



OHIO AUDITOR OF STATE
KEITH FABER



**BETHEL TOWNSHIP
CLARK COUNTY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position – Cash Basis, December 31, 2017	3
Statement of Activities – Cash Basis, For the Year Ended December 31, 2017	4
Fund Financial Statements:	
Statement of Assets and Fund Balances – Cash Basis Governmental Funds, December 31, 2017	5
Statement of Receipts, Disbursements and Changes in Fund Balances – Cash Basis Governmental Funds, For the Year Ended December 31, 2017	7
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual – Budget Basis, For the Year Ended December 31, 2017	
General Fund.....	9
Road and Bridge Fund	10
Fire District Fund	11
Permissive Motor Vehicle Fund.....	12
Ambulance and Emergency Medical Service Fund	13
Statement of Fiduciary Net Position – Cash Basis Fiduciary Funds, December 31, 2017	14
Statement of Changes in Fiduciary Net Position – Cash Basis Governmental Funds, December 31, 2017	15
Notes to the Basic Financial Statements, For the Year Ended December 31, 2017	17
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position – Cash Basis, December 31, 2016	33
Statement of Activities – Cash Basis, For the Year Ended December 31, 2016.....	34
Fund Financial Statements:	
Statement of Assets and Fund Balances – Cash Basis Governmental Funds, December 31, 2016	35
Statement of Receipts, Disbursements and Changes in Fund Balances – Cash Basis Governmental Funds, For the Year Ended December 31, 2016	37
Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual – Budget Basis, For the Year Ended December 31, 2016	
General Fund.....	39
Road and Bridge Fund	40

**BETHEL TOWNSHIP
CLARK COUNTY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Fire District Fund	41
Permissive Motor Vehicle Fund.....	42
Ambulance and Emergency Medical Service Fund	43
Statement of Fiduciary Net Position – Cash Basis Fiduciary Funds, December 31, 2016	44
Statement of Changes in Fiduciary Net Position – Cash Basis Governmental Funds, December 31, 2016	45
Notes to the Basic Financial Statements, For the Year Ended December 31, 2016	47
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	63
Schedule of Findings.....	65

OHIO AUDITOR OF STATE KEITH FABER



INDEPENDENT AUDITOR'S REPORT

Bethel Township
Clark County
3333 Lake Road
Medway, Ohio 45341

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bethel Township, Clark County, Ohio (the Township), as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for 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 such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

One First National Plaza, 130 W. Second St., Suite 2040, Dayton, Ohio 45402
Phone: 937-285-6677 or 800-443-9274
www.ohioauditor.gov

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 Bethel Township, Clark County, Ohio, as of December 31, 2017 and 2016, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Road and Bridge, Fire District, Permissive Motor Vehicle License Tax, and Ambulance and Emergency Medical 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. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2019 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.



Keith Faber
Auditor of State
Columbus, Ohio

April 22, 2019

Bethel Township
Clark County, Ohio
Statement of Net Position - Cash Basis
December 31, 2017

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,900,445
<i>Total Assets</i>	\$1,900,445
 Net Position	
Restricted for:	
Permanent Fund Purpose:	
Expendable	780
Nonexpendable	200
Other Purposes	1,408,298
Unrestricted	491,167
<i>Total Net Position</i>	\$1,900,445

See accompanying notes to the basic financial statements

Bethel Township
Clark County, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2017

	Program Cash Receipts			Net (Disbursements Receipts and Changes in Net Position)
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	
Governmental Activities				
Current:				
General Government	\$151,008			(\$151,008)
Public Safety	1,138,685	349,579	118,929	(670,177)
Public Works	458,312	52,254	230,266	(175,792)
Health	12,093	5,001		(7,092)
Conservation-Recreation	34,552	9,918		(24,634)
Other		4,118		4,118
Capital Outlay	108,903			(108,903)
Debt Service:				
Principal Retirement	148,987			(148,987)
Interest and Fiscal Charges	3,619			(3,619)
<i>Total Governmental Activities</i>	<u>2,056,159</u>	<u>420,870</u>	<u>349,195</u>	<u>(1,286,094)</u>
General Receipts:				
Property Taxes Levied for:				
Public Safety				716,945
Public Works				200,827
Other Taxes				74,549
Grants and Entitlements not Restricted to Specific Programs				52,363
Cable Franchise Fees				108,438
Earnings on Investments				11,068
Miscellaneous				<u>29,580</u>
Total General Receipts, Contributions to Permanent Fund, Special Item, Extraordinary Item, Transfers and Advances				<u>1,193,770</u>
<i>Change in Net Position</i>				(92,324)
<i>Net Position Beginning of Year</i>				<u>1,992,769</u>
<i>Net Position End of Year</i>				<u><u>\$1,900,445</u></u>

See accompanying notes to the basic financial statements

This page intentionally left blank.

Bethel Township

Clark County, Ohio

Statement of Assets and Fund Balances - Cash Basis

Governmental Funds

December 31, 2017

	<u>General</u>	<u>Road and Bridge Fund</u>	<u>Fire District Fund</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$491,167	\$285,650	\$155,145
<i>Total Assets</i>	<u>\$491,167</u>	<u>\$285,650</u>	<u>\$155,145</u>
Fund Balances			
Amounts identified as:			
Nonspendable:			
Endowment for Cemetery Care			
Total Nonspendable	<u>0</u>	<u>0</u>	<u>0</u>
Restricted for:			
Road and Bridge Maintenance and Improvements		285,650	
Police Operations			
Fire Operations			155,145
Emergency Medical Services			
Lighting			
Cemetery			
Total Restricted	<u>0</u>	<u>285,650</u>	<u>155,145</u>
Assigned to:			
Subsequent Appropriations	<u>491,167</u>		
Total Assigned	<u>491,167</u>	<u>0</u>	<u>0</u>
Unassigned	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Fund Cash Balances, December 31</i>	<u>\$491,167</u>	<u>\$285,650</u>	<u>\$155,145</u>

See accompanying notes to the basic financial statements

Permissive Motor Vehicle Fund	Emergency Medical Service Fund	Other Governmental Funds	Total Governmental Funds
\$343,517	\$145,489	\$479,477	\$1,900,445
<u>\$343,517</u>	<u>\$145,489</u>	<u>\$479,477</u>	<u>\$1,900,445</u>
		200	200
<u>0</u>	<u>0</u>	<u>200</u>	<u>200</u>
343,517		85,971	715,138
		142,211	142,211
			155,145
	145,489		145,489
		179,187	179,187
		71,908	71,908
<u>343,517</u>	<u>145,489</u>	<u>479,277</u>	<u>1,409,078</u>
			491,167
<u>0</u>	<u>0</u>	<u>0</u>	<u>491,167</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$343,517</u>	<u>\$145,489</u>	<u>\$479,477</u>	<u>\$1,900,445</u>

