



Dave Yost • Auditor of State

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

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GREENE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Beavercreek Township
Greene County
1981 Dayton-Xenia Road
Beavercreek, Ohio 45434

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Beavercreek Township, Greene County, Ohio (the Township), as of and for the years ended December 31, 2013 and 2012, 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 preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Beavercreek Township, Greene County, Ohio, as of December 31, 2013 and 2012, and the respective changes in cash financial position and the respective budgetary comparison for the General, Fire, and EMS Medic Services funds thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 13 to the 2012 financial statements, the Township restated its January 1, 2012 fund balances. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We audited to opine on the Township's financial statements that collectively comprise its basic financial statements.

Management's Discussion & Analysis includes tables of net position, changes in net position, and governmental activities. This information provides additional analysis and is not a required part of the basic financial statements.

These tables are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2014, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

October 21 2014

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**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED**

This discussion and analysis of Beaver Creek Township's (the Township) financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2013, within the limitations of the 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 2013 are as follows:

- Net position of governmental activities between increased by \$327,363, or 2.22% from the prior year.
- The Township's general receipts are primarily property taxes, intergovernmental receipts, and ambulance billings. These receipts represent respectively 77.69%, 11.48%, and 8.29% of the total cash received for governmental activities during the year. Total receipts combined for 2013 were \$13,991,595 and was an increase compared to the \$13,688,119 for 2012.
- Tax receipts are the result of assessed property values by the County Auditor. With no new tax levies, increases to receipts are the result of increased value of the tax duplicate (not subject to HB 920 factoring) or other statutory increase in tax funding. 2013 is the last year of collection of the five year, 2.0 mil levy, last approved by voters in 2007.

Real estate property sales in the Township continued to remain fairly stable despite the national downturn in the real estate market and the economy in general.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

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.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(Continued)**

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 2013, within the limitations of the 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. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other non-financial factors as well such as the Township's property tax base, the condition of the Township's capital assets 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 consists of one type of activity:

Governmental activity: The Township's basic services are reported here, including general government services, emergency rescue services, fire protection, and road maintenance. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

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

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(Continued)**

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

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Township's programs.

The Township as a Whole

Table 1 provides a summary of the Township's net position for 2013 compared to 2012 on a cash basis:

**(Table 1)
Net Position**

| | Governmental Activities | |
|---------------------------|--------------------------------|---------------------|
| | 2013 | 2012 |
| Assets: | | |
| Cash and Cash Equivalents | \$15,067,427 | \$14,740,064 |
| Total Assets | <u>15,067,427</u> | <u>14,740,064</u> |
| Net Position: | | |
| Restricted for: | | |
| Capital Outlay | 3,339,421 | 3,296,516 |
| Other Purposes | 9,948,707 | 9,445,553 |
| Unrestricted | 1,779,299 | 1,997,995 |
| Total Net Position | <u>\$15,067,427</u> | <u>\$14,740,064</u> |

As mentioned previously, net position of governmental activities between 2013 and 2012 increased by \$327,363, or 2.22% during 2013. The primary reasons contributing to the increases in cash balances are as follows:

Fire department receipts in 2013 were stable compared to 2012 with a 0.08% increase. During the same period, expenditures increased by almost 32% due to a planned capital upgrade to the fire department's communications equipment. This resulted in an approximately 4.5% decrease in the fire fund's cash balance.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(Continued)**

Table 2 reflects the changes in net position on a cash basis in 2013 and 2012 for governmental activities.

**(Table 2)
Changes in Net Position
Governmental Activities**

| | 2013 | 2012 |
|--|---------------------|---------------------|
| Receipts: | | |
| Program Receipts: | | |
| Charges for Services and Sales | \$1,246,689 | \$1,044,750 |
| Operating Grants and Contributions | 1,377,339 | 1,258,323 |
| Total Program Receipts | <u>2,624,028</u> | <u>2,303,073</u> |
| General Receipts: | | |
| Property and Other Local Taxes | 10,885,002 | 11,009,566 |
| Grants and Entitlements Not Restricted to Specific Programs | 228,248 | 234,941 |
| Sale of Fixed Assets | 24,162 | 6,526 |
| Cable Franchise Fees | 83,987 | 84,587 |
| Interest | 16,128 | 8,379 |
| Miscellaneous | 92,530 | 1,981 |
| Extraordinary Items | 37,510 | 39,066 |
| Total General Receipts | <u>11,367,567</u> | <u>11,385,046</u> |
| Total Receipts | <u>13,991,595</u> | <u>13,688,119</u> |
| Disbursements: | | |
| General Government | 940,202 | 896,543 |
| Public Safety | 9,258,873 | 9,216,562 |
| Public Works | 1,034,368 | 991,824 |
| Health | 39,397 | 47,633 |
| Conservation - Recreation | 91,569 | 114,638 |
| Other | 203,093 | 136,069 |
| Capital Outlay | 2,028,480 | 111,150 |
| Bond Principal Retirement | 65,000 | 60,000 |
| Bond Interest | 3,250 | 6,250 |
| Total Disbursements | <u>13,664,232</u> | <u>11,580,669</u> |
| Increase (Decrease) in Net Position | 327,363 | 2,107,450 |
| Net Position, January 1, | 14,740,064 | 12,632,614 |
| Net Position, December 31, | <u>\$15,067,427</u> | <u>\$14,740,064</u> |

Program receipts represent only 18.75 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as homestead and rollback, motor vehicle license and gas tax money, and charges for emergency medical services.

General receipts represent 81.25 percent of the Township's total receipts, and of this amount, over 95 percent are property taxes. State grants and entitlements make up the balance of the Township's general receipts (two percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(Continued)**

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the Board of Trustees and the Fiscal Officer, as well as internal services such as payroll, human resources, IT support, and building and vehicle maintenance. These costs do not represent direct services to residents, and therefore are kept to a minimum of General Fund unrestricted receipts.

Disbursements for Public Safety are the costs of fire and police protection and emergency medical services, Public Works are the costs of maintaining the roads, Health are the costs of maintaining Beaver Cemetery, Conservation-Recreation are the costs of maintaining the parks and playing fields, and Debt Service are the costs for the principal and interest due on a bond debenture associated with the Lofino Senior Citizens Center in Beavercreek, Ohio.

Governmental Activities

If you look at the Statement of Activities you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for Public Safety, Capital Outlay, and Public Works, which account for 67.76%, 14.85%, and 7.57% of all governmental disbursements, respectively. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The Net Receipt (Disbursement) columns compare the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

| | Total Cost of Services 2013 | Net Cost of Services 2013 | Total Cost of Services 2012 | Net Cost of Services 2012 |
|-----------------------------|--|--|--|--|
| General Government | \$940,202 | \$833,841 | \$896,543 | \$891,519 |
| Public Safety | 9,258,873 | 7,013,511 | 9,216,562 | 7,209,201 |
| Public Works | 1,034,368 | 821,082 | 991,824 | 781,397 |
| Conservation - Recreation | 91,569 | 91,569 | 114,638 | 114,638 |
| Health | 39,397 | (4,348) | 47,633 | (13,243) |
| Capital Outlay | 2,028,480 | 2,028,480 | 111,150 | 111,150 |
| Other | 203,093 | 187,819 | 136,069 | 116,684 |
| Principal Retirement | 65,000 | 65,000 | 60,000 | 60,000 |
| Interest and Fiscal Charges | 3,250 | 3,250 | 6,250 | 6,250 |
| Total Expenses | <u>\$13,664,232</u> | <u>\$11,040,204</u> | <u>\$11,580,669</u> | <u>\$9,277,596</u> |

The dependence upon property tax receipts is apparent as over 80 percent of governmental activities are supported through these general receipts.

The Township's Funds

Total governmental funds had receipts of \$13,991,596 and disbursements of \$13,664,233.

General Fund receipts were less than disbursements by \$259,209 indicating that the General Fund is in a deficit spending situation.

- a) In recognition of the actual carryover, which exceeded \$1M, the 2013 deficit spending was anticipated in the long-range budget planning of revenue versus spending cycle. The Township was operating as planned in 2013.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED
(Continued)**

General Fund Budgeting Highlights

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

During 2013, the Township did not amend its General Fund estimated receipts budget. Final budgeted receipts were the same as original budgeted receipts. Actual receipts exceeded the budgeted receipts by \$226,524.

Final General Fund disbursements were budgeted at \$2,979,165 while actual disbursements were \$1,458,678. The Township did not spend close to budgeted amounts as demonstrated by the reported variance.

Capital Assets and Debt Administration

Capital Assets

The Township maintains an inventory of its capital assets for insurance purposes. The Township uses the Uniform Accounting Network program provided by the State of Ohio Auditor's Office in order to accomplish this task.

Debt

During 2013, the Township made the final payment for a general obligation bond issued for improvements to the Lofino Senior Center. At December 31, 2013, the Township's only outstanding debt was a 0% Local Government Innovation Fund loan from the State of Ohio for upgrade of the Dispatch Center's radio system. For further information regarding the Township's debt, refer to Note 10 to the basic financial statements.

Current Issues

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in most cases shrinking, funding. We rely heavily on property taxes and ambulance billings and have very little industry to support the tax base. We reviewed our sources of revenue and determined that increases will be unlikely. We then reviewed the disbursement history of the Township. Over the past two years, several steps have been taken to control operating expenses, such as renegotiating certain contracts.

