

**BETHEL TOWNSHIP
MIAMI COUNTY, OHIO**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2018





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Columbus, Ohio 43215
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Board of Trustees
Bethel Township
8735 South Second Street
Tipp City, Ohio 45371

We have reviewed the *Independent Auditor's Report* of Bethel Township, Miami County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2018 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

August 27, 2020

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**BETHEL TOWNSHIP
MIAMI COUNTY
REGULAR AUDIT
For the Year Ended December 31, 2018**

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bethel Township, Miami County (the Township) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating of the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bethel Township, Miami County, as of December 31, 2018, and the respective changes in cash basis financial position and the budgetary comparisons for the General, Fire Levy 4.9 Mill and Fire Levy 1.5 Mill funds thereof for the year then ended in accordance with the cash basis of accounting described in Note 2.

Basis of Accounting

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

Other Matters

Other Information

We applied no procedures to management's discussion & analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2020 on our consideration of the Township's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
June 25, 2020

Bethel Township, Miami County
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

This discussion and analysis of Bethel Township's (the Township) financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2018, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2018 are as follows:

Bethel Township continues to have carryover balances due to the passage of a 3.8-mill levy adopted by voters in August of 2003, renewed in November of 2008, 2013 and recently in November of 2017 for an additional five (5) years. This levy's primary purpose was for infrastructure improvements in the Township, such as sanitary sewer and water line installation, zoning code and comprehensive land use updates, and economic development activities to strengthen the Township's outlook for the future

The Township continues to maintain the roadways that are under the Township's authority. In 2018 the Township completed the following roadway projects:

- Drainage improvements to the Newbury/Windham plat at a cost of \$21,781.
- Ditch restoration on Wonder Way, Flick Road, and Wildcat Road at a cost of \$6,000.
- Road base repair of East and West Haskett Road at a cost of \$13,950.
- Repaving of Scarff Road (between State Route 571 and US Route 40), Wonder Way, East and West Haskett Roads at a cost of \$268,204.

In an effort to keep Fire and EMS services up to date, in 2018 highlights for Bethel Township included:

- The purchase of six new sets of fire gear at a cost of \$20,200.
- The purchase of an additional Automatic External Defibrillator at a cost of \$2,865.
- Entering into an agreement to purchase a replacement medic to be delivered in early 2019.

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

Using the Basic Financial Statements

Report Components

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

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

Bethel Township, Miami County
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

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

Basis of Accounting

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

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

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2018, within the limitations of cash basis accounting. The statement of net position presents the cash balances and investments of the governmental activities of the Township at year end. The Statement of Activities compares cash disbursements with program receipts for each governmental program activity. Program receipts include charges paid by the recipient of the program's goods or services restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

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

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

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

Bethel Township, Miami County
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

The Township as a Whole

Table 1 provides a summary of the Township's net position for 2018 compared to 2017 on a cash basis:

(Table 1)
Net Position

	Governmental Activities	
	2018	2017
Assets		
Cash and cash equivalents	\$ 4,434,695	\$ 3,984,901
Net position		
Restricted for:		
Capital projects	19,031	16,914
Permanent fund purposes	17,581	17,455
Other purposes	2,040,046	1,570,949
Unrestricted	2,358,037	2,379,583
Total net position	\$ 4,434,695	\$ 3,984,901

Bethel Township, Miami County
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

Table 2 reflects the changes in net position in 2018 and 2017.

(Table 2)
Changes in Net Position

	Governmental Activities 2018	Governmental Activities 2017
Receipts:		
Program receipts:		
Charges for services and sales	\$ 132,817	\$ 129,114
Operating grants and contributions	111,776	266,572
Total program receipts	244,593	395,686
General receipts:		
Property and other local taxes	1,525,106	1,071,192
Grants and Entitlements Not Restricted	188,981	43,806
Cable franchise fees	28,583	26,316
Earnings on investments	23,323	16,899
Miscellaneous	15,961	8,294
Total general receipts	1,781,954	1,166,507
Total receipts	2,026,547	1,562,193
Disbursements:		
Current:		
General governmnet	406,307	488,273
Public safety	756,854	496,848
Public works	79,607	102,677
Health	4,000	11,700
Capital outlay	331,861	843,462
Total disbursements	1,578,629	1,942,960
Increase (decrease) in net position	447,918	(380,767)
Net position, January 1, Restated (2018)	3,986,777	4,365,668
Net position, December 31	\$ 4,434,695	\$ 3,984,901