Bethel Township
 Clark County, Ohio
 Statement of Receipts, Disbursements and Changes Fund Balances - Cash Basis
 Governmental Funds
 For the Year Ended December 31, 2017

	General	Road and Bridge
Receipts		
Property and Other Local Taxes		\$200,827
Charges for Services		
Licenses, Permits and Fees	108,438	
Fines and Forfeitures	11,578	
Intergovernmental	52,363	34,723
Special Assessments	4,118	
Earnings on Investments	8,621	
Miscellaneous	11,004	1,679
<i>Total Receipts</i>	<u>196,122</u>	<u>237,229</u>
Disbursements		
Current:		
General Government	150,650	
Public Safety		
Public Works		174,061
Health	4,334	
Conservation-Recreation	34,552	
Capital Outlay		
Debt Service:		
Principal Retirement		
Interest and Fiscal Charges		
<i>Total Disbursements</i>	<u>189,536</u>	<u>174,061</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>6,586</u>	<u>63,168</u>
Other Financing Sources (Uses)		
Transfers In		
Transfers Out		
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	6,586	63,168
<i>Fund Balances Beginning of Year</i>	<u>484,581</u>	<u>222,482</u>
<i>Fund Balances End of Year</i>	<u><u>\$491,167</u></u>	<u><u>\$285,650</u></u>

See accompanying notes to the basic financial statements

Fire District Fund	Permissive Motor Vehicle Fund	Emergency Medical Service Fund	Other Governmental Funds	Total Governmental Funds
\$599,367	\$74,549		\$117,578	\$992,321
		338,001		338,001
			4,451	112,889
99,558	44,769		170,145	401,558
			52,254	56,372
	1,796		651	11,068
26,238		209	918	40,048
<u>725,163</u>	<u>121,114</u>	<u>338,210</u>	<u>345,997</u>	<u>1,963,835</u>
240			118	151,008
668,933		363,583	106,169	1,138,685
	54,442		229,809	458,312
			7,759	12,093
				34,552
100,000	8,903			108,903
			148,987	148,987
			3,619	3,619
<u>769,173</u>	<u>63,345</u>	<u>363,583</u>	<u>496,461</u>	<u>2,056,159</u>
<u>(44,010)</u>	<u>57,769</u>	<u>(25,373)</u>	<u>(150,464)</u>	<u>(92,324)</u>
			152,606	152,606
<u>(77,606)</u>		<u>(75,000)</u>		<u>(152,606)</u>
<u>(77,606)</u>	<u>0</u>	<u>(75,000)</u>	<u>152,606</u>	<u>0</u>
(121,616)	57,769	(100,373)	2,142	(92,324)
<u>276,761</u>	<u>285,748</u>	<u>245,862</u>	<u>477,335</u>	<u>1,992,769</u>
<u>\$155,145</u>	<u>\$343,517</u>	<u>\$145,489</u>	<u>\$479,477</u>	<u>\$1,900,445</u>

Bethel Township
Clark County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Licenses, Permits and Fees	\$ 100,000	\$ 100,000	\$ 108,438	\$ 8,438
Fines and Forfeitures	6,000	6,000	11,578	5,578
Intergovernmental	42,515	42,515	52,363	9,848
Special Assessments	2,000	2,000	4,118	2,118
Earnings on Investments	2,000	2,000	8,621	6,621
Miscellaneous	11,000	11,000	11,004	4
<i>Total Receipts</i>	<u>163,515</u>	<u>163,515</u>	<u>196,122</u>	<u>32,607</u>
Disbursements				
Current:				
General Government	203,008	208,008	150,650	57,358
Health	5,019	5,019	4,334	685
Conservation-Recreation	52,038	52,038	34,552	17,486
<i>Total Disbursements</i>	<u>260,065</u>	<u>265,065</u>	<u>189,536</u>	<u>75,529</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(96,550)</u>	<u>(101,550)</u>	<u>6,586</u>	<u>108,136</u>
Other Financing Sources (Uses)				
Other Financing Sources	1,000	1,000		(1,000)
Other Financing Uses	(397,155)	(392,155)		392,155
<i>Total Other Financing Sources (Uses)</i>	<u>(396,155)</u>	<u>(391,155)</u>	<u>0</u>	<u>391,155</u>
<i>Net Change in Fund Balance</i>	(492,705)	(492,705)	6,586	499,291
<i>Unencumbered Fund Balance Beginning of Year</i>	483,967	483,967	483,967	0
Prior Year Encumbrances Appropriated	615	615	615	0
<i>Unencumbered Fund Balance End of Year</i>	<u>(\$8,123)</u>	<u>(\$8,123)</u>	<u>\$491,168</u>	<u>\$499,291</u>

See accompanying notes to the basic financial statements

Bethel Township
Clark County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$206,293	\$206,293	\$200,827	(\$5,466)
Intergovernmental	30,658	30,658	34,723	4,065
Miscellaneous	0	0	1,679	1,679
<i>Total Receipts</i>	<u>236,951</u>	<u>236,951</u>	<u>237,229</u>	<u>278</u>
Disbursements				
Current:				
Public Works	252,393	252,893	174,061	78,832
<i>Total Disbursements</i>	<u>252,393</u>	<u>252,893</u>	<u>174,061</u>	<u>78,832</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(15,442)</u>	<u>(15,942)</u>	<u>63,168</u>	<u>79,110</u>
Other Financing Sources (Uses)				
Other Financing Uses	(207,040)	(206,540)		206,540
<i>Total Other Financing Sources (Uses)</i>	<u>(207,040)</u>	<u>(206,540)</u>	<u>0</u>	<u>206,540</u>
<i>Net Change in Fund Balance</i>	<u>(222,482)</u>	<u>(222,482)</u>	<u>63,168</u>	<u>285,650</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	221,589	221,589	221,589	0
Prior Year Encumbrances Appropriated	893	893	893	0
<i>Unencumbered Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$285,650</u>	<u>\$285,650</u>

