12,785
Permanent fund purposes	17,360	17,344
Other purposes	1,417,296	1,310,181
Unrestricted	<u>2,916,200</u>	<u>3,049,420</u>
Total net position	<u><u>\$ 4,365,668</u></u>	<u><u>\$ 4,389,730</u></u>

Bethel Township, Miami County
Management's Discussion and Analysis
For the Year Ended December 31, 2016
(Unaudited)

Table 2 reflects the changes in net position in 2016 and 2015.

(Table 2)

Changes in Net Position

	Governmental Activities 2016	Governmental Activities 2015
Receipts:		
Program receipts:		
Charges for services and sales	\$ 121,271	\$ 128,478
Operating grants and contributions	268,918	261,211
Total program receipts	390,189	389,689
General receipts:		
Property and other local taxes	1,045,631	1,015,665
Grants and Entitlements Not Restricted	37,188	43,977
Sale of capital assets	11,550	1,700
Cable franchise fees	26,364	26,855
Earnings on investments	7,357	6,483
Miscellaneous	8,519	6,426
Total general receipts	1,136,609	1,101,106
Total receipts	1,526,798	1,490,795
Disbursements:		
Current:		
General government	549,533	507,598
Public safety	432,676	432,595
Public works	98,947	105,681
Health	3,300	1,937
Capital outlay	466,404	394,213
Total disbursements	1,550,860	1,442,024
Increase (decrease) in net position	(24,062)	48,771
Net position, January 1	4,389,730	4,340,959
Net position, December 31	\$ 4,365,668	\$ 4,389,730

As mentioned previously, net position of governmental activities decreased \$24,062 or 1 percent during 2016. We will continue to see decreases in the future unless we increase the amount of funding we receive. We have been fortunate to have a solid bank balance to carry over in the past, however that is no longer the case.

General receipts represent 74 percent of the Township's total receipts, and of this amount, 92 percent are local taxes. State and federal grants and entitlements make up the balance of the Township's general receipts and include other taxes such as the Permissive Motor Vehicle License Tax. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Government activities.

Bethel Township, Miami County
Management's Discussion and Analysis
For the Year Ended December 31, 2016
(Unaudited)

These include the costs of the Board of Trustees, the Fiscal Officer, and other departments and most of the expenses for these services come from the General Fund. Since these costs do not represent direct services to residents, we try to limit these costs. Security of Persons and Property are the costs of police and fire protection; Public Health Services is the health department and public works activities are those that provide for traditional government services such as roads and culverts.

Some of the activities of the Township are paid for primarily through user fees and permits; the most visible of these services is the zoning services provided by the Township. However, other fees are placed into the general fund and can dramatically have an effect of the "net cost" of services for the Township. Basically, the net costs of services are those costs remaining after fees and permits have been applied to the total costs. The net costs are those costs borne by property tax revenue.

The only fund where fees and permits are deposited is the General Fund. The other funds (Road and Bridge, Special Levy Police, Fire Levy Fire 2.0 Mill and Fire Levy 1.5 Mill) do not bring in fees or permit receipts.

Reporting the Township's Most Significant Funds

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

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

Total governmental funds had receipts of \$1,490,795 for 2015 and \$1,526,798 for 2016. Funds had disbursements of \$1,442,024 for 2015 and \$1,550,860 for 2016. The greatest change within governmental fund receipts occurred within the General Fund. Receipts increased in 2016 due to the surplus sale of a used tractor and other minor increases. Our expenses are increasing due to rising costs of fuel salt, utilities, maintenance, and replacing of aging equipment. The large increase in spending in 2016 was due to costs associated with the Phoneton Water Project.

General Fund Budgeting Highlights

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

Final disbursements were budgeted at \$3,005,299 while actual disbursements were \$731,941. This high discrepancy is due to the fact that a majority of the funds collected from a 3.8 mill property tax levy approved by voters in August 2003 and renewed by voters in November 2013 for an additional five (5) years have been accumulating for current and future capital infrastructure improvements.