Net position of governmental activities increased \$447,918 during 2018 compared to 2017. We see an increase due to the increased taxes from the Fire Levy increase and some better interest rates. We have been fortunate to have a solid bank balance to carry over in the past, however that is no longer the case.

General receipts represent 88 percent of the Township's total receipts, and of this amount, over 82 percent are local taxes. State and federal grants and entitlements make up the balance of the Township's general receipts and include other taxes such as the Permissive Motor Vehicle License Tax. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Bethel Township, Miami County
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

Disbursements for the General Government represent the overhead costs of running the Township and the support services provided for the other Government activities. These include the costs of the Board of Trustees, the Fiscal Officer, and other departments and most of the expenses for these services come from the General Fund. Security of Persons and Property are the costs of police and fire protection; Public Health Services is the health department and public works activities are those that provide for traditional government services such as roads and culverts.

Some of the activities of the Township are paid for primarily through user fees and permits; the most visible of these services is the zoning services provided by the Township. However, other fees are placed into the general fund and can dramatically have an effect of the "net cost" of services for the Township.

Basically, the net costs of services are those costs remaining after fees and permits have been applied to the total costs. The net costs are those costs borne by property tax revenue.

The only major fund where fees and permits are deposited is the General Fund. The other funds (Road and Bridge, Special Levy Police, Special Levy Fire 4.9 Mill and Fire Levy 1.5 Mill) do not bring in fees or permit receipts.

Reporting the Township's Most Significant Funds

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

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

Total governmental funds had receipts of \$1,562,193 for 2017 and \$2,026,547 for 2018. Funds had disbursements of \$1,942,960 for 2017 and \$1,578,629 for 2018. The greatest change within governmental fund receipts occurred within the Special Levy Fire 4.9 Mill Fund. Receipts increased in 2018 due to our Interest income, and the passage of the additional 2.9 mill for the Fire Fund. Expenses did decrease this year within our capital budget. Decisions on expenditures are based on performance of the funds from previous years. In other words, we trend our expenditures to trend our revenue.

General Fund Budgeting Highlights

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

Bethel Township, Miami County
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

Final disbursements were budgeted at \$1,000,920 while actual disbursements were \$652,149. This high discrepancy is due to the fact that a majority of the funds collected from a 3.8 mill property tax levy approved by voters in August 2003 and renewed by voters in November 2013 and now in November of 2017 for an additional five (5) years have been accumulating.

Capital Assets and Debt Administration

Capital Assets

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

Debt

The Township had no debt outstanding at December 31, 2018.

Current Issues

Investments

The Township has invested funds into four CD's totaling \$616,790. When the CD's mature the decision on how to reinvest is based on interest rates and the possibility of needing the funds to expend.

Credit Cards

In 2018, Bethel Township made the required switch from debit cards to credit cards for Township purchases. Careful consideration was given to follow the strict guidelines. A credit card policy was adopted in May of 2018. This includes review of the monthly statement by a non-cardholder employee of the Township. This ensures the proper checks and balances of the process.

Contacting the Government's Financial Management

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

Bethel Township
Miami County
Statement of Net Position - Cash Basis
December 31, 2018

	Governmental Activities
Assets	
Equity in pooled cash and cash equivalents	\$ 4,434,695
Total assets	\$ 4,434,695
 Net Position	
Restricted for:	
Capital projects	19,031
Permanent fund purpose	
Expendable	17,581
Other purposes	2,040,046
Unrestricted	2,358,037
Total net position	\$ 4,434,695

See accompanying notes to the financial statements.