See accompanying notes to the basic financial statements

Bethel Township
Clark County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire District Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$614,213	\$614,213	\$599,367	(\$14,846)
Intergovernmental	92,940	92,940	99,558	6,618
Miscellaneous			26,238	26,238
<i>Total Receipts</i>	<u>707,153</u>	<u>707,153</u>	<u>725,163</u>	<u>18,010</u>
Disbursements				
Current:				
General Government	5,000	5,000	240	4,760
Public Safety	734,364	759,364	668,933	90,431
Capital Outlay	100,000	100,000	100,000	0
<i>Total Disbursements</i>	<u>839,364</u>	<u>864,364</u>	<u>769,173</u>	<u>95,191</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(132,211)</u>	<u>(157,211)</u>	<u>(44,010)</u>	<u>113,201</u>
Other Financing Sources (Uses)				
Transfers In	(14,615)	(77,606)	(77,606)	0
Other Financing Uses	(129,935)	(41,944)		41,944
<i>Total Other Financing Sources (Uses)</i>	<u>(144,550)</u>	<u>(119,550)</u>	<u>(77,606)</u>	<u>41,944</u>
<i>Net Change in Fund Balance</i>	<u>(276,761)</u>	<u>(276,761)</u>	<u>(121,616)</u>	<u>155,145</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	175,127	175,127	175,127	0
Prior Year Encumbrances Appropriated	101,634	101,634	101,634	0
<i>Unencumbered Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$155,145</u>	<u>\$155,145</u>

See accompanying notes to the basic financial statements

Bethel Township
Clark County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Permissive Motor Vehicle Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$69,000	\$69,000	\$74,549	\$5,549
Intergovernmental	42,000	42,000	44,769	2,769
Earnings on Investments	150	150	1,796	1,646
<i>Total Receipts</i>	111,150	111,150	121,114	9,964
Disbursements				
Current:				
Public Works	242,129	242,129	54,442	187,687
Capital Outlay	150,000	150,000	8,903	141,097
<i>Total Disbursements</i>	392,129	392,129	63,345	328,784
<i>Excess of Receipts Over (Under) Disbursements</i>	(280,979)	(280,979)	57,769	338,748
<i>Net Change in Fund Balance</i>	(280,979)	(280,979)	57,769	338,748
<i>Unencumbered Fund Balance Beginning of Year</i>	285,748	285,748	285,748	0
Prior Year Encumbrances Appropriated	—	—	—	0
<i>Unencumbered Fund Balance End of Year</i>	\$4,769	\$4,769	\$343,517	\$338,748

See accompanying notes to the basic financial statements

Bethel Township
Clark County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Ambulance and Emergency Medical Service Fund
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Charges for Services	\$300,000	\$300,000	\$338,001	\$38,001
Miscellaneous			209	209
<i>Total Receipts</i>	<u>300,000</u>	<u>300,000</u>	<u>338,210</u>	<u>38,210</u>
Disbursements				
Current:				
Public Safety	454,165	454,165	363,583	90,582
<i>Total Disbursements</i>	<u>454,165</u>	<u>454,165</u>	<u>363,583</u>	<u>90,582</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(154,165)</u>	<u>(154,165)</u>	<u>(25,373)</u>	<u>128,792</u>
Other Financing Sources (Uses)				
Transfers Out	(75,000)	(75,000)	(75,000)	0
Other Financing Uses	(21,466)	(21,466)		21,466
<i>Total Other Financing Sources (Uses)</i>	<u>(96,466)</u>	<u>(96,466)</u>	<u>(75,000)</u>	<u>21,466</u>
<i>Net Change in Fund Balance</i>	<u>(250,631)</u>	<u>(250,631)</u>	<u>(100,373)</u>	<u>150,258</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	141,759	141,759	141,759	0
Prior Year Encumbrances Appropriated	104,103	104,103	104,103	0
<i>Unencumbered Fund Balance End of Year</i>	<u>(\$4,769)</u>	<u>(\$4,769)</u>	<u>\$145,489</u>	<u>\$150,258</u>

See accompanying notes to the basic financial statements

Bethel Township
Clark County
Statement of Fiduciary Net Position - Cash Basis
Fiduciary Funds
December 31, 2017

	Private Purpose Trust
Assets	
Equity in Pooled Cash and Cash Equivalents	\$818
Investments	
	818
Net Position	
Held in Trust for Cemetery Maintenance:	
Nonexpendable	500
Expendable	318
	818
<i>Total Net Position</i>	\$818

See accompanying notes to the basic financial statements

Bethel Township
Clark County
Statement of Changes in Fiduciary Net Position - Cash Basis
Fiduciary Funds
For the Year Ended December 31, 2017

	Private Purpose Trust
Additions	
Earnings on Investments	5
<i>Total Additions</i>	5
<i>Change in Net Position</i>	5
<i>Net Position Beginning of Year</i>	813
<i>Net Position End of Year</i>	\$818

See accompanying notes to the basic financial statements

This page intentionally left blank.

Bethel Township
Clark County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 1 – Reporting Entity

Bethel Township, Clark County, Ohio (the Township), is a body politic and corporate established 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, component units and other organizations that were included to ensure that the financial statements are not misleading.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The primary government of the Township provides general government services, fire and protection services, emergency medical services, and cemetery maintenance. The Township contracts with the Clark County Sheriff department to provide police protection in the Township.

Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools

The Township participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

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

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.

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

Bethel Township
Clark County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 2 – Summary of Significant Accounting Policies (continued)

The statement of net position presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for 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 or business-type activity is self-financing on a cash basis or draws from the Township's general receipts.

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

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. The funds of the Township are divided into three categories, governmental, proprietary and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions of the Township are financed. The following are the Township's major governmental funds:

General 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.

Road and Bridge Fund The road and bridge fund accounts for and reports property tax restricted for the construction, reconstruction, resurfacing and repair of Township roads and bridges.

Fire District Fund This fund accounts for the property tax monies restricted for the operation of the Fire Department.

Permissive Motor Vehicle Fund The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

Ambulance and Emergency Medical Service Fund This fund accounts for monies received from the billing for ambulatory services used for the operation of emergency medical services.

Bethel Township
Clark County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 2 – Summary of Significant Accounting Policies (continued)

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

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Township under a trust agreement for individuals, private organizations, or other governments and are not available to support the Township's own programs. The Township has a private purpose trust fund established for the perpetual care of a lot and stone in the Township's Donnelsville Cemetery.

Basis of Accounting

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

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

Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the 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 resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

Bethel Township
Clark County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 2 – Summary of Significant Accounting Policies (continued)

Cash and Investments

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

Investments 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 (contra revenue), respectively.

During 2017, the Township invested in STAR Ohio.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, “Certain External Investment Pools and Pool Participants.” The Township also implemented GASB Statement No. 79 for 2016. The implementation of this GASB pronouncement had no effect on beginning net position/fund balance. The Township measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2016, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

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 2017 was \$8,621 which includes \$5,938 assigned from other township funds.

Restricted Assets

Assets 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.

Bethel Township
Clark County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 2 – Summary of Significant Accounting Policies (continued)

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.

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.

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.

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.

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 healthcare benefits.