Contacting the Township'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 Christy L. Ahrens, Fiscal Officer, Beavercreek Township, 1981 Dayton-Xenia Road, Beavercreek, Ohio 45434.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2013**

| | <u>Governmental Activities</u> |
|---------------------------------------|---|
| Assets | |
| Equity in Pooled Cash and Investments | \$15,067,427 |
| Total Assets | <u>15,067,427</u> |
| Net Position: | |
| Restricted for: | |
| Capital Projects | 3,339,421 |
| Other Purposes | 9,948,707 |
| Unrestricted | 1,779,299 |
| Total Net Position | <u>\$15,067,427</u> |

See accompanying notes to the basic financial statements.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

| | Cash Disbursements | Program Cash Receipts | | Net (Disbursements) Receipts and Changes in Net |
|---|-----------------------|-----------------------------------|---------------------------------------|--|
| | | Charges for Services and Sales | Operating Grants and Contributions | Governmental Activities |
| Governmental Activities: | | | | |
| Current: | | | | |
| General Government | \$940,202 | \$6,361 | \$100,000 | (\$833,841) |
| Public Safety | 9,258,873 | 1,161,204 | 1,084,158 | (7,013,511) |
| Public Works | 1,034,368 | 20,105 | 193,181 | (821,082) |
| Health | 39,397 | 43,745 | | 4,348 |
| Conservation-Recreation | 91,569 | | | (91,569) |
| Other | 203,093 | 15,274 | | (187,819) |
| Capital Outlay | 2,028,480 | | | (2,028,480) |
| Debt Service: | | | | |
| Principal Retirement | 65,000 | | | (65,000) |
| Interest and Fiscal Charges | 3,250 | | | (3,250) |
| Total Governmental Activities | <u>\$13,664,232</u> | <u>\$1,246,689</u> | <u>\$1,377,339</u> | <u>(11,040,204)</u> |
| General Receipts: | | | | |
| Property Taxes | | | | 10,869,886 |
| Other Taxes | | | | 15,116 |
| Grants and Entitlements not Restricted to Specific Programs | | | | 228,248 |
| Sale of Capital Assets | | | | 24,162 |
| Cable Franchise Fees | | | | 83,987 |
| Earnings on Investments | | | | 16,128 |
| Miscellaneous | | | | 92,530 |
| Extraordinary Item | | | | 37,510 |
| Total General Receipts | | | | <u>11,367,567</u> |
| Change in Net Position | | | | 327,363 |
| Net Position Beginning of Year | | | | <u>14,740,064</u> |
| Net Position End of Year | | | | <u>\$15,067,427</u> |

See accompanying notes to the basic financial statements.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
DECEMBER 31, 2013**

| | <u>General</u> | <u>Fire</u> | <u>EMS Medic Services</u> | <u>Advances Life Fire Engine</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|--------------------|--------------------|-------------------------------|--|---|---|
| Assets: | | | | | | |
| Equity in Pooled Cash and Investments | \$1,947,882 | \$5,635,332 | \$2,750,759 | \$1,625,000 | \$3,108,454 | \$15,067,427 |
| Total Assets | <u>1,947,882</u> | <u>5,635,332</u> | <u>2,750,759</u> | <u>1,625,000</u> | <u>3,108,454</u> | <u>15,067,427</u> |
| Fund Cash Balances, December 31: | | | | | | |
| Restricted | | 5,635,332 | 2,750,759 | | 1,731,673 | 10,117,764 |
| Committed | 168,582 | | | 1,625,000 | 1,376,781 | 3,170,363 |
| Assigned | 1,104,402 | | | | | 1,104,402 |
| Unassigned | 674,898 | | | | | 674,898 |
| Fund Cash Balances, December 31 | <u>\$1,947,882</u> | <u>\$5,635,332</u> | <u>\$2,750,759</u> | <u>\$1,625,000</u> | <u>\$3,108,454</u> | <u>\$15,067,427</u> |

See accompanying notes to the basic financial statements.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

| | <u>General</u> | <u>Fire</u> | <u>EMS Medic Services</u> |
|---|---------------------------|---------------------------|-------------------------------|
| Receipts: | | | |
| Property and Other Local Taxes | \$819,061 | \$9,054,679 | |
| Charges for Services | | | \$1,160,479 |
| Licenses, Permits and Fees | 95,793 | 15,483 | |
| Fines and Forfeitures | 6,290 | | |
| Intergovernmental | 234,601 | 1,115,134 | |
| Earnings on Investments | 15,999 | | |
| Miscellaneous | 3,560 | 36,118 | |
| Total Receipts | <u>1,175,304</u> | <u>10,221,414</u> | <u>1,160,479</u> |
| Disbursements | | | |
| Current: | | | |
| General Government | 936,298 | | |
| Public Safety | 40,514 | 8,295,880 | 359,728 |
| Public Works | 99,986 | | |
| Health | 22,320 | | |
| Conservation-Recreation | 91,569 | | |
| Other | 203,094 | | |
| Capital Outlay | 9,992 | | |
| Debt Service: | | | |
| Principal Retirement | | | |
| Interest and Fiscal Charges | | | |
| Total Disbursements | <u>1,403,773</u> | <u>8,295,880</u> | <u>359,728</u> |
| Excess of Receipts Over (Under) Disbursements | <u>(228,469)</u> | <u>1,925,534</u> | <u>800,751</u> |
| Other Financing Sources (Uses): | | | |
| Sale of Capital Assets | | 9,269 | |
| Transfers In | | | |
| Transfers Out | (68,250) | (2,199,992) | |
| Total Other Financing Sources (Uses) | <u>(68,250)</u> | <u>(2,190,723)</u> | |
| Special and Extraordinary Items: | | | |
| Extraordinary Item | <u>37,510</u> | | |
| Net Change in Fund Balances | (259,209) | (265,189) | 800,751 |
| Fund Balances Beginning of Year | <u>2,207,091</u> | <u>5,900,521</u> | <u>1,950,009</u> |
| Fund Balances End of Year | <u><u>\$1,947,882</u></u> | <u><u>\$5,635,332</u></u> | <u><u>\$2,750,760</u></u> |

See accompanying notes to the basic financial statements.

| Advances Life Fire Engine | Other Governmental Funds | Total Governmental Funds |
|--|---|---|
| | \$1,025,014 | \$10,898,754 |
| | | 1,160,479 |
| | 15,886 | 127,162 |
| | | 6,290 |
| | 318,596 | 1,668,331 |
| | 130 | 16,129 |
| | 13,101 | 52,779 |
| | <u>1,372,727</u> | <u>13,929,924</u> |
| | | |
| | 3,905 | 940,203 |
| | 562,750 | 9,258,872 |
| | 934,383 | 1,034,369 |
| | 17,076 | 39,396 |
| | | 91,569 |
| | | 203,094 |
| | 2,018,488 | 2,028,480 |
| | | |
| | 65,000 | 65,000 |
| | 3,250 | 3,250 |
| | <u>3,604,852</u> | <u>13,664,233</u> |
| | | |
| | <u>(2,232,125)</u> | <u>265,691</u> |
| | | |
| \$1,600,000 | 14,893 | 24,162 |
| | 668,242 | 2,268,242 |
| | | (2,268,242) |
| <u>1,600,000</u> | <u>683,135</u> | <u>24,162</u> |
| | | |
| | | <u>37,510</u> |
| 1,600,000 | (1,548,990) | 327,363 |
| | | |
| 25,000 | 4,657,443 | 14,740,064 |
| <u>\$1,625,000</u> | <u>\$3,108,453</u> | <u>\$15,067,427</u> |

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

| | <u>Budget 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 | \$701,750 | \$701,750 | \$819,061 | \$117,311 |
| Licenses, Permits and Fees | 100,470 | 100,470 | 95,793 | (4,677) |
| Fines and Forfeitures | 7,000 | 7,000 | 6,290 | (710) |
| Intergovernmental | 171,070 | 171,070 | 234,601 | 63,531 |
| Earnings on Investments | 6,000 | 6,000 | 15,999 | 9,999 |
| Miscellaneous | | | 3,560 | 3,560 |
| Total Receipts | <u>986,290</u> | <u>986,290</u> | <u>1,175,304</u> | <u>189,014</u> |
| Disbursements: | | | | |
| Current: | | | | |
| General Government | 1,143,834 | 1,143,834 | 947,298 | 196,536 |
| Public Works | 104,125 | 104,125 | 99,986 | 4,139 |
| Health | 30,000 | 30,000 | 22,321 | 7,679 |
| Conservation-Recreation | 191,000 | 191,000 | 91,569 | 99,431 |
| Other | 251,849 | 251,849 | 219,262 | 32,587 |
| Capital Outlay | 110,000 | 110,000 | 9,992 | 100,008 |
| Total Disbursements | <u>1,830,808</u> | <u>1,830,808</u> | <u>1,390,428</u> | <u>440,380</u> |
| Excess of Receipts Over (Under) Disbursements | <u>(844,518)</u> | <u>(844,518)</u> | <u>(215,124)</u> | <u>629,394</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers Out | (68,250) | (68,250) | (68,250) | |
| Other Financing Uses | <u>(1,080,107)</u> | <u>(1,080,107)</u> | | 1,080,107 |
| Total Other Financing Sources (Uses) | <u>(1,148,357)</u> | <u>(1,148,357)</u> | <u>(68,250)</u> | <u>1,080,107</u> |
| Special and Extraordinary Items: | | | | |
| Extraordinary Item | | | <u>37,510</u> | <u>37,510</u> |
| Net Change in Fund Balance | (1,992,875) | (1,992,875) | (245,864) | 1,747,011 |
| Unencumbered Fund Balance Beginning of Year | 1,985,145 | 1,985,145 | 1,985,145 | |
| Prior Year Encumbrances Appropriated | <u>12,850</u> | <u>12,850</u> | <u>12,850</u> | |
| Unencumbered Balance End of Year | <u>\$5,120</u> | <u>\$5,120</u> | <u>\$1,752,131</u> | <u>\$1,747,011</u> |

See accompanying notes to the basic financial statements.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FIRE FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

| | <u>Budget Amounts</u> | | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|---|-----------------------|--------------------|--------------------|---|
| | <u>Original</u> | <u>Final</u> | | <u>(Negative)</u> |
| Receipts: | | | | |
| Property and Other Local Taxes | \$8,426,250 | \$8,426,250 | \$9,054,679 | \$628,429 |
| Licenses, Permits and Fees | 26,000 | 26,000 | 15,483 | (10,517) |
| Intergovernmental | 1,203,750 | 1,203,750 | 1,115,134 | (88,616) |
| Miscellaneous | 2,500 | 2,500 | 36,118 | 33,618 |
| Total Receipts | <u>9,658,500</u> | <u>9,658,500</u> | <u>10,221,414</u> | <u>562,914</u> |
| Disbursements: | | | | |
| Current: | | | | |
| Public Safety | 10,694,765 | 10,694,765 | 8,301,568 | 2,393,197 |
| Total Disbursements | <u>10,694,765</u> | <u>10,694,765</u> | <u>8,301,568</u> | <u>2,393,197</u> |
| Excess of Receipts Over (Under) Disbursements | <u>(1,036,265)</u> | <u>(1,036,265)</u> | <u>1,919,846</u> | <u>2,956,111</u> |
| Other Financing Sources (Uses): | | | | |
| Sale of Capital Assets | 4,000 | 4,000 | 9,269 | 5,269 |
| Transfers Out | (2,199,992) | (2,199,992) | (2,199,992) | |
| Other Financing Uses | (2,666,932) | (2,666,932) | | 2,666,932 |
| Total Other Financing Sources (Uses) | <u>(4,862,924)</u> | <u>(4,862,924)</u> | <u>(2,190,723)</u> | <u>2,672,201</u> |
| Net Change in Fund Balance | (5,899,189) | (5,899,189) | (270,877) | 5,628,312 |
| Unencumbered Fund Balance Beginning of Year | 5,743,518 | 5,743,518 | 5,743,518 | |
| Prior Year Encumbrances Appropriated | <u>157,003</u> | <u>157,003</u> | <u>157,003</u> | |
| Unencumbered Balance End of Year | <u>\$1,332</u> | <u>\$1,332</u> | <u>\$5,629,644</u> | <u>\$5,628,312</u> |