Bethel Township
Miami County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2018

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Operating Grants Contributions and Interest	Governmental Activities
Governmental Activities				
Current:				
General government	\$ 406,307	\$ 16,602	\$ -	\$ (389,705)
Public safety	756,854	109,732	835	(646,287)
Public works	79,607	-	110,815	31,208
Health	4,000	6,483	126	2,609
Capital outlay	331,861	-	-	(331,861)
Total governmental activities	\$ 1,578,629	\$ 132,817	\$ 111,776	(1,334,036)

General Receipts

Property taxes levied for:

General purposes	452,749
Special purposes	1,072,357
Grants and entitlements not restricted to specific programs	188,981
Cable franchise fees	28,583
Earnings on investment	23,323
Miscellaneous	15,961

Total general receipts 1,781,954

Change in net position 447,918

Net position begining.of year,
Restated 3,986,777

Net position end of year \$ 4,434,695

See accompanying notes to the financial statements.

Bethel Township
Miami County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2018

	<u>General</u>	<u>Fire Levy 4.9 Mill</u>	<u>Fire Levy 1.5 Mill</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Equity in pooled cash and cash equivalents	\$ 2,358,037	\$ 490,931	\$ 222,171	\$ 1,363,556	\$ 4,434,695
Total assets	2,358,037	490,931	222,171	1,363,556	4,434,695
Fund Balances					
Restricted	-	490,931	222,171	1,363,556	2,076,658
Assigned	413,378	-	-	-	413,378
Unassigned	1,944,659	-	-	-	1,944,659
Total fund balances	<u>\$ 2,358,037</u>	<u>\$ 490,931</u>	<u>\$ 222,171</u>	<u>\$ 1,363,556</u>	<u>\$ 4,434,695</u>

See accompanying notes to the financial statements.

Bethel Township
Miami County
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2018

	General	Fire Levy 4.9 Mill	Fire Levy 1.5 Mill	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and other local taxes	\$ 452,749	\$ 673,634	\$ 158,393	\$ 240,330	\$ 1,525,106
Charges for services	-	-	-	109,732	109,732
Licenses, permits and fees	40,847	-	-	4,208	45,055
Fines and forfeitures	4,338	-	-	-	4,338
Intergovernmental	104,233	29,983	23,378	133,440	291,034
Special assessments	-	-	-	4,365	4,365
Earnings on investments	23,323	-	-	5,358	28,681
Miscellaneous	4,678	4,088	4,571	4,899	18,236
Total receipts	630,168	707,705	186,342	502,332	2,026,547
Disbursements					
Current:					
General government	392,868	4,999	-	8,440	406,307
Public safety	-	454,300	125,751	176,803	756,854
Public works	-	-	-	79,607	79,607
Health	-	-	-	4,000	4,000
Capital outlay	258,846	-	-	73,015	331,861
Total disbursements	651,714	459,299	125,751	341,865	1,578,629
Excess of receipts over (under) disbursements	(21,546)	248,406	60,591	160,467	447,918
Fund balances beginning of year, Restated	2,379,583	242,525	161,580	1,203,089	3,986,777
Fund balances end of year	\$ 2,358,037	\$ 490,931	\$ 222,171	\$ 1,363,556	\$ 4,434,695

See accompanying notes to the financial statements.

Bethel Township
Miami County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and other local taxes	\$ 452,471	\$ 452,471	\$ 452,749	\$ 278
Licenses, permits and fees	25,563	25,563	40,847	15,284
Fines and forfeitures	6,579	6,579	4,338	(2,241)
Intergovernmental	122,131	122,131	104,233	(17,898)
Earnings on investments	16,899	16,899	23,323	6,424
Miscellaneous	4,517	4,517	4,678	161
Total receipts	628,160	628,160	630,168	2,008
Disbursements				
Current:				
General government	500,920	500,920	393,303	107,617
Capital outlay	500,000	500,000	258,846	241,154
Total disbursements	1,000,920	1,000,920	652,149	348,771
Net change in fund balance	(372,760)	(372,760)	(21,981)	350,779
Fund balance at beginning of year	2,378,398	2,378,398	2,378,398	-
Prior year encumbrances appropriated	1,184	1,184	1,184	-
Fund balance at end of year	<u>\$ 2,006,822</u>	<u>\$ 2,006,822</u>	<u>\$ 2,357,601</u>	<u>\$ 350,779</u>

See accompanying notes to the financial statements.