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 an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

Net Position

Net position is 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.

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

Bethel Township
Clark County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 2 – Summary of Significant Accounting Policies (continued)

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. 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. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Township Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute. State Statute authorizes the Township Clerk to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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

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

Bethel Township
Clark County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 2 – Summary of Significant Accounting Policies (continued)

Internal Activity

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund, the Road and Bridge Fund, the Fire District Fund, the Permissive Motor Vehicle Fund, and the Emergency Medical Service Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are due to outstanding year end encumbrances that are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis). There are no encumbrances outstanding at year end for any of the major funds.

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

Bethel Township
Clark County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 4 – Deposits and Investments (continued)

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

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.

Bethel Township
Clark County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 4 – Deposits and Investments (continued)

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, \$1,703,454 of the Township's bank balance of \$1,953,454 was exposed to custodial credit risk because those deposits were uninsured and collateralized.

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.

Investments

The Township's only investment at December 31, 2017 was in STAR Ohio, an investment pool operated by the Ohio State Treasurer. STAR Ohio is an uninsured and uncollateralized investment since it is not evidenced by securities that exist in physical or book entry form. STAR Ohio had a net asset value of \$21,461 at December 31, 2017.

Credit Risk STAR Ohio carries a rating of AAAM by Standard and Poor's. The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

Note 5 – Taxes

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2017 for real and public utility property taxes represents collections of 2016 taxes.

2017 real property taxes are levied after October 1, 2017, on the assessed value as of January 1, 2017, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2017 real property taxes are collected in and intended to finance 2018.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, 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.

Bethel Township
Clark County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 5 – Taxes (continued)

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. 2017 public utility property taxes which became a lien December 31, 2016, are levied after October 1, 2017, and are collected in 2018 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2017, was \$7.20 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2017 property tax receipts were based are as follows:

Real Property	\$192,109,736
Public Utility Personal Property	<u>6,746,930</u>
Total	<u><u>\$198,856,666</u></u>

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

Note 6 – Interfund Balances and Transfers

Transfers

During 2017, the following transfers were made:

	Transfers From		
Transfer to	Fire District Fund	Ambulance and Emergency Medical Service Fund	Total
Other Governmental Funds	<u>77,606</u>	<u>75,000</u>	<u>152,606</u>
Total all Funds	<u><u>\$77,606</u></u>	<u><u>\$75,000</u></u>	<u><u>\$152,606</u></u>

The above mentioned Transfers From/To were used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them for retirement of debt service related to the Township's fire engine.

Bethel Township
Clark County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 7 – Risk Management

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017.

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017.

	<u>2017</u>
Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Member's Equity	<u>\$5,292,512</u>

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

Bethel Township
Clark County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 8 – Defined Benefit Pension Plan

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

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

Bethel Township
Clark County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 8 – Defined Benefit Pension Plan (continued)

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

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

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

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

	State and Local
2016 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
 2016 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0
Total Employer	14.0 %
Employee	10.0 %

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

The Township’s contractually required contribution was \$33,601 for year 2017.

Social Security

Several of the Township’s employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participant.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2017.

Bethel Township
Clark County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 9 - Postemployment Benefits

Ohio Public Employees Retirement System

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

OPERS maintained two cost-sharing, multiple-employer defined benefit postemployment health care trusts, which funded multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

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

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

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

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

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

Bethel Township
Clark County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 9 - Postemployment Benefits (continued)

At the beginning of 2016, OPERS maintained three health care trusts. The two cost-sharing, multiple employer trusts, the 401(h) Health Care Trust (401(h) Trust) and the 115 Health Care Trust (115 Trust), worked together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. Each year, the OPERS Board of Trustees determines the portion of the employer contributions rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for both the Traditional Pension and Combined plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) Trust that provides funding for a Retiree Medical Account (RMA) for Member-Directed Plan members. The employer contribution as a percentage of covered payroll deposited to the RMAs for 2016 was 4.0 percent.

In March 2016, OPERS received two favorable rulings from the IRS allowing OPERS to consolidate all health care assets into the 115 Trust. Transition to the new health care trust structure occurred during 2016. OPERS Combining Statements of Changes in Fiduciary Net Position for the year ended December 31, 2016, will reflect a partial year of activity in the 401(h) Trust and VEBA Trust prior to the termination of these trusts as of end of business day June 30, 2016, and the assets and liabilities, or net position, of these trusts being consolidated into the 115 Trust on July 1, 2016.

Substantially all of the Township's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2017, 2016, and 2015 was \$4,800, \$4,823, and \$4,784, respectively. The full amount has been contributed for all three years.

Note 10 – Debt

Long Term Obligations

The Township's long-term debt activity for the year ended December 31, 2017, was as follows:

	Outstanding 12/31/16	Additions	Deletions	Outstanding 12/31/17	Due in One Year
Governmental Activities					
Fire Station Bonds, 2009 Series	\$148,987		\$148,987	\$0	

The Fire Station Bonds are supported by the full faith and credit of the Township and are payable from voted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments. These bonds were retired ahead of the scheduled maturity date on April 11, 2017.

Bethel Township
Clark County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 12 – Subsequent Events

On March 8, 2018, the Trustees approved purchase of a new ambulance in the amount of \$201,531

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

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,992,769
<i>Total Assets</i>	<i>\$1,992,769</i>
 Net Position	
Restricted for:	
Permanent Fund Purpose:	
Expendable	774
Nonexpendable	200
Other Purposes	1,507,214
Unrestricted	484,581
<i>Total Net Position</i>	<i>\$1,992,769</i>

See accompanying notes to the basic financial statements

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

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Current:					
General Government	\$159,435				(\$159,435)
Public Safety	1,082,045	330,671	122,234	40,000	(589,140)
Public Works	480,800	50,453	242,971		(187,376)
Health	11,843	6,422			(5,421)
Conservation-Recreation	38,527	13,338			(25,189)
Other		4,421			4,421
Capital Outlay	57,454				(57,454)
Debt Service:					
Principal Retirement	23,105				(23,105)
Interest and Fiscal Charges	6,124				(6,124)
<i>Total Governmental Activities</i>	<u>1,859,333</u>	<u>405,305</u>	<u>365,205</u>	<u>40,000</u>	<u>(1,048,823)</u>
General Receipts:					
Property Taxes Levied for:					
Public Safety					701,284
Public Works					187,224
Other Taxes					74,154
Grants and Entitlements not Restricted to Specific Programs					54,036
Cable Franchise Fees					121,733
Earnings on Investments					3,539
Miscellaneous					<u>2,614</u>
Total General Receipts, Contributions to Permanent Fund, Special Item, Extraordinary Item, Transfers and Advances					<u>1,144,584</u>
<i>Change in Net Position</i>					95,761
<i>Net Position Beginning of Year</i>					<u>1,897,008</u>
<i>Net Position End of Year</i>					<u><u>\$1,992,769</u></u>