Bethel Township, Miami County
Management's Discussion and Analysis
For the Year Ended December 31, 2016
(Unaudited)

Capital Assets and Debt Administration

Capital Assets

The Township maintains 27 miles of Roadway, 8 Fire Department vehicles, 4 Road Department vehicles, 1 Roadside Mower, 2 mowers, 7 Cemetery's, a Township Park, and 4 Buildings, Road Garage /Fire-Administrative/Salt Bin and Garage at Bethel West.

Debt

The Township had no debt outstanding at December 31, 2016.

Current Issues

Investments

The Township has invested funds into three CD's totaling \$934,691 When the CD's mature the decision on how to reinvest is based on interest rates and the possibility of needing the funds to expend.

Phoneton Water

The Township is partnering with Miami County to extend water to the Phoneton area. This is part of an ongoing commitment to provide much needed infrastructure to the Brandt and Phoneton areas. This project will be complete the summer of 2017.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Deborah A. Watson, Fiscal Officer, Bethel Township, Miami County, 8735 South Second St-Brandt, Tipp City, Ohio 45371.

Bethel Township
Miami County
Statement of Net Position - Cash Basis
December 31, 2016

	Governmental Activities
Assets	
Equity in pooled cash and cash equivalents	\$ 4,365,668
Total assets	4,365,668
Net Position	
Restricted for:	
Capital projects	14,812
Permanent fund purposes	
Expendable	7,860
Nonexpendable	9,500
Other purposes	1,417,296
Unrestricted	2,916,200
Total net position	\$ 4,365,668

See accompanying notes to the financial statements.

Bethel Township
Miami County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2016

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Operating Grants Contributions and Interest	Governmental Activities
Governmental Activities				
Current:				
General government	\$ 549,533	\$ 16,961	\$ 69,085	\$ (463,487)
Public safety	432,676	99,182	70,510	(262,984)
Public works	98,947	-	129,307	30,360
Health	3,300	5,128	16	1,844
Capital outlay	466,404	-	-	(466,404)
Total governmental activities	\$ 1,550,860	\$ 121,271	\$ 268,918	\$ (1,160,671)
General Receipts				
Property taxes levied for:				
				440,203
				605,428
Grants and entitlements not restricted to specific programs				
				37,188
Sale of capital assets				
				11,550
Cable franchise fees				
				26,364
Earnings on investment				
				7,357
Miscellaneous				
				8,519
				<u>1,136,609</u>
				(24,062)
				<u>4,389,730</u>
				<u>\$ 4,365,668</u>

See accompanying notes to the financial statements.

Bethel Township
Miami County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2016

	<u>General</u>	<u>Fire Levy 2.0 Mill</u>	<u>Fire Levy 1.5 Mill</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Equity in pooled cash and cash equivalents	\$ 2,916,200	\$ 79,700	\$ 306,366	\$ 1,063,402	\$ 4,365,668
Total assets	2,916,200	79,700	306,366	1,063,402	4,365,668
Fund Balances					
Nonspendable	-	-	-	9,500	9,500
Restricted	-	79,700	306,366	1,053,902	1,439,968
Assigned	2,459,854	-	-	-	2,459,854
Unassigned	456,346	-	-	-	456,346
Total fund balances	<u>\$ 2,916,200</u>	<u>\$ 79,700</u>	<u>\$ 306,366</u>	<u>\$ 1,063,402</u>	<u>\$ 4,365,668</u>

See accompanying notes to the financial statements.

Bethel Township
Miami County
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2016