See accompanying notes to the basic financial statements.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
EMS MEDIC SERVICES FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

| | Budget Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---|-----------------------|-----------------------|---------------------------|---|
| | Original | Final | | (Negative) |
| Receipts: | | | | |
| Charges for Services | \$1,000,000 | \$1,000,000 | \$1,160,478 | \$160,478 |
| Total Receipts | <u>1,000,000</u> | <u>1,000,000</u> | <u>1,160,478</u> | <u>160,478</u> |
| Disbursements: | | | | |
| Current: | | | | |
| Public Safety | 606,682 | 611,682 | 383,007 | 228,675 |
| Total Disbursements | <u>606,682</u> | <u>611,682</u> | <u>383,007</u> | <u>228,675</u> |
| Excess of Receipts Over (Under) Disbursements | <u>393,318</u> | <u>388,318</u> | <u>777,471</u> | <u>389,153</u> |
| Other Financing Sources (Uses): | | | | |
| Other Financing Uses | (2,336,076) | (2,331,076) | | 2,331,076 |
| Total Other Financing Sources (Uses) | <u>(2,336,076)</u> | <u>(2,331,076)</u> | | <u>2,331,076</u> |
| Net Change in Fund Balance | <u>(1,942,758)</u> | <u>(1,942,758)</u> | <u>777,471</u> | <u>2,720,229</u> |
| Unencumbered Fund Balance Beginning of Year | 1,891,724 | 1,891,724 | 1,891,724 | |
| Prior Year Encumbrances Appropriated | <u>58,284</u> | <u>58,284</u> | <u>58,284</u> | |
| Unencumbered Balance End of Year | <u><u>\$7,250</u></u> | <u><u>\$7,250</u></u> | <u><u>\$2,727,479</u></u> | <u><u>\$2,720,229</u></u> |

See accompanying notes to the basic financial statements.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS
DECEMBER 31, 2013**

| | <u>Private Purpose Trust</u> | <u>Agency</u> |
|--|--------------------------------------|----------------|
| Assets: | | |
| Equity in Pooled Cash and Investment | \$5,884 | \$9,635 |
| Total Assets | <u>5,884</u> | <u>9,635</u> |
| Net Position | | |
| Held in Trust for PRIVATE PURPOSE TRUST - CEMETERY: | | |
| Expendable | 884 | |
| Non-expendable | 5,000 | |
| Held on Behalf of MARCS RADIO PROJECT: | | 9,635 |
| Total Net Position | <u>\$5,884</u> | <u>\$9,635</u> |

See accompanying notes to the basic financial statements.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013**

| | <u>Private Purpose Trust</u> |
|------------------------------------|----------------------------------|
| Additions: | |
| Earnings on Investments | \$6 |
| Total Additions | <u>6</u> |
| Change in Net Position | 6 |
| Net Position Beginning of Year | <u>5,878</u> |
| Net Position End of Year | <u><u>\$5,884</u></u> |

See accompanying notes to the basic financial statements.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

1. REPORTING ENTITY

The Beavercreek Township, Greene County, Ohio (“the Township”), is a body politic and corporate established in 1803 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 reporting entity is comprised of the primary government.

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, zoning, fire and EMS services, maintenance of Township roads, bridges, parks, and cemetery maintenance. Police protection is provided by the Greene County Sheriff’s Office.

B. Component Units

Component units are legally separate organizations for which a Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization’s governing board; and (1) the Township is able to significantly influence the programs or services performed or provided by the organization, or (2) the Township is legally entitled to or can otherwise access the organization’s resources, the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization, or the Township is obligated for the debt of the organization. Component units may also include organizations for which the Township authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Township.

The Township does not have any Component Units.

C. Public Entity Risk Pools

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. Notes 7 and 12 to the financial statements provide additional information for this entity.

The financial statements exclude the following entities which perform activities within the Township’s boundaries for the benefit of its residents because the Township is not financially accountable for these entities nor are they fiscally dependent on the Township:

- City of Beavercreek
- Beaver Creek Wetlands Association
- Beavercreek Township Park District

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

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, 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. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-Wide Financial Statements

The Statement of Net 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 non-exchange transactions. As the Township does not have business-type activities, all statements report governmental activities only.

The Statement of Net Position presents the cash and investment balances of 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.

2. Fund Financial Statements

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

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 two categories, governmental and fiduciary.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. homestead, rollback, and grants), and other non-exchange transactions as governmental funds. The following are Township's major governmental funds.

1. 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. The Fire Fund accounts for and reports tax levy money restricted for fire protection, emergency rescue services, and related equipment to provide services to the Township and City of Beavercreek residents.
3. The EMS Medic Services Fund accounts for and reports charges for services restricted to pay for emergency medical services and related equipment to provide services to the Township and City of Beavercreek residents.
4. The Advanced Life Fire Engine Fund accounts for and reports money committed to the acquisition of four advanced life fire engines for the Township.

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

2. Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs. The Township's private purpose trust fund accounts for resources restricted by a legally binding trust agreement. This agreement requires the Township to maintain the corpus of the trust; and, therefore, the Township's private purpose trust fund is classified as a non-expendable trust fund. The fund is related to a cemetery bequest that requires amounts donated are maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the donor.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, 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. Any such modifications made by the Township are described in the appropriate section in this note.

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 liabilities and the related expenses) are not recorded in these financial statements.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources, and the Appropriations 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 Appropriations Resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

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

The 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 ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash and Investments

Township records identify the purchase of specific investments by specific funds.

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 Investments."

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. 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, respectively.

During 2013, the Township invested in non-negotiable certificates of deposit, Federal agency securities, and money market mutual funds. The non-negotiable certificates of deposit and Federal agency securities are reported at cost.

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 2013 was \$15,999 which includes \$130 assigned from other Township funds.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

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. Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. 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.

K. 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 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. 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.

M. Net Position

Net position is are 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 includes resources restricted for special revenue and capital project purposes.

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 is available.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. 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:

Non-spendable - The non-spendable 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. It also includes the long-term amount of interfund loans.

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. 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.

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.

Un-assigned - Un-assigned 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.

O. Interfund Transactions

Transfers between governmental activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

3. CHANGE IN ACCOUNTING PRICIPLE

For 2013, the Township implemented Governmental Accounting Standard Board (GASB) Statement No. 65, "Items Previously Reported as Assets and Liabilities." GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflow of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflow of resources or inflow of resources, certain items that were previously reported as assets or liabilities. This change was incorporated in the Township's 2013 financial statements; however, there was no effect on beginning net position/fund balance.

4. 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, Fire, and EMS/Medic Services Funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year-end encumbrances are treated as disbursements (budgetary basis) rather than as restricted, committed, or assigned fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$27,168 for the general fund, \$5,688 for the Fire Fund, and \$23,279 for the EMS/Medic Services Fund. The general fund cash statement also includes fund budgeted elsewhere with \$40,514 of expenditures and ending fund balance of \$168,582.

5. DEPOSITS AND INVESTMENTS

Monies held by the Township are classified by State statute into three categories:

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five 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 deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those 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 five years from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim deposits 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;

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (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;
7. The State Treasurer's investment pool (STAR Ohio).

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. Payments for investments may be made only upon delivery of the securities representing the investments to the clerk/treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$5,776,804 of the Township's bank balance of \$6,077,957 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

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.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

B. Investments

As of December 31, 2013, the Township had the following investments:

| | Carrying Value | Maturity |
|---|-----------------------|--------------------|
| Federal National Mortgage Association Note | \$500,000 | 2016 |
| Federal Home Loan Mortgage Corporation Note | 830,000 | 2016 |
| Federal Farm Credit | 270,000 | 2017 |
| Negotiable Certificate of Deposits | 1,400,000 | 2014-2015 |
| Non-negotiable Certificate of Deposits | 5,000 | Less than One Year |
| Money Market | 6,009,717 | Less than One Year |
| | \$9,014,717 | |

Interest Rate Risk - Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Township's investment policy addresses interest rate risk by requiring that the Township's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short term investments.

Credit Risk - The federal national mortgage association notes, federal home loan corporation notes and the federal farm credit notes carry a rating of AAA by Moody's and AA+ by Standard and Poor's. The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes.

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 federal national mortgage association notes, federal home loan mortgage corporation notes, and the federal farm credit notes are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Township's name.

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. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Concentration of Credit Risk - The Township places no limit on the amount it may invest in any one issuer. The following investments represent five percent or more of total investments as of December 31, 2013:

| Investment Issuer | Percentage of Investments |
|---|----------------------------------|
| Federal National Mortgage Association Note | 5.55% |
| Federal Home Loan Mortgage Corporation Note | 9.21% |
| Negotiable Certificate of Deposits | 15.53% |
| Money Market | 66.67% |
| Federal Farm Credit | 3.04% |

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

6. PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax receipts received in 2013 represent the collection of 2012 taxes.

2013 Real property taxes are levied after October 1, 2012, on the assessed values as of January 1, 2012, the lien date. Assessed values are established by State law at 35 percent of appraised market value.

2013 real property taxes are collected in and intended to finance 2014. 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 later 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. 2013 public utility property taxes which became a lien December 31, 2012, are levied after October 1, 2013, and are collected in 2014 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2013, was \$16.55 per \$1,000 of assessed value. The assessed values of real property, and public utility property upon which 2013 property tax receipts were based are as follows:

| | |
|------------------------------------|-----------------------------|
| Real Property: | |
| Residential & Agricultural | \$214,064,370 |
| Commercial/ Industrial/ Mineral | 26,589,700 |
| Tangible Personal Property: | |
| Public Utility | <u>16,700,570</u> |
| Total Assessed Value | <u><u>\$257,354,640</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.

7. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2013, the Township contracted with the Ohio Township Association Risk Management Authority (OTARMA) for the following types of insurance coverage:

- Commercial Umbrella Liability Policy Declarations – General, Automobile, Employee Benefit, Employer Property, General Liability, Crime, Auto, Contractors' Equipment, General Floater, and Signs
- Business Auto Coverage

Also see Note 12 to the financial statements for more information regarding OTARMA.

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

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

7. RISK MANAGEMENT (Continued)

The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

The Township also provides health, dental, and life and AD&D insurance for all employees, except seasonal employees, through private carriers and provides a Section 125 cafeteria plan to all employees, except seasonal employees, for medical and dependent care expenses.

8. DEFINED BENEFIT PENSION PLAN

A. Ohio Public Employees Retirement System (OPERS)

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans: (1) the Traditional Plan is a cost-sharing, multiple-employer defined benefit pension plan; (2) the Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions, (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earning and (3) the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan.

Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2013, member and employer contribution rates were consistent across all three plans. Members in the state and local divisions may participate in all three plans.

The 2013 member contribution rates were 10.00% of covered payroll for members in state and local classifications.

The 2013 employer contribution rate for state and local employers was 14.00% of covered payroll.

The Township's required contributions for pension obligations to the Traditional and Combined Plans for the years ended December 31, 2013, 2012, and 2011 were \$165,369, \$164,516, and \$157,461, respectively. The full amount has been contributed for 2013, 2012 and 2011.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

8. DEFINED BENEFIT PENSION PLAN (Continued)

B. Ohio Police and Fire Pension Fund

The Township contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

From January 1, 2013 thru July 1, 2013, plan members were required to contribute 10.0% of their annual covered salary, from July 2, 2013 thru December 31, 2013, plan members were required to contribute 10.75% of their annual covered salary. Throughout 2013, employers were required to contribute 24.0% for firefighters. The Township's contributions to OP&F for the years ending December 31, 2013, 2012, and 2011 were \$860,988, \$837,973, and \$838,347, respectively. The full amount has been contributed for 2013, 2012, and 2011.

9. POST-EMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

Plan Description - 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. OPERS maintains a cost-sharing multiple employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 10 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. The Ohio Revised Code permits, but does not mandate, OPERS to provide the OPEB Plan to its eligible members and beneficiaries. Authority to establish and amend the OPEB Plan is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, OH 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 post-retirement health care coverage through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care coverage. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, state and local employers contributed at a rate of 14.00% of covered payroll. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

9. POSTEMPLOYMENT BENEFITS (Continued)

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 1.0% during calendar year 2013. The portion of employer contributions allocated to health care for members in the Combined Plan was 1% during calendar year 2013. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2 percent for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Township's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2013, 2012, and 2011 were \$11,807, \$47,002, and \$62,984, respectively. The full amount has been contributed for 2013, 2012, and 2011.

OPERS Board of Trustees Adopt Changes to the Health Care Plan - Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period

B. Ohio Police and Fire Pension Fund

Plan Description - The Township contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents. OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OP&F's website at www.op-f.org.

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 24.00% of covered payroll for fire employers. The Ohio Revised Code states that the employer contribution may not exceed 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

9. POSTEMPLOYMENT BENEFITS (Continued)

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to health care was 4.69% of covered payroll from January 1, 2013 thru May 31, 2013 and 2.85% of covered payroll from June 1, 2013 thru December 31, 2013. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The Township's contributions to OP&F for the years ending December 31, 2013, 2012, and 2011 were \$860,988 \$837,973, and \$838,347, respectively, of which \$129,722, \$235,470, and \$235,575, respectively, was allocated to the healthcare plan.

10. DEBT

The Township's long-term debt activity for the year ended December 31, 2013, was as follows:

| | <u>Interest Rate</u> | <u>Balance 12/31/2012</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance 12/31/2013</u> | <u>Due Within One Year</u> |
|----------------------------------|--------------------------|-------------------------------|------------------|-------------------|-------------------------------|--------------------------------|
| Governmental Activities: | | | | | | |
| Building Construction Bond | | | | | | |
| 2004 Issue | 3.25 -5% | \$65,000 | | \$65,000 | | |
| Local Government Innovation Fund | 0% | | \$100,000 | | \$100,000 | \$10,000 |
| Totals | | <u>\$65,000</u> | <u>\$100,000</u> | <u>\$65,000</u> | <u>\$100,000</u> | <u>\$10,000</u> |

The building construction bond was issued on June 1, 2004, to pay for the acquisition, construction and installation of improvements to a senior center. The bond was paid in semi-annual installments, through December 2013. The bond is supported by the full faith and credit of the Township and is payable from un-voted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

In 2013, the Township acquired a zero interest loan from the State of Ohio as a part of a collaborative agreement with five other local government entities. The loan proceeds were to be used to fund a portion of a capital project to upgrade the Dispatch center's radio system. The total loan amount was \$400,000, each entity receiving \$100,000. The loan will be repaid over a ten year period.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

11. INTERFUND TRANSFERS

During 2013 the following transfers were made:

| | |
|--|---------------------------|
| Transfer from the General Fund to Other Governmental Funds | \$68,250 |
| Transfer from the Fire Fund to Advanced Life Engine Fund | 1,600,000 |
| Transfer from the Fire Fund to Other Governmental Funds | <u>599,992</u> |
| Total Transfers | <u><u>\$2,268,242</u></u> |

Transfers represent the allocation of unrestricted receipts collected in the general fund and restricted, committed, or assigned receipts collected in other governmental funds to finance various programs accounted for in other funds in accordance with budgetary authorizations. The purpose of the transfer from the General Fund to the Bond fund (4101) in the amount of \$68,250 was to cover a portion of the debt service for the Lofino's Senior Citizens Center Bond. The transfer from the Fire Fund (2192) in the amount of \$599,992 was transferred to the New Ambulance Fund (4901) for the purchase of a new medic. The transfer from the Fire Fund (2192) in the amount of \$1,600,000 was transferred to the Advanced Life Support Fire Engine Fund (4903) for the purchase of a new fire engine.

12. OHIO TOWNSHIP ASSOCIATION RISK MANAGEMENT AUTHORITY

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. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements, and other expenses resulting from covered claims that exceed the member deductibles.

13. FUND BALANCES

Fund balance is classified as non-spendable, 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:

| <u>Fund Balances</u> | <u>General</u> | <u>Fire</u> | <u>EMS Medic Services</u> | <u>Advanced Life Fire Engine</u> | <u>Other Governmental Funds</u> | <u>Total</u> |
|---|----------------|------------------|-----------------------------------|--|---|-------------------|
| Restricted for: | | | | | | |
| Cemetery | | | | | \$51,484 | \$51,484 |
| Emergency Medical Services | | | \$2,750,760 | | | 2,750,760 |
| Fire Operations | | \$5,635,332 | | | | 5,635,332 |
| Land Mobile Radio Upgrade Project | | | | | 337,638 | 337,638 |
| Police Operations | | | | | 692,564 | 692,564 |
| Road and Bridge Maintenance and Improvements | | | | | 649,986 | 649,986 |
| Total Restricted | | <u>5,635,332</u> | <u>2,750,760</u> | | <u>1,731,672</u> | <u>10,117,764</u> |

(Continued)

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

13. FUND BALANCES (Continued)

| <u>Fund Balances</u> | <u>General</u> | <u>Fire</u> | <u>EMS Medic Services</u> | <u>Advanced Life Fire Engine</u> | <u>Other Governmental Funds</u> | <u>Total</u> |
|--------------------------------|--------------------|--------------------|-----------------------------------|--|---|---------------------|
| Committed to: | | | | | | |
| Fire Engines | | | | \$1,625,000 | | 1,625,000 |
| Fire Stations | | | | | 339,713 | 339,713 |
| Improvement of Parks | | | | | 6,657 | 6,657 |
| Land Acquisition/Improvement | | | | | 624,713 | 624,713 |
| New Ambulance | | | | | 405,698 | 405,698 |
| Retirement Pay Out | \$168,582 | | | | | 168,582 |
| Total Committed | <u>168,582</u> | | | <u>1,625,000</u> | <u>1,376,781</u> | <u>3,170,363</u> |
| Assigned to: | | | | | | |
| Unpaid Obligations | 27,168 | | | | | 27,168 |
| Subsequent year appropriations | 1,077,234 | | | | | 1,077,234 |
| Total Assigned | <u>1,104,402</u> | | | | | <u>1,104,402</u> |
| Unassigned (Deficit) | <u>674,898</u> | | | | | <u>674,898</u> |
| Total Fund Balances | <u>\$1,947,882</u> | <u>\$5,635,332</u> | <u>\$2,750,760</u> | <u>\$1,625,000</u> | <u>\$3,108,453</u> | <u>\$15,067,427</u> |

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
UNAUDITED**

This discussion and analysis of Beaver Creek Township's (the Township) financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2012, within the limitations of the 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 2012 are as follows:

- Net position of governmental activities increased by \$2,107,450, or 16.68% from the prior year. The Fund most affected by the increase in cash and cash equivalents was the Fire Fund.
- The fire department is in the 6th year of a 10 year funding plan. This plan included the reorganization of fire department levies to provide a stable, long-term funding mechanism. Part of the reorganization of the levy's, approved by the voters, was to allow a five year, 2.0 mil levy to collect funds through 2013, in addition to a replacement/combination of two other levies. These additional funds, combined with scheduled capital projects (including construction of fire stations, replacement of fire engines and ladder trucks, and upgrading land-mobile radio communications) resulted in an increase in fire department net position in 2012.
- The Township's general receipts are primarily property taxes, intergovernmental receipts, and ambulance billings. These receipts represent respectively 80.35%, 10.91%, and 6.85% of the total cash received for governmental activities during the year. Total receipts combined for 2012 were \$13,688,119, which was a decrease compared to \$14,528,134 for 2011. Property tax receipts for 2012 decreased due to a general decrease in property valuations in the Township.

Real estate property sales in the Township continued to remain fairly stable despite the national downturn in the real estate market and the economy in general.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

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.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
UNAUDITED
(Continued)**

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 2012, within the limitations of the 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. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other non-financial factors as well such as the Township's property tax base, the condition of the Township's capital assets 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 consists of one type of activity:

Governmental activity: The Township's basic services are reported here, including general government services, emergency rescue services, fire protection, and road maintenance. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

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

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
UNAUDITED
(Continued)**

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

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Township's programs.