See accompanying notes to the basic financial statements

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

	<u>General</u>	<u>Road and Bridge Fund</u>
Assets		
Equity in Pooled Cash and Cash Equivalents	\$484,581	\$222,482
<i>Total Assets</i>	<u>\$484,581</u>	<u>\$222,482</u>
Fund Balances		
Amounts identified as:		
Nonspendable:		
Endowment for Cemetery Care		
Total Nonspendable	<u>0</u>	<u>0</u>
Restricted for:		
Road and Bridge Maintenance and Improvements		222,482
Police Operations		
Fire Operations		
Emergency Medical Services		
Lighting		
Cemetery		
Total Restricted	<u>0</u>	<u>222,482</u>
Assigned to:		
Outstanding Encumbrances	615	
Subsequent Appropriations	483,966	
Total Assigned	<u>484,581</u>	<u>0</u>
Unassigned	<u>0</u>	<u>0</u>
<i>Total Fund Cash Balances, December 31</i>	<u>\$484,581</u>	<u>\$222,482</u>

See accompanying notes to the basic financial statements

Fire District Fund	Permissive Motor Vehicle Fund	Ambulance and Emergency Medical Services Fund	Other Governmental Funds	Total Governmental Funds
\$276,761	\$285,748	\$245,862	\$477,335	\$1,992,769
<u>\$276,761</u>	<u>\$285,748</u>	<u>\$245,862</u>	<u>\$477,335</u>	<u>\$1,992,769</u>
			200	200
<u>0</u>	<u>0</u>	<u>0</u>	<u>200</u>	<u>200</u>
	285,748		114,319	622,549
276,761			111,181	111,181
		245,862		276,761
			176,975	245,862
			74,660	176,975
				74,660
<u>276,761</u>	<u>285,748</u>	<u>245,862</u>	<u>477,135</u>	<u>1,507,988</u>
				615
				483,966
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>484,581</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$276,761</u>	<u>\$285,748</u>	<u>\$245,862</u>	<u>\$477,335</u>	<u>\$1,992,769</u>

Bethel Township

Clark County, Ohio

Statement of Receipts, Disbursements and Changes Fund Balances - Cash Basis

Governmental Funds

For the Year Ended December 31, 2016

	General	Road and Bridge
Receipts		
Property and Other Local Taxes		\$187,224
Charges for Services		
Licenses, Permits and Fees	121,733	
Fines and Forfeitures	11,309	
Intergovernmental	54,036	33,636
Special Assessments	4,421	
Earnings on Investments	2,809	
Miscellaneous	14,274	693
<i>Total Receipts</i>	<u>208,582</u>	<u>221,553</u>
Disbursements		
Current:		
General Government	156,521	
Public Safety		
Public Works		187,451
Health	3,022	
Conservation-Recreation	38,527	
Capital Outlay		12,685
Debt Service:		
Principal Retirement		
Interest and Fiscal Charges		
<i>Total Disbursements</i>	<u>198,070</u>	<u>200,136</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>10,512</u>	<u>21,417</u>
Other Financing Sources (Uses)		
Transfers In		
Transfers Out		
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	10,512	21,417
<i>Fund Balances Beginning of Year</i>	<u>474,069</u>	<u>201,065</u>
<i>Fund Balances End of Year</i>	<u>\$484,581</u>	<u>\$222,482</u>

See accompanying notes to the basic financial statements

Fire District Fund	Permissive Motor Vehicle Fund	Ambulance and Emergency Medical Services Fund	Other Governmental Funds	Total Governmental Funds
\$586,335	\$74,154		\$114,949	\$962,662
		319,362		319,362
			4,122	125,855
				11,309
102,316	44,519		224,734	459,241
			50,453	54,874
	465		265	3,539
938		48	2,299	18,252
<u>689,589</u>	<u>119,138</u>	<u>319,410</u>	<u>396,822</u>	<u>1,955,094</u>
2,173			741	159,435
611,984		329,167	140,894	1,082,045
	56,524		236,825	480,800
			8,821	11,843
				38,527
		4,769	40,000	57,454
			23,105	23,105
			6,124	6,124
<u>614,157</u>	<u>56,524</u>	<u>333,936</u>	<u>456,510</u>	<u>1,859,333</u>
<u>75,432</u>	<u>62,614</u>	<u>(14,526)</u>	<u>(59,688)</u>	<u>95,761</u>
			29,230	29,230
<u>(14,615)</u>		<u>(14,615)</u>		<u>(29,230)</u>
<u>(14,615)</u>	<u>0</u>	<u>(14,615)</u>	<u>29,230</u>	<u>0</u>
60,817	62,614	(29,141)	(30,458)	95,761
215,944	223,134	275,003	507,793	1,897,008
<u>\$276,761</u>	<u>\$285,748</u>	<u>\$245,862</u>	<u>\$477,335</u>	<u>\$1,992,769</u>

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Licenses, Permits and Fees	\$ 100,000	\$ 100,000	\$ 121,733	\$ 21,733
Fines and Forfeitures	4,000	4,000	11,309	7,309
Intergovernmental	41,433	41,433	54,036	12,603
Special Assessments	2,000	2,000	4,421	2,421
Earnings on Investments	1,500	1,500	2,809	1,309
Miscellaneous	10,000	10,000	14,274	4,274
<i>Total Receipts</i>	<u>158,933</u>	<u>158,933</u>	<u>208,582</u>	<u>49,649</u>
Disbursements				
Current:				
General Government	211,000	213,000	157,078	55,922
Health	6,000	6,000	3,041	2,959
Conservation-Recreation	50,000	57,000	38,565	18,435
<i>Total Disbursements</i>	<u>267,000</u>	<u>276,000</u>	<u>198,684</u>	<u>77,316</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(108,067)</u>	<u>(117,067)</u>	<u>9,898</u>	<u>126,965</u>
Other Financing Sources (Uses)				
Other Financing Sources	1,000	1,000		(1,000)
Other Financing Uses	(367,002)	(358,002)		358,002
<i>Total Other Financing Sources (Uses)</i>	<u>(366,002)</u>	<u>(357,002)</u>	<u>0</u>	<u>357,002</u>
<i>Net Change in Fund Balance</i>	(474,069)	(474,069)	9,898	483,967
<i>Unencumbered Fund Balance Beginning of Year</i>	474,069	474,069	474,069	0
Prior Year Encumbrances Appropriated	0	0	0	0
<i>Unencumbered Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$483,967</u>	<u>\$483,967</u>