	General	Fire Levy 2,0 Mill	Fire Levy 1.5 Mill	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and other local taxes	\$ 440,203	\$ 215,272	\$ 154,711	\$ 235,445	\$ 1,045,631
Charges for services	-	-	-	99,182	99,182
Licenses, permits and fees	38,214	-	-	3,953	42,167
Fines and forfeitures	5,111	-	-	-	5,111
Intergovernmental	99,375	32,343	23,073	131,535	286,326
Special assessments	-	-	-	4,202	4,202
Earnings on investments	7,357	-	-	484	7,841
Miscellaneous	3,775	-	-	14,304	18,079
Total receipts	594,035	247,615	177,784	489,105	1,508,539
Disbursements					
Current:					
General government	303,395	106,327	4,865	134,946	549,533
Public safety	-	226,022	113,514	93,140	432,676
Public works	-	-	-	98,947	98,947
Health	-	-	-	3,300	3,300
Capital outlay	426,904	-	-	39,500	466,404
Total disbursements	730,299	332,349	118,379	369,833	1,550,860
Excess of receipts over (under) disbursements	(136,264)	(84,734)	59,405	119,272	(42,321)
Other financing sources (uses)					
Other financing sources	3,044	11,543	3,552	120	18,259
Total other financing sources (uses)	3,044	11,543	3,552	120	18,259
Net change in fund balance	(133,220)	(73,191)	62,957	119,392	(24,062)
Fund balances beginning of year	3,049,420	152,891	243,409	944,010	4,389,730
Fund balances end of year	<u>\$ 2,916,200</u>	<u>\$ 79,700</u>	<u>\$ 306,366</u>	<u>\$ 1,063,402</u>	<u>\$ 4,365,668</u>

See accompanying notes to the financial statements.

Bethel Township
Miami County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and other local taxes	\$ 439,588	\$ 440,206	\$ 440,205	\$ (1)
Licenses, permits and fees	34,335	37,464	38,214	750
Fines and forfeitures	5,644	5,111	5,111	-
Intergovernmental	95,073	99,373	99,373	-
Earnings on investments	5,468	6,714	7,357	643
Miscellaneous	1,404	3,775	3,775	-
Total receipts	<u>581,512</u>	<u>592,643</u>	<u>594,035</u>	<u>1,392</u>
Disbursements				
Current:				
General government	509,209	517,209	305,038	212,171
Capital outlay	2,488,088	2,488,090	426,903	2,061,187
Total disbursements	<u>2,997,297</u>	<u>3,005,299</u>	<u>731,941</u>	<u>2,273,358</u>
Excess of receipts under disbursements	(2,415,785)	(2,412,656)	(137,906)	2,274,750
Other financing sources (uses)				
Other financing sources	1,660	3,044	3,044	-
Total other financing sources (uses)	<u>1,660</u>	<u>3,044</u>	<u>3,044</u>	<u>-</u>
Net change in fund balance	(2,414,125)	(2,409,612)	(134,862)	2,274,750
Fund balance at beginning of year	3,046,824	3,046,824	3,046,824	-
Prior year encumbrances appropriated	2,596	2,596	2,596	-
Fund balance at end of year	<u>\$ 635,295</u>	<u>\$ 639,808</u>	<u>\$ 2,914,558</u>	<u>\$ 2,274,750</u>

See accompanying notes to the financial statements

Bethel Township
Miami County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire Levy 2.0 Mill Fund
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and other local taxes	\$ 215,469	\$ 215,273	\$ 215,272	\$ (1)
Intergovernmental	32,267	32,343	32,343	-
Total receipts	247,736	247,616	247,615	(1)
Disbursements				
Current:				
General government	108,296	113,498	106,331	7,167
Public safety	250,879	251,679	226,893	24,786
Total disbursements	359,175	365,177	333,224	31,953
Excess of receipts under disbursements	(111,439)	(117,561)	(85,609)	31,952
Other financing sources (uses)				
Other financing sources	-	11,543	11,543	-
Total other financing sources (uses)	-	11,543	11,543	-
Net change in fund balance	(111,439)	(106,018)	(74,066)	31,952
Fund balance at beginning of year	150,711	150,711	150,711	-
Prior year encumbrances appropriated	2,180	2,180	2,180	-
Fund balance at end of year	<u>\$ 41,452</u>	<u>\$ 46,873</u>	<u>\$ 78,825</u>	<u>\$ 31,952</u>

See accompanying notes to the financial statements

Bethel Township
Miami County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire Levy 1.5 Mill
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and other local taxes	\$ 154,856	\$ 154,711	\$ 154,711	\$ -
Intergovernmental	23,019	23,073	23,073	-
Total receipts	177,875	177,784	177,784	-
Disbursements				
Current:				
General government	11,250	17,250	4,865	12,385
Public safety	145,194	195,194	114,632	80,562
Capital outlay	70,000	20,000	-	20,000
Total disbursements	226,444	232,444	119,497	112,947
Excess of receipts under disbursements	(48,569)	(54,660)	58,287	112,947
Other financing sources (uses)				
Other financing sources	-	3,552	3,552	-
Total other financing sources (uses)	-	3,552	3,552	-
Net change in fund balance	(48,569)	(51,108)	61,839	112,947
Fund balance at beginning of year	242,215	242,215	242,215	-
Prior year encumbrances appropriated	1,194	1,194	1,194	-
Fund balance at end of year	<u>\$ 194,840</u>	<u>\$ 192,301</u>	<u>\$ 305,248</u>	<u>\$ 112,947</u>