The Township as a Whole

Table 1 provides a summary of the Township's net position for 2012 compared to 2011 on a cash basis:

**(Table 1)
Net Position**

| | Governmental Activities | |
|---------------------------|--------------------------------|---------------------|
| | 2012 | 2011 |
| Assets: | | |
| Cash and Cash Equivalents | \$14,740,064 | \$12,632,614 |
| Total Assets | <u>14,740,064</u> | <u>12,632,614</u> |
| Net Position: | | |
| Restricted for: | | |
| Capital Outlay | 3,296,516 | 2,696,949 |
| Other Purposes | 9,445,553 | 7,811,459 |
| Unrestricted | 1,997,995 | 2,124,206 |
| Total Net Position | <u>\$14,740,064</u> | <u>\$12,632,614</u> |

As mentioned previously, net position of governmental activities increased by \$2,107,450 or 16.68% during 2012. The primary reasons contributing to the increase in cash balances are as follows:

In addition to the planned capital projects, the 10 year funding plan (2009-2019) includes the necessary projected carry-forward to account for increasing operational costs (e.g. payroll and benefits) while increased revenue from levies are generally prevented by HB 920 factoring. This balance will decrease over the remaining four years of the 10 year funding plan to cover projected expenditures in excess of revenue.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
UNAUDITED
(Continued)**

Table 2 reflects the changes in net position on a cash basis in 2012 and 2011 for governmental activities.

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

| | Governmental Activities | |
|--|------------------------------------|---------------------|
| | 2012 | 2011 |
| Receipts: | | |
| Program Receipts: | | |
| Charges for Services and Sales | \$1,044,750 | \$1,108,844 |
| Operating Grants and Contributions | 1,258,323 | 1,331,366 |
| Total Program Receipts | <u>2,303,073</u> | <u>2,440,210</u> |
| General Receipts: | | |
| Property and Other Local Taxes | 11,009,566 | 11,370,056 |
| Grants and Entitlements Not Restricted to Specific Programs | 234,941 | 391,455 |
| Sale of Fixed Assets | 6,526 | 193,172 |
| Cable Franchise Fees | 84,587 | 79,400 |
| Interest | 8,379 | 6,480 |
| Miscellaneous | 1,981 | 47,361 |
| Extraordinary Items | 39,066 | |
| Total General Receipts | <u>11,385,046</u> | <u>12,087,924</u> |
| Total Receipts | <u>13,688,119</u> | <u>14,528,134</u> |
| Disbursements: | | |
| General Government | 896,543 | 856,150 |
| Public Safety | 9,216,562 | 13,027,476 |
| Public Works | 991,824 | 1,053,927 |
| Health | 47,633 | 43,660 |
| Conservation - Recreation | 114,638 | 182,070 |
| Other | 136,069 | 117,365 |
| Capital Outlay | 111,150 | 60,250 |
| Bond Principal Retirement | 60,000 | 55,000 |
| Bond Interest | 6,250 | 9,000 |
| Total Disbursements | <u>11,580,669</u> | <u>15,404,898</u> |
| Increase (Decrease) in Net Position | 2,107,450 | (876,764) |
| Net Position, January 1, | 12,632,614 | 13,509,378 |
| Net Position, December 31, | <u>\$14,740,064</u> | <u>\$12,632,614</u> |

Program receipts represent only 16.83 percent of total receipts and are primarily comprised of restricted intergovernmental receipts, such as homestead and rollback, motor vehicle license and gas tax money, and charges for emergency medical services.

General receipts represent 83.17 percent of the Township's total receipts, and of this amount, over 96 percent are property taxes. State grants and entitlements make up the balance of the Township's general receipts (2.06 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
UNAUDITED
(Continued)**

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the Board of Trustees and the Fiscal Officer, as well as internal services such as payroll, human resources, IT support, and building and vehicle maintenance. These costs do not represent direct services to residents, and therefore are kept to a minimum of General Fund unrestricted receipts.

Disbursements for Public Safety are the costs of fire and police protection and emergency medical services, Public Works are the costs of maintaining the roads, Health are the costs of maintaining Beaver Cemetery, Conservation-Recreation are the costs of maintaining the parks and playing fields, and Debt Service are the costs for the principal and interest due on a bond debenture associated with the Lofino Senior Citizens Center in Beavercreek, Ohio.

Governmental Activities

If you look at the Statement of Activities you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for Public Safety, General Government, and Public Works, which account for 79.59%, 7.74%, and 8.56% of all governmental disbursements, respectively. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The Net Receipt (Disbursement) columns compare the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

Table 3 - Governmental Activities

| | Total Cost of Services 2012 | Net Cost of Services 2012 | Total Cost of Services 2011 | Net Cost of Services 2011 |
|-----------------------------|--|--|--|--|
| General Government | \$896,543 | \$891,519 | \$856,150 | \$849,211 |
| Public Safety | 9,216,562 | 7,209,201 | 13,027,476 | 10,785,930 |
| Public Works | 991,824 | 781,397 | 1,053,927 | 941,368 |
| Health | 47,633 | (13,243) | 43,660 | (8,506) |
| Conservation - Recreation | 114,638 | 114,638 | 182,070 | 182,070 |
| Capital Outlay | 111,150 | 111,150 | 60,250 | 60,250 |
| Other | 136,069 | 116,684 | 117,365 | 90,365 |
| Principal Retirement | 60,000 | 60,000 | 55,000 | 55,000 |
| Interest and Fiscal Charges | 6,250 | 6,250 | 9,000 | 9,000 |
| Total Expenses | <u>\$11,580,669</u> | <u>\$9,277,596</u> | <u>\$15,404,898</u> | <u>\$12,964,688</u> |

The dependence upon property tax receipts is apparent as over 80 percent of governmental activities are supported through these general receipts.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012
UNAUDITED
(Continued)**

The Township's Funds

Total governmental funds had receipts of \$13,688,120 and disbursements of \$11,580,669.

General Fund receipts were less than disbursements by \$158,654 indicating that the General Fund is in a deficit spending situation.

In recognition of the actual carryover, which exceeded \$2 Million, the 2012 deficit spending was anticipated in the long-range budget planning of revenue versus spending cycle. The Township was operating as planned in 2012.

General Fund Budgeting Highlights

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

During 2012, the Township did not amend its General Fund estimated receipts budget. Final budgeted receipts were the same as original budgeted receipts. Actual receipts exceeded the budgeted receipts by \$199,073.

Final General Fund disbursements were budgeted at \$3,111,802 while actual disbursements were \$1,353,526. The Township did not spend close to budgeted amounts as demonstrated by the reported variance.

Capital Assets and Debt Administration

Capital Assets

The Township maintains an inventory of its capital assets for insurance purposes. The Township uses the Uniform Accounting Network program provided by the State of Ohio Auditor's Office in order to accomplish this task.

Debt

At December 31, 2012, the Township's outstanding debt included \$65,000 in a general obligation bond issued for improvements to the Lofino Senior Citizens Center. For further information regarding the Township's debt, refer to Note 9 to the basic financial statements.

Current Issues

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in most cases shrinking, funding. We rely heavily on property taxes and ambulance billings and have very little industry to support the tax base. We reviewed our sources of revenue and determined that increases will be unlikely. We then reviewed the disbursement history of the Township. Over the past two years, several steps have been taken to control operating expenses, such as renegotiating certain contracts.

Contacting the Township'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 Christy L. Ahrens, Fiscal Officer, Beavercreek Township, 1981 Dayton-Xenia Road, Beavercreek, Ohio 45434.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2012**

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| Assets | |
| Equity in Pooled Cash and Cash Equivalents | \$14,740,064 |
| Total Assets | <u>14,740,064</u> |
| Net Position: | |
| Restricted for: | |
| Capital Projects | 3,296,516 |
| Other Purposes | 9,445,553 |
| Unrestricted | 1,997,995 |
| Total Net Position | <u>\$14,740,064</u> |

See accompanying notes to the basic financial statements.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

| | <u>Cash</u> | <u>Program Cash Receipts</u> | | <u>Net (Disbursements)</u> |
|---|---------------------|------------------------------|---------------------------------------|---|
| | | <u>Disbursements</u> | <u>Charges for Services and Sales</u> | <u>Operating Grants and Contributions</u> |
| | | | | <u>Governmental Activities</u> |
| Governmental Activities: | | | | |
| Current: | | | | |
| General Government | \$896,543 | \$5,024 | | (\$891,519) |
| Public Safety | 9,216,562 | 939,186 | \$1,068,175 | (7,209,201) |
| Public Works | 991,824 | 20,279 | 190,148 | (781,397) |
| Health | 47,633 | 60,876 | | 13,243 |
| Conservation-Recreation | 114,638 | | | (114,638) |
| Other | 136,069 | 19,385 | | (116,684) |
| Capital Outlay | 111,150 | | | (111,150) |
| Debt Service: | | | | |
| Principal Retirement | 60,000 | | | (60,000) |
| Interest and Fiscal Charges | 6,250 | | | (6,250) |
| Total Governmental Activities | <u>\$11,580,669</u> | <u>\$1,044,750</u> | <u>\$1,258,323</u> | <u>(9,277,596)</u> |
| | | | | |
| General Receipts: | | | | |
| Property Taxes | | | | 10,998,969 |
| Other Taxes | | | | 10,597 |
| Grants and Entitlements not Restricted to Specific Programs | | | | 234,941 |
| Sale of Capital Assets | | | | 6,526 |
| Cable Franchise Fees | | | | 84,587 |
| Earnings on Investments | | | | 8,379 |
| Miscellaneous | | | | 1,981 |
| Extraordinary Item | | | | 39,066 |
| | | | | <u>11,385,046</u> |
| Total General | | | | |
| | | | | 2,107,450 |
| Change in Net Position | | | | |
| | | | | <u>12,632,614</u> |
| Net Position Beginning of Year | | | | |
| | | | | <u>\$14,740,064</u> |
| Net Position End of Year | | | | |