See accompanying notes to the basic financial statements

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$195,141	\$192,441	\$187,224	(\$5,217)
Intergovernmental	29,107	29,107	33,636	4,529
Miscellaneous	0	0	693	693
<i>Total Receipts</i>	<u>224,248</u>	<u>221,548</u>	<u>221,553</u>	<u>5</u>
Disbursements				
Current:				
Public Works	255,500	258,500	188,344	70,156
Capital Outlay		13,000	12,685	315
<i>Total Disbursements</i>	<u>255,500</u>	<u>271,500</u>	<u>201,029</u>	<u>70,471</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(31,252)</u>	<u>(49,952)</u>	<u>20,524</u>	<u>70,476</u>
Other Financing Sources (Uses)				
Other Financing Uses	<u>(169,813)</u>	<u>(151,113)</u>		<u>151,113</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(169,813)</u>	<u>(151,113)</u>	<u>0</u>	<u>151,113</u>
<i>Net Change in Fund Balance</i>	<u>(201,065)</u>	<u>(201,065)</u>	<u>20,524</u>	<u>221,589</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	201,065	201,065	201,065	0
Prior Year Encumbrances Appropriated				<u>0</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$221,589</u>	<u>\$221,589</u>

See accompanying notes to the basic financial statements

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$610,054	\$596,804	\$586,335	(\$10,469)
Intergovernmental	92,683	92,683	102,316	9,633
Miscellaneous			938	938
<i>Total Receipts</i>	<u>702,737</u>	<u>689,487</u>	<u>689,589</u>	<u>102</u>
Disbursements				
Current:				
General Government	10,000	10,000	2,173	7,827
Public Safety	758,681	789,681	615,748	173,933
Capital Outlay	100,000	55,750	97,870	(42,120)
<i>Total Disbursements</i>	<u>868,681</u>	<u>855,431</u>	<u>715,791</u>	<u>139,640</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(165,944)</u>	<u>(165,944)</u>	<u>(26,202)</u>	<u>139,742</u>
Other Financing Sources (Uses)				
Transfers Out	(50,000)	(50,000)	(14,615)	35,385
<i>Total Other Financing Sources (Uses)</i>	<u>(50,000)</u>	<u>(50,000)</u>	<u>(14,615)</u>	<u>35,385</u>
<i>Net Change in Fund Balance</i>	(215,944)	(215,944)	(40,817)	175,127
<i>Unencumbered Fund Balance Beginning of Year</i>	215,944	215,944	215,944	0
Prior Year Encumbrances Appropriated				0
<i>Unencumbered Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$175,127</u>	<u>\$175,127</u>

See accompanying notes to the basic financial statements

Bethel Township
Clark County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Permissive Motor Vehicle Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$69,000	\$69,000	\$74,154	\$5,154
Intergovernmental	42,000	42,000	44,519	2,519
Earnings on Investments	100	100	465	365
<i>Total Receipts</i>	111,100	111,100	119,138	8,038
Disbursements				
Current:				
Public Works	234,234	234,234	56,524	177,710
Capital Outlay	100,000	100,000		100,000
<i>Total Disbursements</i>	334,234	334,234	56,524	277,710
<i>Excess of Receipts Over (Under) Disbursements</i>	(223,134)	(223,134)	62,614	285,748
<i>Net Change in Fund Balance</i>	(223,134)	(223,134)	62,614	285,748
<i>Unencumbered Fund Balance Beginning of Year</i>	223,134	223,134	223,134	0
Prior Year Encumbrances Appropriated				0
<i>Unencumbered Fund Balance End of Year</i>	\$0	\$0	\$285,748	\$285,748

See accompanying notes to the basic financial statements

Bethel Township
Clark County, Ohio
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Ambulance and Emergency Medical Service Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Charges for Services	\$300,000	\$300,000	\$319,362	\$19,362
Miscellaneous			48	48
<i>Total Receipts</i>	<u>300,000</u>	<u>300,000</u>	<u>319,410</u>	<u>19,410</u>
Disbursements				
Current:				
Public Safety	464,000	485,000	329,332	155,668
Capital Outlay			108,707	(108,707)
<i>Total Disbursements</i>	<u>464,000</u>	<u>485,000</u>	<u>438,039</u>	<u>46,961</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(164,000)</u>	<u>(185,000)</u>	<u>(118,629)</u>	<u>66,371</u>
Other Financing Sources (Uses)				
Transfers Out	(50,000)	(50,000)	(14,615)	35,385
Other Financing Uses	(61,003)	(40,003)		40,003
<i>Total Other Financing Sources (Uses)</i>	<u>(111,003)</u>	<u>(90,003)</u>	<u>(14,615)</u>	<u>75,388</u>
<i>Net Change in Fund Balance</i>	<u>(275,003)</u>	<u>(275,003)</u>	<u>(133,244)</u>	<u>141,759</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	275,003	275,003	275,003	0
Prior Year Encumbrances Appropriated				0
<i>Unencumbered Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$141,759</u>	<u>\$141,759</u>

See accompanying notes to the basic financial statements

Bethel Township
Clark County
Statement of Fiduciary Net Position - Cash Basis
Fiduciary Funds
December 31, 2016

	Private Purpose Trust
Assets	
Equity in Pooled Cash and Cash Equivalents	\$813
Investments	
<i>Total Assets</i>	813
Net Position	
Held in Trust for Cemetery Maintenance:	
Nonexpendable	500
Expendable	313
<i>Total Net Position</i>	\$813

See accompanying notes to the basic financial statements

Bethel Township
Clark County
Statement of Changes in Fiduciary Net Position - Cash Basis
Fiduciary Funds
For the Year Ended December 31, 2016

	Private Purpose Trust
Additions	
Earnings on Investments	1
<i>Total Additions</i>	1
<i>Change in Net Position</i>	1
<i>Net Position Beginning of Year</i>	812
<i>Net Position End of Year</i>	\$813

See accompanying notes to the basic financial statements

This page intentionally left blank.

Bethel Township
Clark County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 1 – Reporting Entity

Bethel Township, Clark County, Ohio (the Township), is a body politic and corporate established 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, component units and other organizations that were included to ensure that the financial statements are not misleading.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The primary government of the Township provides general government services, fire and protection services, emergency medical services, and cemetery maintenance. The Township contracts with the Clark County Sheriff department to provide police protection in the Township.

Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools

The Township participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

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

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.

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

Bethel Township
Clark County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 2 – Summary of Significant Accounting Policies (continued)

The statement of net position presents the cash balances of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for 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 or business-type activity is self-financing on a cash basis or draws from the Township's general receipts.

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

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. The funds of the Township are divided into three categories, governmental, proprietary and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions of the Township are financed. The following are the Township's major governmental funds:

General 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.

Road and Bridge Fund The road and bridge fund accounts for and reports property tax restricted for the construction, reconstruction, resurfacing and repair of Township roads and bridges.

Fire District Fund This fund accounts for the property tax monies restricted for the operation of the Fire Department.

Permissive Motor Vehicle Fund The motor vehicle license tax fund accounts for and reports that portion of motor vehicle license registration fees restricted for maintenance and repair of roads within the Township.

Ambulance and Emergency Medical Service Fund This fund accounts for monies received from the billing for ambulatory services used for the operation of emergency medical services.

Bethel Township
Clark County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 2 – Summary of Significant Accounting Policies (continued)

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

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Township under a trust agreement for individuals, private organizations, or other governments and are not available to support the Township's own programs. The Township has a private purpose trust fund established for the perpetual care of a lot and stone in the Township's Donnelsville Cemetery.

Basis of Accounting

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

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

Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the 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 resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

Bethel Township
Clark County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 2 – Summary of Significant Accounting Policies (continued)

Cash and Investments

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

Investments 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 (contra revenue), respectively.

During 2016, the Township invested in STAR Ohio.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, “Certain External Investment Pools and Pool Participants.” The Township also implemented GASB Statement No. 79 for 2016. The implementation of this GASB pronouncement had no effect on beginning net position/fund balance. The Township measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2016, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2016 was \$2,809 which includes \$2,011 assigned from other Township funds.

Restricted Assets

Assets 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.

Bethel Township
Clark County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 2 – Summary of Significant Accounting Policies (continued)

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.

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.

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.

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.

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 healthcare benefits.

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 an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

Net Position

Net position is 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.

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

Bethel Township
Clark County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 2 – Summary of Significant Accounting Policies (continued)

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. 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. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Township Trustees, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute. State Statute authorizes the Township Fiscal Officer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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

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

Bethel Township
Clark County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 2 – Summary of Significant Accounting Policies (continued)

Internal Activity

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the general fund, the Road and Bridge Fund, the Fire District Fund, the Permissive Motor Vehicle Fund, and the Emergency Medical Service Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are due to outstanding year end encumbrances that are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis).

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis are as follows:

	General	Road and Bridge Fund	Fire District Fund	Permissive Motor Vehicle Fund	Ambulance and Emergency Medical Service Fund
Cash Basis	\$10,512	\$21,417	\$60,817	\$62,614	(\$29,141)
Encumbrances	(614)	(893)	(101,634)	0	(104,103)
Budget Basis	<u>\$9,898</u>	<u>\$20,524</u>	<u>(\$40,817)</u>	<u>\$62,614</u>	<u>(\$133,244)</u>

Note 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.

Bethel Township
Clark County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 4 – Deposits and Investments (continued)

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

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

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.

Bethel Township
Clark County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 4 – Deposits and Investments (continued)

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.

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, \$1,803,842 of the Township's bank balance of \$2,053,842 was exposed to custodial credit risk because those deposits were uninsured and collateralized.

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.

Investments

The Township's only investment at December 31, 2016 was in STAR Ohio, an investment pool operated by the Ohio State Treasurer. STAR Ohio is an uninsured and uncollateralized investment since it is not evidenced by securities that exist in physical or book entry form. The Township's investment in STAR Ohio amounted to \$21,234 at December 31, 2016.

Credit Risk STAR Ohio carries a rating of AAAM by Standard and Poor's. The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

Note 5 – Taxes

Property Taxes

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

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

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, 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.

Bethel Township
Clark County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 5 – Taxes (Continued)

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

The full tax rate for all Township operations for the year ended December 31, 2016, was \$7.20 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2016 property tax receipts were based are as follows:

Real Property	\$182,033,624
Public Utility Personal Property	<u>6,231,150</u>
Total	<u><u>\$188,264,774</u></u>

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

Note 6 – Interfund Balances and Transfers

Transfers

During 2016, the following transfers were made:

Transfer to	Transfer from		Total
	Fire District Fund	Ambulance and Emergency Medical Service Fund	
Other Governmental Funds	14,615	14,615	29,230
Total all Funds	<u>\$14,615</u>	<u>\$14,615</u>	<u>\$29,230</u>

The above mentioned Transfers From/To were used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. Non-routine transfers from the major funds to nonmajor governmental funds were in compliance with Ohio Revised Code to either make debt payments or reimbursement of expenses paid out of another fund.

Bethel Township
Clark County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 7 – Risk Management

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Until November 1, 2016, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

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

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

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

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

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

Bethel Township
Clark County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 8 – Defined Benefit Pension Plan

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

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

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

Bethel Township
Clark County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 8 – Defined Benefit Pension Plan (continued)

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

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

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

	State and Local	
2016 Statutory Maximum Contribution Rates		
Employer	14.0	%
Employee	10.0	%
2016 Actual Contribution Rates		
Employer:		
Pension	12.0	%
Post-employment Health Care Benefits	2.0	
Total Employer	14.0	%
Employee	10.0	%

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

The Township’s contractually required contribution was \$33,758 for year 2016.

Social Security

Several of the Township’s employees contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participant.

Employees contributed 6.2 percent of their gross salaries. The Township contributed an amount equal to 6.2 percent of participants’ gross salaries. The Township has paid all contributions required through December 31, 2016.

Bethel Township
Clark County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 9 - Postemployment Benefits

Ohio Public Employees Retirement System

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

OPERS maintained two cost-sharing, multiple-employer defined benefit postemployment health care trusts, which funded multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the traditional pension and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

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

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

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

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

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

Bethel Township
Clark County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 9 - Postemployment Benefits (continued)

At the beginning of 2016, OPERS maintained three health care trusts. The two cost-sharing, multiple employer trusts, the 401(h) Health Care Trust (401(h) Trust) and the 115 Health Care Trust (115 Trust), worked together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. Each year, the OPERS Board of Trustees determines the portion of the employer contributions rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for both the Traditional Pension and Combined plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) Trust that provides funding for a Retiree Medical Account (RMA) for Member-Directed Plan members. The employer contribution as a percentage of covered payroll deposited to the RMAs for 2016 was 4.0 percent.

In March 2016, OPERS received two favorable rulings from the IRS allowing OPERS to consolidate all health care assets into the 115 Trust. Transition to the new health care trust structure occurred during 2016. OPERS Combining Statements of Changes in Fiduciary Net Position for the year ended December 31, 2016, will reflect a partial year of activity in the 401(h) Trust and VEBA Trust prior to the termination of these trusts as of end of business day June 30, 2016, and the assets and liabilities, or net position, of these trusts being consolidated into the 115 Trust on July 1, 2016.