See accompanying notes to the financial statements

Bethel Township
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 1 – Reporting Entity

Bethel Township, Miami County, Ohio (the Township), is a body politic and corporate established in 1807 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer. The Township also employs a full-time administrator for the day-to-day management of the Township office, a full time Planning and Zoning Inspector and a full time Road & Maintenance Supervisor. For part of the year the Township also employs two part time Road Department employees.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township provides its own fire protection. Police protection is provided by the Miami County Sheriff. The Township has a supplemental contract with the Miami County Sheriff for additional police coverage in the community.

The reporting entity is comprised solely of the primary government.

B. Joint Venture

The Township participates in the Ohio Township Association Risk Management Association, a public entity risk pool. Notes to the financial statements provide additional information for this entity. The organization is:

Public Entity Risk Pool:

*Ohio Township Association Risk Management Authority
C/o Burnham and Flower of Ohio, Inc.
6797 North High Street, Ste. 131
Worthington, OH 43085*

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in the Basis of Accounting section of this Note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

A. Basis of Presentation

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

Bethel Township
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 2 – Summary of Significant Accounting Policies (continued)

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

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

Fund Financial Statements

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

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are divided into one category: governmental funds.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Fire Levy 1.5 Mill Fund, and Fire Levy 2.0 Mill Fund.

The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

The Fire Levy 1.5 Mill Fund is used to account for the portion of property tax revenue received and used for the purpose of providing fire protection services for the Township. This is funded by a 1.5 mill continuing levy.

Bethel Township
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 2 – Summary of Significant Accounting Policies (continued)

The Fire Levy 2.0 Mill Fund is used to account for the portion of property tax revenue received and used for the purpose of providing fire protection services for the Township. This is funded by a 2.0 mill renewal levy that was approved to increase to 4.9 mill in November 2016.

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

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

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

D. Budgetary Process

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

The appropriation resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township, which is the object level. The legal level of control has been classified so as to set forth separately the amounts appropriated for each fund. Under Township resolution, Township employees may not spend more than \$250 for any item, without the approval of their immediate supervisor. Purchases over \$2,500 require a Board resolution. The Township Fiscal Officer must also certify that funds are available in the Township treasury to cover the expense.

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

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

Bethel Township
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 2 – Summary of Significant Accounting Policies (continued)

E. Cash and Investments

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

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase and nonnegotiable certificates of deposit are presented on the financial statements as cash equivalents. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2016, the Township’s investments in nonnegotiable certificates of deposit, repurchase agreements (overnight sweep account) and CDARS (Certificate of Deposit Account Registry Service), were with Unity National Bank, a division of Park Bank.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2016 was \$7,357 and another \$484 was assigned to other Township funds.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Township had no restricted assets.

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Accumulated Leave

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

J. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Note 2 – Summary of Significant Accounting Policies (continued)

K. Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor capital outlay expenditure are reported at inception. Lease payments are reported when paid.

L. Net Position

Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for special revenue funds. For example, funds collected in the Road and Bridge Fund can only be expended for Road and Bridge Maintenance. Other funds with specific purposes include the Police Levy Fund, Fire Levy Funds, Ambulance and Emergency Medical Services Fund, and the Permissive Motor Vehicle License Fund.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net position are available.

M. Fund Balance

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

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

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

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Township Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Bethel Township
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 2 – Summary of Significant Accounting Policies (continued)

Assigned Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute. State Statute authorizes the Township Fiscal Officer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the General Fund.

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

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

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General fund, the Fire Levy 1.5 Mill fund and the Fire Levy 2.0 Mill fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis is that outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as assigned or restricted fund balance (cash basis).

The encumbrances outstanding at year end (budgetary basis) amounted to \$1,643 for the General fund; \$1,118 for the Fire Levy 1.5 Mill fund; and \$874 for the Fire Levy 2.0 Mill fund.

Note 4 – Deposits and Investments

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

Active deposits are public deposits necessary to meet demands on the treasury. Such monies must be maintained either as cash in the Township's Treasury, in commercial accounts payable or withdrawable on demand money market deposit accounts.

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

Bethel Township
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 4 – Deposits and Investments (continued)

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

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Deposits

At year-end, the carrying amount of the Township's deposits was (\$336,608) and the bank balance was \$5,000.

Bethel Township
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 4 – Deposits and Investments (continued)

Custodial Credit Risk

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured. As of year end, deposits totaling \$5,000 were secured by Federal Depository Insurance.

Investments

State Statute and Board resolutions authorize the Township to invest in obligations of the U.S. Treasury, agencies and instrumentalities, certificates of deposit, repurchase agreements, money market deposit accounts, municipal depository funds, super NOW accounts, sweep accounts, separate trading of registered interest and principal of securities, mutual funds, bonds and other obligations of this State, and the State Treasurer's investment pool. Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Township and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers, and institutions. Payment for investments may be made only upon delivery of securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The Township does not have a formal investment policy. The Township follows GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and records all its investments at cost.

Interest Rate Risk

Interest rate risk is the risk that an investment's value will change due to a change in the absolute level of interest rates. The Township has no formal policy for interest rate risk.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Township has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

Generally, the Township places no limit on the amount it may invest in any one insurer.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee."

Bethel Township
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 4 – Deposits and Investments (continued)

At December 31, 2016, the Township had \$4,702,280 invested in a sweep account (repurchase agreement) with an average maturity of 1 day and CDARS.

Note 5 – Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2016 for real and public utility property taxes represents collections of 2015 taxes.

2015 real property taxes are levied after October 1, 2016, on the assessed values as of January 1, 2016, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2016 real property taxes are collected in and intended to finance 2017.

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

Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2016 public utility property taxes which became a lien December 31, 2015, are levied after October 1, 2016, and are collected in 2017 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2016 was \$18.22 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2016 property tax receipts were based are as follows:

Real Property	
Agricultural/Residential	\$113,744,810
Commercial/Industrial/Mineral	\$13,278,370
Public Utility Property	
Personal	\$7,472,420
Total Assessed Value	<u><u>\$154,495,600</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

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.

Bethel Township
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 6 - Risk Management (continued)

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York), 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 \$19,000.

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.

Bethel Township
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 6 - Risk Management (continued)

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
\$15,895

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.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016.

	<u>2016</u>
Assets	\$14,765,712
Liabilities	<u>(9,531,506)</u>
Members' Equity	<u>\$ 5,234,206</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 7- Defined Benefit Pension Plan

Ohio Public Employees Retirement System

Plan Description – Township employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Township employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group.

Bethel Township
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 7– Defined Benefit Pension Plan (continued)

The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements:	Age and Service Requirements:	Age and Service Requirements:
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula:	Formula:	Formula:
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements:	Age and Service Requirements:	Age and Service Requirements:
Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements:	Age and Service Requirements:	Age and Service Requirements:
Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula:	Formula:	Formula:
2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Bethel Township
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 7– Defined Benefit Pension Plan (continued)

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local	Public Safety	Law Enforcement
2016 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2016 Actual Contribution Rates			
Employer:			
Pension	12.0 %	17.1 %	17.1 %
Post-employment Health Care Benefits	2.0	1.0	1.0
Total Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	12.0 %	13.0 %
* This rate is determined by OPERS' Board and has no maximum rate established by ORC.			
** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.			

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Township's contractually required contribution was \$23,277 for year 2016.

Note 8- Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan.

Bethel Township
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 8- Postemployment Benefits (continued)

At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016, and was 1.0 percent during calendar year 2017. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2016 was 4.0 percent.

Substantially all of the Township's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2016, 2015, and 2014 was \$3,325, \$3,284, and \$3,256, respectively. The full amount has been contributed for all three years.