Bethel Township
Miami County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire Levy 4.9 Mill Fund
For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and other local taxes	\$ 673,634	\$ 673,634	\$ 673,634	\$ -
Intergovernmental	20,710	20,710	29,983	9,273
Miscellaneous	13,361	13,361	4,088	(9,273)
Total receipts	707,705	707,705	707,705	-
Disbursements				
Current:				
General government	60,800	60,800	4,999	55,801
Public safety	588,200	588,200	454,882	133,318
Capital outlay	80,000	80,000	-	80,000
Total disbursements	729,000	729,000	459,881	269,119
Net change in fund balance	(21,295)	(21,295)	247,824	269,119
Fund balance at beginning of year, restated	242,021	242,021	242,021	-
Prior year encumbrances appropriated	504	504	504	-
Fund balance at end of year	<u>\$ 221,230</u>	<u>\$ 221,230</u>	<u>\$ 490,349</u>	<u>\$ 269,119</u>

See accompanying notes to the financial statements.

Bethel Township
Miami County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire Levy 1.5 Mill Fund
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and other local taxes	\$ 158,393	\$ 158,393	\$ 158,393	\$ -
Intergovernmental	23,378	23,378	23,378	-
Miscellaneous	4,571	4,571	4,571	-
Total receipts	186,342	186,342	186,342	-
Disbursements				
Current:				
General government	6,000	5,986	-	5,986
Public safety	163,240	163,254	125,751	37,503
Capital outlay	50,000	50,000	-	50,000
Total disbursements	219,240	219,240	125,751	93,489
Net change in fund balance	(32,898)	(32,898)	60,591	93,489
Fund balance at beginning of year	157,840	157,840	157,840	-
Prior year encumbrances appropriated	3,740	3,740	3,740	-
Fund balance at end of year	<u>\$ 128,682</u>	<u>\$ 128,682</u>	<u>\$ 222,171</u>	<u>\$ 93,489</u>

See accompanying notes to the financial statements.

Bethel Township
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

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

The reporting entity is comprised solely of the primary government.

A. Primary Government

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

B. Public Entity Risk Pool

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio Townships. OTARMA provides property and casualty coverage for its members. Note 6 to the financial statements provides additional information for this entity.

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

Note 2 – Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

Bethel Township
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Fire Levy 1.5 Mill fund, and Fire Levy 4.9 Mill fund.

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

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

Bethel Township
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

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

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

C. Basis of Accounting

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

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

D. Budgetary Process

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

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

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

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

Bethel Township
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 - Summary of Significant Accounting Policies (continued)

E. Cash and Investments

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

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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2018, the Township’s invested in nonnegotiable certificates of deposit and CDARS (Certificate of Deposit Account Registry Service), which are recorded at cost.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2018 was \$23,323 and another \$5,358 was assigned to other Township funds.

F. Restricted Assets

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

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Accumulated Leave

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

Bethel Township
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

J. Employer Contributions to Cost-Sharing Pension Plans

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

K. Long-Term Obligations

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

L. Net Position

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

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

M. Fund Balance

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

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

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.

Bethel Township
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 2 – Summary of Significant Accounting Policies (continued)

M. Fund Balance (continued)

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. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the General Fund.

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

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

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statements of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General fund, the Fire Levy 1.5 Mill fund and the Fire Levy 4.9 Mill fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The difference between the budgetary basis and the cash basis is that outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as assigned or restricted fund balance (cash basis).