See accompanying notes to the basic financial statements.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
DECEMBER 31, 2012**

| | <u>General</u> | <u>Fire</u> | <u>EMS Medic Services</u> | <u>Land Acquisition</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|--------------------|--------------------|-------------------------------|-----------------------------|---|---|
| Assets: | | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$2,207,091 | \$5,900,521 | \$1,950,009 | \$1,713,271 | \$2,969,172 | \$14,740,064 |
| Total Assets | <u>2,207,091</u> | <u>5,900,521</u> | <u>1,950,009</u> | <u>1,713,271</u> | <u>2,969,172</u> | <u>14,740,064</u> |
| Fund Cash Balances, December 31: | | | | | | |
| Restricted | | 5,900,521 | 1,950,009 | | 2,532,659 | 10,383,189 |
| Committed | 209,096 | | | 1,713,271 | 436,513 | 2,358,880 |
| Assigned | 1,997,995 | | | | | 1,997,995 |
| Fund Cash Balances, December 31 | <u>\$2,207,091</u> | <u>\$5,900,521</u> | <u>\$1,950,009</u> | <u>\$1,713,271</u> | <u>\$2,969,172</u> | <u>\$14,740,064</u> |

See accompanying notes to the basic financial statements.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

| | General | Fire | EMS Medic Services |
|---|--------------------|--------------------|-------------------------------|
| Receipts: | | | |
| Property and Other Local Taxes | \$823,063 | \$9,142,205 | |
| Charges for Services | | | \$938,312 |
| Licenses, Permits and Fees | 100,504 | 26,726 | |
| Fines and Forfeitures | 4,839 | | |
| Intergovernmental | 235,055 | 1,047,241 | |
| Earnings on Investments | 8,290 | | |
| Miscellaneous | 3,650 | 1,796 | |
| Total Receipts | <u>1,175,401</u> | <u>10,217,968</u> | <u>938,312</u> |
| Disbursements: | | | |
| Current: | | | |
| General Government | 896,543 | | |
| Public Safety | 32,444 | 7,952,619 | 329,894 |
| Public Works | 96,421 | | |
| Health | 22,943 | | |
| Conservation-Recreation | 114,638 | | |
| Other | 136,069 | | |
| Capital Outlay | 4,404 | | |
| Debt Service: | | | |
| Principal Retirement | | | |
| Interest and Fiscal Charges | | | |
| Total Disbursements | <u>1,303,462</u> | <u>7,952,619</u> | <u>329,894</u> |
| Excess of Receipts Over (Under) Disbursements | <u>(128,061)</u> | <u>2,265,349</u> | <u>608,418</u> |
| Other Financing Sources (Uses): | | | |
| Sale of Capital Assets | | 4,264 | |
| Transfers In | | | |
| Transfers Out | (69,659) | | (1,096,655) |
| Total Other Financing Sources (Uses) | <u>(69,659)</u> | <u>4,264</u> | <u>(1,096,655)</u> |
| Special and Extraordinary Items: | | | |
| Extraordinary Item | 39,066 | | |
| Net Change in Fund Balances | (158,654) | 2,269,613 | (488,237) |
| Fund Balances Beginning of Year (Restated) | <u>2,365,745</u> | <u>3,630,908</u> | <u>2,438,246</u> |
| Fund Balances End of Year | <u>\$2,207,091</u> | <u>\$5,900,521</u> | <u>\$1,950,009</u> |

See accompanying notes to the basic financial statements.

| Land Acquisition | Other Governmental Funds | Total Governmental Funds |
|-----------------------------|---|---|
| | \$1,064,577 | \$11,029,845 |
| | | 938,312 |
| | 20,725 | 147,955 |
| | | 4,839 |
| | 211,081 | 1,493,377 |
| | 89 | 8,379 |
| | 14,375 | 19,821 |
| | <u>1,310,847</u> | <u>13,642,528</u> |
| | | 896,543 |
| | 901,605 | 9,216,562 |
| | 895,403 | 991,824 |
| | 24,691 | 47,634 |
| | | 114,638 |
| | | 136,069 |
| \$50,000 | 56,745 | 111,149 |
| | 60,000 | 60,000 |
| | 6,250 | 6,250 |
| <u>50,000</u> | <u>1,944,694</u> | <u>11,580,669</u> |
| <u>(50,000)</u> | <u>(633,847)</u> | <u>2,061,859</u> |
| | 2,262 | 6,526 |
| | 1,212,982 | 1,212,982 |
| | (46,668) | (1,212,982) |
| | <u>1,168,576</u> | <u>6,526</u> |
| | | <u>39,066</u> |
| (50,000) | 534,729 | 2,107,451 |
| <u>1,763,271</u> | <u>2,434,443</u> | <u>12,632,613</u> |
| <u>\$1,713,271</u> | <u>\$2,969,172</u> | <u>\$14,740,064</u> |

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

| | Budget Amounts | | Actual | Variance with Final Budget Positive |
|---|---------------------------|---------------------------|---------------------------|--|
| | Original | Final | | |
| Receipts: | | | | |
| Property and Other Local Taxes | \$709,625 | \$709,625 | \$823,063 | \$113,438 |
| Licenses, Permits and Fees | 100,000 | 100,000 | 100,504 | 504 |
| Fines and Forfeitures | 7,000 | 7,000 | 4,839 | (2,161) |
| Intergovernmental | 192,768 | 192,768 | 235,055 | 42,287 |
| Earnings on Investments | 6,000 | 6,000 | 8,290 | 2,290 |
| Miscellaneous | | | 3,650 | 3,650 |
| Total Receipts | <u>1,015,393</u> | <u>1,015,393</u> | <u>1,175,401</u> | <u>160,008</u> |
| Disbursements: | | | | |
| Current: | | | | |
| General Government | 1,040,990 | 1,040,990 | 905,543 | 135,447 |
| Public Works | 96,729 | 96,729 | 96,420 | 309 |
| Health | 30,000 | 30,000 | 22,943 | 7,057 |
| Conservation-Recreation | 189,350 | 189,350 | 114,638 | 74,712 |
| Other | 160,523 | 160,523 | 139,919 | 20,604 |
| Capital Outlay | 30,000 | 30,000 | 4,404 | 25,596 |
| Total Disbursements | <u>1,547,592</u> | <u>1,547,592</u> | <u>1,283,867</u> | <u>263,725</u> |
| Excess of Receipts Over (Under) Disbursements | <u>(532,199)</u> | <u>(532,199)</u> | <u>(108,466)</u> | <u>423,733</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers Out | (66,250) | (69,659) | (69,659) | |
| Other Financing Uses | <u>(1,497,960)</u> | <u>(1,494,551)</u> | | <u>1,494,551</u> |
| Total Other Financing Sources (Uses) | <u>(1,564,210)</u> | <u>(1,564,210)</u> | <u>(69,659)</u> | <u>1,494,551</u> |
| Special and Extraordinary Items: | | | | |
| Extraordinary Item | | | <u>39,065</u> | <u>39,065</u> |
| Net Change in Fund Balance | <u>(2,096,409)</u> | <u>(2,096,409)</u> | <u>(139,060)</u> | <u>1,957,349</u> |
| Unencumbered Fund Balance Beginning of Year | 2,105,409 | 2,105,409 | 2,105,409 | |
| Prior Year Encumbrances Appropriated | <u>18,796</u> | <u>18,796</u> | <u>18,796</u> | |
| Unencumbered Balance End of Year | <u>\$27,796</u> | <u>\$27,796</u> | <u>\$1,985,145</u> | <u>\$1,957,349</u> |

See accompanying notes to the basic financial statements.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FIRE FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

| | <u>Budget 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 | \$8,426,250 | \$8,426,250 | \$9,142,205 | \$715,955 |
| Licenses, Permits and Fees | 16,000 | 16,000 | 26,726 | 10,726 |
| Intergovernmental | 1,298,250 | 1,298,250 | 1,047,241 | (251,009) |
| Miscellaneous | 2,500 | 2,500 | 1,797 | (703) |
| Total Receipts | <u>9,743,000</u> | <u>9,743,000</u> | <u>10,217,969</u> | <u>474,969</u> |
| Disbursements: | | | | |
| Current: | | | | |
| Public Safety | 9,866,053 | 9,903,510 | 8,109,621 | 1,793,889 |
| Total Disbursements | <u>9,866,053</u> | <u>9,903,510</u> | <u>8,109,621</u> | <u>1,793,889</u> |
| Excess of Receipts Over (Under) Disbursements | <u>(123,053)</u> | <u>(160,510)</u> | <u>2,108,348</u> | <u>2,268,858</u> |
| Other Financing Sources (Uses): | | | | |
| Sale of Capital Assets | 20,000 | 20,000 | 4,264 | (15,736) |
| Other Financing Uses | (3,523,976) | (3,486,519) | | 3,486,519 |
| Total Other Financing Sources (Uses) | <u>(3,503,976)</u> | <u>(3,466,519)</u> | <u>4,264</u> | <u>3,470,783</u> |
| Net Change in Fund Balance | (3,627,029) | (3,627,029) | 2,112,612 | 5,739,641 |
| Unencumbered Fund Balance Beginning of Year | 3,540,168 | 3,540,168 | 3,540,168 | |
| Prior Year Encumbrances Appropriated | <u>90,740</u> | <u>90,740</u> | <u>90,740</u> | |
| Unencumbered Balance End of Year | <u>\$3,879</u> | <u>\$3,879</u> | <u>\$5,743,520</u> | <u>\$5,739,641</u> |

See accompanying notes to the basic financial statements.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
EMS MEDIC SERVICES FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

| | <u>Budget Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|-----------------------|-----------------------|---------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Receipts: | | | | |
| Charges for Services | \$1,000,000 | \$900,000 | \$938,311 | \$38,311 |
| Total Receipts | <u>1,000,000</u> | <u>900,000</u> | <u>938,311</u> | <u>38,311</u> |
| Disbursements: | | | | |
| Current: | | | | |
| Public Safety | 776,646 | 776,646 | 388,178 | 388,468 |
| Total Disbursements | <u>776,646</u> | <u>776,646</u> | <u>388,178</u> | <u>388,468</u> |
| Excess of Receipts Over (Under) Disbursements | <u>223,354</u> | <u>123,354</u> | <u>550,133</u> | <u>426,779</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers Out | | (1,096,655) | (1,096,655) | |
| Other Financing Uses | (2,658,056) | (1,461,401) | | 1,461,401 |
| Total Other Financing Sources (Uses) | <u>(2,658,056)</u> | <u>(2,558,056)</u> | <u>(1,096,655)</u> | <u>1,461,401</u> |
| Net Change in Fund Balance | (2,434,702) | (2,434,702) | (546,522) | 1,888,180 |
| Unencumbered Fund Balance Beginning of Year | 2,380,337 | 2,380,337 | 2,380,337 | |
| Prior Year Encumbrances Appropriated | <u>57,909</u> | <u>57,909</u> | <u>57,909</u> | |
| Unencumbered Balance End of Year | <u><u>\$3,544</u></u> | <u><u>\$3,544</u></u> | <u><u>\$1,891,724</u></u> | <u><u>\$1,888,180</u></u> |