Note 9 – Debt

The Township has no long term debt.

Bethel Township
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 10 – Contingent Liabilities

The Township may be a defendant in lawsuits. Although management cannot presently determine the outcome of any suit, they believe the resolution of these matters will not materially adversely affect the Township's financial condition.

Note 11 – Fund Balances

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

Fund Balances	General	Fire Levy 2.0 Mill	Fire Levy 1.5 Mill	Other Governmental Funds	Total
Nonspendable					
Cemetery Endowments	\$ -	\$ -	\$ -	\$ 9,500	\$ 9,500
<i>Total Nonspendable</i>	-	-	-	9,500	9,500
Restricted for					
Road and Bridge	-	-	-	661,679	661,679
Cemetery	-	-	-	31,881	31,881
Police	-	-	-	102,273	102,273
Emergency Medical Services	-	-	-	243,257	243,257
Fire	-	79,700	306,366	-	386,066
Park	-	-	-	14,812	14,812
<i>Total Restricted</i>	-	79,700	306,366	1,053,902	1,439,968
Assigned to					
Encumbrances	2,459,854	-	-	-	2,459,854
<i>Total Assigned</i>	2,459,854	-	-	-	2,459,854
Unassigned					
	456,346	-	-	-	456,346
<i>Total Fund Balances</i>	<u>\$ 2,916,200</u>	<u>\$ 79,700</u>	<u>\$ 306,366</u>	<u>\$ 1,063,402</u>	<u>\$4,365,668</u>

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Bethel Township
Miami County
8735 South Second Street
Tipp City, Ohio 45371

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the cash basis financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Bethel Township, Miami County, Ohio, (the Township) as of and for the year ended December 31, 2016 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated September 30, 2018, wherein we noted the Township uses a special purpose framework other than generally accepted accounting principles.

Internal Controls Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected on a timely basis. *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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider to be a material weakness. We consider finding 2016-001 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

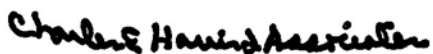
We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated September 30, 2018.

Entity's Response to Finding

The Township's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the Township's response and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
September 30 2018

BETHEL TOWNSHIP
MIAMI COUNTY

Schedule of Findings
December 31, 2016

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2016-001 – Material Weakness

Audit Adjustments and Reclassifications

During 2016, errors were noted in the Township’s financial statements that required audit adjustments and reclassifications, the most significant of which are as follows:

- In the General Fund, the Unassigned fund balance was overstated by \$598,592. Subsequent year (2017) appropriations exceeded subsequent year (2017) receipts by that amount and therefore, should have been recorded as Assigned fund balance.
- Program receipts of \$268,918 were classified as General Receipts in the Statement of Activities.
- The Permanent fund balances were not classified properly between expendable and nonexpendable designations on the Statement of Net Position-Cash Basis and between nonspendable and restricted on the Statement of Assets and Fund Balances-Cash Basis.
- General fund Rollback taxes of \$62,187 were classified as property taxes on the Statement of Activities-Cash Basis and Statement of Receipts, Disbursements and Changes in Fund Balances-Cash Basis rather than Intergovernmental receipts.

The accompanying financial statements have been adjusted to properly reflect these transactions.

Sound financial reporting is the responsibility of the Township and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. We recommend the Township consult with the Auditor of State Uniform Accounting Network department as to how the UAN mapping of accounts feature can be modified to correctly classify general and program receipts. We further recommend management use Auditor of State Bulletin 2011-004, the Township Handbook, the Uniform Accounting Network Manual, and other Auditor of State guidance to aid in properly identifying account classifications and preparing annual financial statements.

Management’s Response:

See Corrective Action Plan-Prepared by Management.

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**BETHEL TOWNSHIP
MIAMI COUNTY**

**CORRECTIVE ACTION PLAN – Prepared by Management
December 31, 2016**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2016-001	We will consult with AOS UAN for proper mapping of program receipts and review the AOS Bulletin 2011-004 for proper fund account classification and make changes accordingly.	December 2018	Deborah Watson, Fiscal Officer

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Dave Yost • Auditor of State

BETHEL 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
NOVEMBER 20, 2018**