Bethel Township
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 4 – Deposits and Investments

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

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

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

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

Protection of the Township's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) and by the financial institution's participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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 including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;

Bethel Township
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 4 – Deposits and Investments (continued)

6. The State Treasurer's investment pool (STAR Ohio);
7. Commercial paper notes, limited to 40% (5% for a single issuer) in total of the interim monies available for investment at any one time and for a period not to exceed two hundred and seventy days, and:
8. Bankers acceptances, limited to 40% of the interim monies available for investment at any one time and for a period not to exceed one hundred eighty 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. Except as noted above, an investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the clerk/treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Investments

The Township reports their investments at cost. As of December 31, 2018, the Township had the following investments:

	<u>Cost</u>	<u>Maturity</u>
CDARS	\$616,269	59 days
Insured Cash Sweep	\$4,221,240	NA

Interest rate risk arises because the fair value of investment changes as interest rates change. The Township's investment policy addresses interest rate risk by requiring that the Township's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

Note 5 – Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Township. Property tax revenue received during 2018 for real and public utility property taxes represents collections of 2017 taxes.

2018 real property taxes are levied after October 1, 2018, on the assessed values as of January 1, 2018, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2018 real property taxes are collected in and intended to finance 2019.

Bethel Township
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 5 – Property Taxes (continued)

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

Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2018 public utility property taxes which became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 with real property taxes.

The full tax rate for all Township operations for the year ended December 31, 2018 was \$12.30 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2018 property tax receipts were based are as follows:

Real Property	
Agricultural/Residential	\$121,032,190
Commercial/Industrial/Mineral	13,311,240
Public Utility Property	<u>8,080,780</u>
Total Assessed Value	<u>\$142,424,210</u>

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

Note 6 - Risk Management

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2018</u>
Cash and investments	\$33,097,416
Actuarial liabilities	\$ 7,874,610

Bethel Township
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 6 - Risk Management (continued)

The Township is exposed to various risks of property and casualty losses, and injuries to employees. The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

Note 7- Defined Benefit Pension Plan

Township employees participate in the Ohio Public Employees Retirement System (OPERS) which 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 may elect the Member-Directed Plan and the Combined Plan, substantially all members are in the 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 Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C 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
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 7– 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.

Defined Contribution Plan benefits are established in the plan documents, which may be amended by the Board. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined Plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-Directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the purchase of a monthly defined benefit annuity from OPERS (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Bethel Township
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 7– Defined Benefit Pension Plan (continued)

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

	State and Local
2018 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
 2018 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits **	0.0
Total Employer	14.0 %
Employee	10.0 %

* Member contributions within the Combined Plan are not used to fund the defined benefit retirement allowance.

** This employer health care rate is for the Traditional and Combined Plans. The employer contribution for the Member-Directed plan is 4 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Township’s contributions to OPERS for the year ended December 2018 was \$27,900. All required contributions were made prior to the end of the year.

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, 2018.

Note 8 – Postemployment Benefits

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.

Bethel Township
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 8 – Postemployment Benefits (continued)

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined Plans. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 20 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 75. Please see the Plan Statement in the OPERS CAFR for details.

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 OPERS Board of Trustees (OPERS Board) in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml#CAFR>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund post-employment 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 2018, State and Local employers contributed at a rate of 14.00% of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2018, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

Note 9 – Debt

The Township has no long term debt.

Bethel Township
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 10 – Contingent Liabilities

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

Note 11 – Fund Balance Adjustment

The Township voided several checks in 2018 that were written in prior years. Therefore, the beginning fund balance for 2018 is restated as follows:

	Fire Levy
	4.9 Mill
Fund Balance as previously reported	\$ 240,649
Adjustment for checks written in prior years and voided in 2018	1,876
Restated Fund balance	<u>\$ 242,525</u>