See accompanying notes to the basic financial statements.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS
DECEMBER 31, 2012**

| | <u>Private Purpose Trust</u> |
|--|--------------------------------------|
| Assets: | |
| Equity in Pooled Cash and Cash Equivalents | \$5,878 |
| Total Assets | <u>5,878</u> |
| | |
| Net Position: | |
| Held in Trust for PRIVATE PURPOSE TRUST - CEMETERY: | |
| Expendable | 878 |
| Non-expendable | <u>5,000</u> |
| Total Net Position | <u>\$5,878</u> |

See accompanying notes to the basic financial statements.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2012**

| | <u>Private Purpose Trust</u> |
|------------------------------------|----------------------------------|
| Additions: | |
| Earnings on Investments | \$3 |
| Total Additions | <u>3</u> |
| Change in Net Assets | 3 |
| Net Position Beginning of Year | <u>5,875</u> |
| Net Position End of Year | <u><u>\$5,878</u></u> |

See accompanying notes to the basic financial statements.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

1. REPORTING ENTITY

The Beavercreek Township, Greene County, Ohio (“the Township”), is a body politic and corporate established in 1803 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 reporting entity is comprised of the primary government.

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, zoning, fire and EMS services, maintenance of Township roads, bridges, parks, and cemetery maintenance. Police protection is provided by the Greene County Sheriff’s Office.

B. Component Units

Component units are legally separate organizations for which a Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization’s governing board; and (1) the Township is able to significantly influence the programs or services performed or provided by the organization, or (2) is legally entitled to or can otherwise access the organization’s resources, the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization, or the Township is obligated for the debt of the organization. Component units may also include organizations for which the Township authorizes the issuance of debt or levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Township.

The Township does not have any Component Units.

C. Public Entity Risk Pools

The Township participates the Ohio Township Association Risk Management Authority (OTARMA) public entity risk pool. Notes 6 and 11 to the financial statements provide additional information for this entity.

The financial statements exclude the following entities which perform activities within the Township’s boundaries for the benefit of its residents because the Township is not financially accountable for these entities nor are they fiscally dependent on the Township:

- City of Beavercreek
- Beaver Creek Wetlands Association
- Beavercreek Township Park District

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

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, 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. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-Wide Financial Statements

The Statement of Net 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 non-exchange transactions. As the Township does not have business-type activities, all statements report governmental activities only.

The Statement of Net Position presents the cash and investment 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.

2. Fund Financial Statements

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

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 two categories, governmental and fiduciary.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. homestead, rollback, and grants), and other non-exchange transactions as governmental funds. The following are Township's major governmental funds:

1. 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. The Fire Fund accounts for and reports tax levy money restricted for fire protection, emergency rescue service and related equipment to provide services to the Township and City of Beavercreek residents.
3. The EMS Medic Services Fund accounts for and reports charges for services restricted to pay for emergency medical services and related equipment to provide services to the Township and City of Beavercreek residents.
4. The Land Acquisition Fund accounts for and reports money committed to the acquisition of new land for the Township and improvement of Township owned property.

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

2. Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs. The Township's private purpose trust fund accounts for resources restricted by a legally binding trust agreement. This agreement requires the Township to maintain the corpus of the trust; and, therefore, the Township's private purpose trust fund is classified as a non-expendable trust fund. The fund is related to a cemetery bequest that requires amounts donated are maintained in perpetuity. Investment earnings are used for grave upkeep as specified by the donor.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, 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. Any such modifications made by the Township are described in the appropriate section in this note.

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 liabilities and the related expenses) are not recorded in these financial statements.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources, and the Appropriations 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 Appropriations Resolution is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

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

The 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 ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash and Investments

Township records identify the purchase of specific investments by specific funds.

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 in as "Equity in Pooled Cash and Cash Equivalents."

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. 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, respectively.

During 2012, the Township invested in nonnegotiable certificates of deposit and a money market account. The nonnegotiable certificates of deposit are reported at cost.

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 2012 was \$8,290 which includes \$89 assigned from other Township funds.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

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. Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. 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.

K. 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.

L. 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.

M. Net Position

Net position are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for special revenue and capital projects purposes.

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 is available.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. 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:

Non-spendable - The non-spendable 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. It also includes the long-term amount of interfund loans.

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. 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.

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.

Un-assigned – Un-assigned 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.

O. Interfund Transactions

Transfers between governmental activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

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, Fire, and EMS/Medic Services Funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year-end encumbrances are treated as disbursements (budgetary basis) rather than restricted, committed, or assigned fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$12,850 for the general fund, \$157,001 for the Fire Fund, and \$58,284 for the EMS/Medic Services Fund. The cash basis general fund statement also includes funds budgeted elsewhere with expenditures of \$32,444 and ending fund balance of \$209,096.

4. DEPOSITS AND INVESTMENTS

Monies held by the Township are classified by State statute into three categories:

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five 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 deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those 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 five years from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim deposits 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 obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (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;
7. The State Treasurer's investment pool (STAR Ohio).

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 the securities representing the investments to the clerk/treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$11,448,572 of the Township's bank balance of \$11,752,740 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

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.

B. Investments

As of December 31, 2012, the Township had the following investments:

| | <u>Carrying Value</u> | <u>Maturity</u> |
|------------------------|---------------------------|--------------------|
| Certificate of Deposit | \$5,000 | Less than One Year |
| Money Market | 3,001,669 | Less than One Year |
| | <u>\$3,006,669</u> | |

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

Interest Rate Risk - Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Township's investment policy addresses interest rate risk by requiring that the Township's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short term investments.

Credit Risk - The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes.

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 RC 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. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Concentration of Credit Risk - The Township places no limit on the amount it may invest in any one issuer. The following investment represents five percent or more of total investments as of December 31, 2012:

| <u>Investment Issuer</u> | <u>Percentage of Investments</u> |
|--------------------------|----------------------------------|
| Money Market | 99.83% |

5. PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax receipts received in 2012 represent the collection of 2011 taxes.

2012 Real property taxes are levied after October 1, 2011, on the assessed values as of January 1, 2012, the lien date. Assessed values are established by State law at 35 percent of appraised market value.

2011 real property taxes are collected in and intended to finance 2012. 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 later 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. 2012 public utility property taxes which became a lien December 31, 2011, are levied after October 1, 2012, and are collected in 2013 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2012, was \$16.55 per \$1,000 of assessed value. The assessed values of real property, and public utility property upon which 2012 property tax receipts were based are as follows:

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

5. PROPERTY TAXES (Continued)

| | |
|------------------------------------|----------------------|
| Real Property: | |
| Residential & Agricultural | \$209,791,270 |
| Commercial/ Industrial/ Mineral | 27,071,720 |
| Tangible Personal Property: | |
| Public Utility | 13,549,310 |
| Total Assessed Value | <u>\$250,412,300</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.

6. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2012, the Township contracted with the Ohio Township Risk Management Authority (OTARMA) for the following types of insurance coverage:

- Commercial Umbrella Liability Policy Declarations – General, Automobile, Employee Benefit, Employer Property, General Liability, Crime, Auto, Contractors' Equipment, General Floater, and Signs
- Business Auto Coverage

Also see Note 11 to the financial statements for more information regarding OTARMA.

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

The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

The Township also provides health, dental, and life and AD&D insurance for all employees, except seasonal employees, through private carriers and provides a Section 125 cafeteria plan to all employees, except seasonal employees, for medical and dependant care expenses.

7. DEFINED BENEFIT PENSION PLAN

A. Ohio Public Employees Retirement System (OPERS)

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans: (1) the Traditional Plan is a cost-sharing, multiple-employer defined benefit pension plan; (2) the Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions, (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings); and (3) the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

7. DEFINED BENEFIT PENSION PLAN (Continued)

Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2012, member and employer contribution rates were consistent across all three plans. Members in the state and local divisions may participate in all three plans.

The 2012 member contribution rates were 10.00% of covered payroll for members in state and local classifications.

The 2012 employer contribution rate for state and local employers was 14.00% of covered payroll.

Required contributions for the years ended December 31, 2012, 2011, and 2010 were \$164,516, \$157,461, and \$152,672, respectively. The full amount has been contributed for 2012, 2011 and 2010.

B. Ohio Police and Fire Pension Fund

The Township contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 24.0% for firefighters. The Township's contributions to OP&F for the years ending December 31, 2012, 2011, and 2010 were \$837,973, \$838,347 and \$765,457, respectively. The full amount has been contributed for 2012, 2011, and 2010.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

8. POST-EMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

Plan Description - 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. OPERS maintains a cost-sharing multiple employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 10 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.

The Ohio Revised Code permits, but does not mandate, OPERS to provide the OPEB Plan to its eligible members and beneficiaries. Authority to establish and amend the OPEB Plan is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, OH 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 post-retirement health care coverage through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care coverage. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, state and local employers contributed at a rate of 14.00% of covered payroll and public safety. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% during calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2012. Effective January 1, 2013, the portion of employer contributions allocated to healthcare was lowered to 1 percent for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Township's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2012, 2011, and 2010 were \$47,002, \$62,984, and \$61,069, respectively.

The full amount has been contributed for 2012, 2011 and 2010.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

8. POST-EMPLOYMENT BENEFITS (Continued)

OPERS Board of Trustees Adopt Changes to the Health Care Plan - Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

B. Ohio Police and Fire Pension Fund

Plan Description - The Township contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents. OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OP&F's website at www.op-f.org.

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 24.00% of covered payroll for fire employers. The Ohio Revised Code states that the employer contribution may not exceed 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2012, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

8. POST-EMPLOYMENT BENEFITS (Continued)

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The Township's contributions to OP&F for the years ending December 31, 2012, 2011, and 2010 were \$837,973, \$838,347 and \$765,457, respectively, of which \$235,470, \$235,575, and \$215,093, respectively, was allocated to the healthcare plan.

9. DEBT

The Township's long-term debt activity for the year ended December 31, 2012, was as follows:

| | <u>Interest Rate</u> | <u>Balance 12/31/2011</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance 12/31/2012</u> | <u>Due Within One Year</u> |
|--|--------------------------|-------------------------------|------------------|-------------------|-------------------------------|------------------------------------|
| Governmental Activities: | | | | | | |
| Building Construction Bond 2004 Issue | 3.25 -5% | \$125,000 | \$0 | \$60,000 | \$65,000 | \$65,000 |

The building construction bond was issued on June 1, 2004, to pay for the acquisition, construction and installation of improvements to a senior center. The bond will be paid in semi-annual installments, through December 2013. The bond is supported by the full faith and credit of the Township and is payable from un-voted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

The following is a summary of the Township's future annual debt service requirements:

| <u>Year</u> | <u>Building Constr. Bond</u> | |
|-------------|------------------------------|-----------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2013 | \$65,000 | \$3,250 |

10. INTERFUND TRANSFERS

During 2012 the following transfers were made:

| | |
|--|--------------------|
| Transfer from the General Fund to Other Governmental Funds | \$69,659 |
| Transfer from the Road and Bridge Fund to Other Governmental Funds | 31,796 |
| Transfer from the Police Fund to Other Governmental Funds | 14,872 |
| Transfer from the EMS Fund to Other Governmental Funds | <u>1,096,655</u> |
| Total Transfers | <u>\$1,212,982</u> |

Transfers represent the allocation of unrestricted receipts collected in the general fund and restricted, committed, or assigned receipts collected in other governmental funds to finance various programs accounted for in other funds in accordance with budgetary authorizations. The purpose of the transfer from the General Fund to the Bond fund (4101) in the amount of \$66,250. was to cover a portion of the debt service for the Lofino's Senior Citizens Center Bond and the amount of \$3,409. was transferred to the Land Mobile Radio Fund (4905) for the Marc's Radio system. The transfer from the Road and Bridge Fund (2031) in the amount of \$31,796. was transferred to the Land Mobile Radio Fund (4905) for the Marc's radio system. The transfer from the Police Fund (2191) in the amount of \$14,872 was transferred to the Land Mobile Radio Fund (4905) for the Marc's Radio system. The transfer from the EMS Fund (2281) in the amount of \$1,096,655 was transferred to the Land Mobile Radio fund (4905) for the Marc's Radio system.

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

11. OHIO TOWNSHIP ASSOCIATION RISK MANAGEMENT AUTHORITY

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. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements, and other expenses resulting from covered claims that exceed the member deductibles.

12. FUND BALANCES

Fund balance is classified as non-spendable, 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:

| <u>Fund Balances</u> | <u>General</u> | <u>Fire</u> | <u>EMS Medic Services</u> | <u>Land Acquisition</u> | <u>Other Governmental Funds</u> | <u>Total</u> |
|---|--------------------|--------------------|-------------------------------|-----------------------------|---|---------------------|
| Restricted for: | | | | | | |
| Cemetery | | | | | \$44,876 | \$44,876 |
| Emergency Medical Services | | | \$1,950,009 | | | 1,950,009 |
| Fire Operations | | \$5,900,521 | | | | 5,900,521 |
| Land Mobile Radio Upgrade Project | | | | | 1,146,732 | 1,146,732 |
| Police Operations | | | | | 725,041 | 725,041 |
| Road and Bridge Maintenance and Improvements | | | | | 616,010 | 616,010 |
| Total Restricted | | <u>5,900,521</u> | <u>1,950,009</u> | | <u>2,532,659</u> | <u>10,383,189</u> |
| Committed to | | | | | | |
| Fire Engines | | | | | 25,000 | 25,000 |
| Fire Stations | | | | | 339,714 | 339,714 |
| Improvement of Parks | | | | | 24,251 | 24,251 |
| Land Acquisition/Improvement | | | | \$1,713,271 | | 1,713,271 |
| New Ambulance | | | | | 47,548 | 47,548 |
| Retirement Pay Out | \$209,096 | | | | | 209,096 |
| Total Committed | <u>209,096</u> | | | <u>1,713,271</u> | <u>436,513</u> | <u>2,358,880</u> |
| Assigned to: | | | | | | |
| Unpaid Obligations | 12,850 | | | | | 12,850 |
| Subsequent year Appropriations | 1,985,145 | | | | | 1,985,145 |
| Total Assigned | <u>1,997,995</u> | | | | | <u>1,997,995</u> |
| Total Fund Balances | <u>\$2,207,091</u> | <u>\$5,900,521</u> | <u>\$1,950,009</u> | <u>\$1,713,271</u> | <u>\$2,969,172</u> | <u>\$14,740,064</u> |

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
(Continued)**

13. CHANGE IN ACCOUNTING PRINCIPLE

For 2012, the Township implemented Governmental Accounting Standard Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. This change was incorporated in the Township's 2012 financial statements; however, there was no effect on beginning net position/fund balance.

During 2012, the Township reported retirement fund within the general fund. In previous years, this fund had been reported as part of the other governmental funds. The general fund and other governmental fund balances beginning of the year were restated as follows:

| | General Fund | Other Governmental Funds |
|---|---------------------|-------------------------------------|
| December 31, 2011 Fund Balance | \$2,124,205 | \$2,675,983 |
| December 31, 2011 retirement fund balance | 241,540 | (241,540) |
| Restated Beginning Balance | \$2,365,745 | \$2,434,443 |



Dave Yost • Auditor of State

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

Beavercreek Township
Greene County
1981 Dayton-Xenia Road
Beavercreek, Ohio 45434

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Beavercreek Township, Greene County, (the Township) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated October 21, 2014, wherein we noted the Township uses a special purpose framework other than generally accepted accounting principles. We also noted that the Township restated its January 1, 2012 fund balances.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. 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. We consider findings 2013-001 and 2013-002 described in the accompanying schedule of findings to be material weaknesses.

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*.

Entity's Response to Findings

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

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.



Dave Yost
Auditor of State

Columbus, Ohio

October 21, 2014

**BEAVERCREEK TOWNSHIP
GREENE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012**

| |
|--|
| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS |
|--|

FINDING NUMBER 2013-001

MATERIAL WEAKNESS

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

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

Auditor of State issued bulletin 2011-004 to aid local governments in reporting fund balance in accordance with GASB 54. The primary objective of a compensated absences fund established in accordance with Ohio Rev. Code Section 5705.13(B) is to accumulate resources for payment of accumulated leave and excess salaries through transfers from various funds. Due to the nature of activity of this fund, under GASB 54 compensated absences funds should be reported under the general fund with committed fund balances. The Township reported fund 2903 Accumulated Leave/Excess Salaries fund as non-major governmental fund with assigned fund balance. Audit adjustments were required to present the year-end balance of \$209,096 and \$168,582 at December 31, 2012 and 2013, respectively, along with the fund's activity as committed balances within the general fund.

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

The Township improperly classified \$1,997,995 and \$1,104,402 of the general fund balance as unassigned rather than assigned at December 31, 2012 and 2013, respectively. Audit adjustments were required to properly present the general fund balances

**FINDING NUMBER 2013-001
(Continued)**

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

December 31, 2012

- Fund 4901 New Ambulance fund balance of \$47,548
- Fund 4902 Land Acquisition fund balance of \$1,713,271
- Fund 4303 Improvement of Parks fund balance of \$24,252
- Fund 4903 Advanced Life Fire Engine fund balance of \$25,000
- Fund 4904 Fire Station fund balance of \$339,714

December 31, 2013

- Fund 4901 New Ambulance fund balance of \$405,698
- Fund 4902 Land Acquisition fund balance of \$624,713
- Fund 4303 Improvement of Parks fund balance of \$6,657
- Fund 4903 Advanced Life Fire Engine fund balance of \$1,625,000
- Fund 4904 Fire Station fund balance of \$339,714

The financial statements have been adjusted to properly present the fund balances on the accompanying balance sheet.

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

Official's Response:

Fund 2903 Accumulated Leave/Excess Salaries was reported by the Township as a non-major governmental fund with assigned fund balance. The Auditor's office adjusted the balances for 2012 and 2013 as committed balances within the general fund. The Township established that fund to compensate retiring fire employees for leave pay outs at retirement. The Township will review Auditor of State Bulletin 2011-004 and will map Fund 2903 Accumulated Leave/Excess Salaries to the appropriate Fund.

All the rest of those classification issues listed in No. 9 were reassigned and new financial reports were generated and presented to the State Auditors prior to the draft report being completed. All misclassifications stated in No. 9 have been corrected, and any future financial reports should reflect the change going forward.

FINDING NUMBER 2013-002

MATERIAL WEAKNESS

Paragraphs 75 and 76 of Government Accounting Standards Board (GASB) Statement No. 34, as amendment by GASB Statement No. 37, provide the focus of governmental and proprietary fund financial statements on major funds. Fund statements should present the financial information of each major fund in a separate column. Non-major funds should be aggregated and displayed in a single column. The reporting government's main operating fund (the general fund or its equivalent) should always be reported as a major fund. Other individual governmental and enterprise funds should be reported in separate columns as major funds based on these criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding element total (assets, liabilities, and so forth) for all funds of that category or type (that is, total governmental or total enterprise funds), and
- b. The same element that met the 10 percent criterion in (a) is at least 5 percent of the corresponding element total for all governmental and enterprise funds combined.

In addition to funds that meet the major fund criteria, any other governmental or enterprise fund that the government's officials believe is particularly important to financial statement users (for example, because of public interest or consistency) may be reported as a major fund.

The Township's 2012 financial statements erroneously presented the Fire, EMS Medic Services, and Land Acquisition funds under "other governmental funds" even though they met the above noted criteria to be presented as major funds. The financial statements were adjusted to properly reflect the Township's major funds.

The Township should establish and implement procedures to verify that all funds meeting the requirements of a major fund under GASB Statement No. 34 are presented as such on the financial statements. Failure to do so could result in the activity of a significant fund being reported under other governmental funds.

Official's Response:

Any erroneous statements on the Financial reports regarding major fund classifications were corrected for the subsequent years and new reports were generated and presented to the State Auditors prior to the draft report being completed. All misclassifications have been corrected, and any future financial reports should reflect the changes going forward.

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Dave Yost • Auditor of State

BEAVERCREEK TOWNSHIP

GREENE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 18, 2014**