Substantially all of the Township's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2016, 2015, and 2014 was \$4,823, \$4,784, and \$4,529, respectively. The full amount has been contributed for all three years.

Note 10 – Debt

Long Term Obligations

The Township's long-term debt activity for the year ended December 31, 2016, was as follows:

	Outstanding 12/31/15	Additions	Deletions	Outstanding 12/31/16	Due in One Year
Governmental Activities					
Fire Station Bonds, 2009 Series	\$172,093		\$23,106	\$148,987	\$23,942

The Fire Station Bonds are supported by the full faith and credit of the Township and are payable from voted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

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

Bethel Township
Clark County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 10 – Debt (Continued)

Year	Fire Station Bonds	
	Principal	Interest
2017	\$23,942	\$5,287
2018	24,792	4,437
2019	12,870	3,558
2020	13,318	3,109
2021	13,799	2,628
2022-2025	60,266	5,443
Total	\$148,987	\$24,462

Note 11 – Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 12 – Subsequent Events

The Township paid off \$148,987 in Fire Station Bonds during 2017.

On March 8, 2018, the Trustees approved purchase of a new ambulance in the amount of \$201,531.

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



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

Bethel Township
Clark County
3333 Lake Road
Medway, Ohio 45341

To the Board of Township Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bethel Township, Clark County, (the Township) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated April 22, 2019, wherein we noted the Township uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2017-001 and 2017-002 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2017-001.

Purpose of this Report

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



Keith Faber
Ohio Auditor of State
Columbus, Ohio

April 22, 2019

**BETHEL TOWNSHIP
CLARK COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016**

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

FINDING 2017-001

NONCOMPLIANCE AND MATERIAL WEAKNESS

Ohio Rev. Code § 5705.10(D) states in part, that except as otherwise provided by resolution adopted pursuant to section 3315.01 of the Revised Code, all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

Ohio Rev. Code § 4504.18, allows a township to levy permissive motor vehicle taxes for the purpose of paying the costs and expenses of enforcing and administering the tax provided for in this section; for the construction, reconstruction, improvement, maintenance, and repair of township roads, bridges, and culverts; for purchasing, erecting, and maintaining traffic signs, markers, lights, and signals; for purchasing road machinery and equipment, and planning, constructing, and maintaining suitable buildings to house such equipment; for paying any costs apportioned to the township under section 4907.47 of the Revised Code; and to supplement revenue already available for such purposes.

Ohio Rev. Code § 5735.27 (A)(3)(d) requires motor fuel tax monies to be expended only for the purposes of planning, constructing, maintaining, widening, and reconstructing the public roads and highways within the township, paying principal, interest, and charges on bonds and other obligations issued pursuant to Chapter 133. or 505. of the Revised Code or incurred pursuant to section 5531.09 of the Revised Code for the purpose of acquiring or constructing roads, highways, bridges, or viaducts or acquiring or making other highway improvements for which the board of township trustees may issue bonds under those chapters, and paying costs apportioned to the township under section 4907.47 of the Revised Code.

During 2016, the Township purchased a power cot for the emergency medical unit's use and charged \$4,769 to the Permissive Motor Vehicle Fund instead of Ambulance and Emergency Medical Services Fund. This error was determined to be material to the Permissive Motor Vehicle Fund's expenditures and required adjustments to be posted to the accounting system and the accompanying financial statements.

Additionally, during 2016 the Township received a payment in the amount of \$8,124 from the County Auditor for gasoline taxes. This receipt was posted as miscellaneous revenue in the General Fund. The misstatement was determined to be material to ending fund balance of Gasoline Tax Fund within the other governmental funds and the accompanying financial statements and the Township's accounting system have been adjusted to correct the error.

Policies and procedures should be established and implemented to verify that revenues and expenditures are recorded in the correct funds and payments made out of restricted funds are in accordance with the restriction imposed on the use of funds. Failure to do so could result in restricted resources being used for illegal purposes and findings for adjustments in future audits.

Official's Response: We did not receive a response from Officials to this finding.

FINDING NUMBER 2017-002

MATERIAL WEAKNESS

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraph .A14 & .A16.

The Township did not have sufficient internal controls in place to help verify assertions related to the financial statement presentation. The following material errors requiring adjustments to the accompanying financial statements were noted during the audit:

1. The Township utilized then and now certificates to pay bills when purchase orders had not been issued at the time when goods and services were provided. The Township paid \$195,740 split equally between the Fire District Fund and Ambulance and Emergency Medical Service Fund for a Medic Truck on February 7, 2017. The Truck was purchased in 2016. Additionally, the Township paid \$6,068 during 2017 from Ambulance and Emergency Medical Service Fund for a 2016 purchase. Purchase Orders for both of these significant purchases were dated in 2017. This resulted in the 2016 Statement of Receipts, Disbursements and Change in Fund Balance - Budget and Actual Basis for the Fire District Fund and the Ambulance and Emergency Medical Service Fund understating actual Capital Outlay expenditures by \$97,870 and \$103,938 respectively.
2. Governmental Accounting Standards Board (GASB) Codification 1800 paragraph 176 requires an appropriation of existing fund balance to eliminate a projected deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues to be classified as an assignment of fund balance. The Township's subsequent year General Fund appropriations for 2017 and 2018 exceeded estimated receipts by \$492,091 and \$499,291 respectively. However, the Township reported the ending General Fund balance as unassigned instead of assigned on the statement of assets and fund balances.
3. The Township misclassified revenues on the 2016 Statement of Activities. Grants and entitlements not restricted for specific purpose and charges for services public works were overstated by \$200,389 and \$74,154 respectively, while operating grants and contributions - public works, operating grants and contributions - public safety and other taxes were understated by \$78,155, \$122,234 and \$74,154 respectively.
4. The Township misclassified revenues on the 2017 Statement of Activities. Grants and entitlements not restricted for specific purpose and charges for services public works were overstated by \$198,421 and \$74,549 respectively, while operating grants and contributions - public works, operating grants and contributions - public safety and other taxes were understated by \$79,492, \$118,929 and \$74,549 respectively.

Policies and procedures should be established and implemented to verify the accuracy of the Township's financial statements. Someone independent of the financial statement preparation process should review them for completeness and accuracy. Failure to do so could result in material misstatements going unnoticed and users of the financial statements basing their conclusions on incorrect numbers.

Official's Response: We did not receive a response from Officials to this finding.

OHIO AUDITOR OF STATE KEITH FABER



BETHEL TOWNSHIP

CLARK 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
JUNE 13, 2019**