Note 12 – Fund Balances

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

Fund Balances	General	Fire Levy 4.9 Mill	Fire Levy 1.5 Mill	Other Governmental Funds	Total
Restricted for					
Road and Bridge	\$ -	\$ -	\$ -	\$ 904,227	\$ 904,227
Cemetery	-	-	-	36,340	36,340
Police	-	-	-	101,185	101,185
Emergency Medical Services	-	-	-	293,134	293,134
Fire	-	490,931	222,171	-	713,102
State Grants	-	-	-	9,639	9,639
Park	-	-	-	19,031	19,031
<i>Total Restricted</i>	<u>-</u>	<u>490,931</u>	<u>222,171</u>	<u>1,363,556</u>	<u>2,076,658</u>
Assigned to					
Subsequent Year Appropriations	412,944	-	-	-	412,944
Encumbrances	434	-	-	-	434
<i>Total Assigned</i>	<u>413,378</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>413,378</u>
Unassigned (Deficit)	<u>1,944,659</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,944,659</u>
<i>Total Fund Balances</i>	<u>\$ 2,358,037</u>	<u>\$ 490,931</u>	<u>\$ 222,171</u>	<u>\$ 1,363,556</u>	<u>\$4,434,695</u>

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

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

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

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the cash basis financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Bethel Township, Miami County, Ohio, (the Township) as of and for the year ended December 31, 2018 and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report thereon dated June 25, 2020, wherein we noted the Township uses a special purpose framework other than generally accepted accounting principles.

Internal Controls Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Audit Findings as item 2018-001 that we consider to be a material weakness.

Compliance and Other Matters

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

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 25, 2020.

Entity's Response to Finding

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

Purpose of this Report

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



Charles E. Harris & Associates, Inc.
June 25, 2020

BETHEL TOWNSHIP
MIAMI COUNTY, OHIO
SCHEDULE OF AUDIT FINDINGS
For the Year End December 31, 2018

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2018-001 – Material Weakness

Audit Adjustments, Reclassifications and Notes to the Financial Statements

During 2018, errors were noted in the Township’s financial statements that required audit adjustments, reclassifications, and changes to the notes to the financial statements, the most significant of which are as follows:

- In the General Fund, the Unassigned fund balance was overstated by \$413,378. Subsequent year (2019) appropriations exceeded subsequent year (2019) receipts by that amount and therefore, should have been recorded as Assigned fund balance.
- The Permanent fund balances were not classified properly between nonspendable and restricted on the Statement of Assets and Fund Balances-Cash Basis.
- Program Receipts of \$109,684 were classified as General Receipts in the Statement of Activities.
- General fund Rollback taxes of \$61,152 were classified as property taxes on the Statement of Activities-Cash Basis and the Statement of Receipts, Disbursements and Changes in Fund Balances-Cash Basis rather than Intergovernmental receipts.
- The cost for police services, totaling \$103,825 was classified as general government rather than public safety.
- Various expenses totaling \$59,784 were classified as general government rather than \$23,244 as public works and \$36,540 as public safety.
- The notes to the financial statements included outdated information and excluded required disclosures.
- Cash basis financial statements were filed in the Hinkle system, but they were identified as Modified Cash.

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

Sound financial reporting is the responsibility of the Township and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. We recommend the Township consult with the Auditor of State Uniform Accounting Network department as to how the UAN mapping of accounts feature can be modified to correctly classify general and program receipts. We further recommend management use Governmental Accounting Standards Board Statement No. 54, Auditor of State Bulletin 2011-004, the Ohio Township Handbook, the Uniform Accounting Network Manual, and other Auditor of State guidance to aid in properly identifying account classifications and preparing annual financial statements.

Management’s Response:

See Corrective Action Plan-Prepared by management on page 34.

BETHEL TOWNSHIP
MIAMI COUNTY
For the Year Ended December 31, 2018

SCHEDULE OF PRIOR AUDIT FINDINGS-PREPARED BY MANAGEMENT

FINDING NUMBER	FINDING SUMMARY	STATUS	ADDITIONAL INFORMATION
2017-001	Material Weakness – Audit Adjustments and Reclassifications	Not corrected	See Corrective Action Plan

**BETHEL TOWNSHIP
MIAMI COUNTY
For the Year Ended December 31, 2018**

CORRECTIVE ACTION PLAN – Prepared by Management

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2018-001	We will consult with AOS UAN for mapping of program receipts and review the AOS Bulletin 2011-004 for proper fund account classification and make changes accordingly.	December 2020	Deborah Watson, Fiscal Officer

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OHIO AUDITOR OF STATE KEITH FABER



BETHEL TOWNSHIP

MIAMI COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/8/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov